PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

4556. By Mr. ANDREW of Massachusetts: Petition from the One Hundred and Fourth United States Infantry Veterans' Association, American Expeditionary Forces, protesting against the wide-spread circulation of certain seditious propaganda among the youth of the country and requesting investigation and action by the Federal authorities for its suppression; to the Committee on the Judiciary.

4557. Also, petition urging prompt action on the Crosser bill (H.R. 7430) to provide for a 6-hour day for railroad employees; to the Committee on Interstate and Foreign Commerce.

4558. By Mr. BLANTON: Petition of M. M. Jones, secretary of Abilene Typographical Union, No. 494, and D. P. Russey, and 73 others, requesting the passage of the Wagner-Connery bill; to the Committee on Labor.

4559. By Mr. COCHRAN of Pennsylvania: Petition of some 1,700 citizens of Oil City, Pa., and vicinity, in protest of the policy of the Post Office Department in curtailing service at the expense of increased unemployment, stating that this policy is directly contradictory to the Government's reemployment drive; to the Committee on the Post Office and Post Roads.

4560. By Mr. COLDEN: Resolution adopted by the city council of the city of Hermosa Beach, Calif., at a meeting held May 1, 1934, regarding unemployment conditions since the discontinuance of C.W.A. activities, and asking immediate resumption of a program comparable to the C.W.A. program, inasmuch as it is the belief that S.E.R.A. has failed to meet the local unemployment situation; and that funds be allocated to Los Angeles County for needed work and the relief of want by the furnishing of employment; to the Committee on Appropriations.

4561. Also, resolution adopted by the Board of Supervisors of Los Angeles County, Calif., on April 30, 1934, relating to unemployment relief; to the Committee on Labor.

4562. Also, resolution adopted by the Gardena Democratic Club, Gardena, Calif., on April 27, 1934, relating to unemployment relief, and urging resumption of a program comparable to the Civil Works Administration program, for such relief; to the Committee on Appropriations.

4563. By Mr. DE PRIEST: House Joint Resolution No. 10, Illinois General Assembly, asking favorable consideration of the Wagner-Costigan and Oscar De Priest antilynching bills; to the Committee on the Judiciary.

4564. By Mr. DOBBINS: Petition of the General Assembly of the State of Illinois, urging favorable action on antilynching legislation; to the Committee on the Judiciary.

4565. By Mr. DOWELL: Petition of citizens of Pella, Iowa, on the Capper, Hope, and Wearin bills; to the Committee on Agriculture.

4566. By Mr. FORD: Resolution of the Los Angeles Chamber of Commerce, urging immediate allocation of necessary money from the Public Works Administration for completion of the approved War Department project for the strengthening of harbor defenses on the west coast; to the Committee on Naval Affairs.

4567. By Mr. JAMES: Resolution of the Woman's Home Missionary Society, of Hancock, Mich., through Mrs. John R. Roberts, president, and Mrs. D. MacDonald, secretary, favoring early and favorable action on H.R. 6097; to the Committee on Interstate and Foreign Commerce.

4568. By Mr. LEHR: Petition of Riga Local, No. 69, Farmers' Cooperative and Educational Union of America, urging passage of the Frazier bill (S. 457); to the Committee on Agriculture.

4569. By Mr. PLUMLEY: Petition of Council No. 15, Sons and Daughters of Liberty, Plainfield, Vt., urging the defeat of efforts of political leaders and exploiters of labor to defeat the spirit of restricted immigration; to the Committee on Immigration and Naturalization.

4570. By Mrs. ROGERS of Massachusetts: Petition of the City Council of the City of Woburn, Mass., endorsing the movement to perpetuate the name of the late Rev. William J. Farrell by renaming the United States veterans' hospital at Bedford, Mass.; to the Committee on World War Veterans' Legislation.

4571. By Mr. STRONG of Pennsylvania: Petition of the Woman's Home Missionary Society, of Falls Creek, Pa., favoring the Patman bill (H.R. 6087), relating to the motion-picture industry; to the Committee on Interstate and Foreign Commerce.

4572. By Mr. WIGGLESWORTH: Petition of the One hundred and fourth United States Infantry Veterans' Association, American Expeditionary Forces, protesting against the circulation of certain seditious propaganda tending toward the undermining of historical, traditional, and hereditary patriotism, and demanding an investigation and the suppression by the Federal authorities of this propaganda; to the Committee on the Judiciary.

4573. By the SPEAKER: Petition of Century Council, No. 543, Knights of Columbus, urging adoption of the amendment to section 301 of S. 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4574. Also, petition of St. Michael's Parish, Delta, Colo., urging adoption of the amendment to section 301 of S. 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4575. Also, petition of the Association Canado-Americaine, urging adoption of the amendment to section 301 of S. 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4576. Also, petition of the Ladies' Auxiliary, Order of Hibernians in America, Ellis Division, No. 1, urging adoption of the amendment to section 301 of S. 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4577. Also, petition of St. Wenceslaus Parish, of Baltimore, Md., urging adoption of the amendment to section 301 of S. 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4578. Also, petition of the Tulsa Unemployed Association; to the Committee on Ways and Means.

4579. Also, petition of the city of Chelsea, Mass., supporting a bill for the payment of unemployment insurance; to the Committee on Labor.

4580. Also, petition of the Police Jury Association of Louisiana; to the committee on Banking and Currency.

SENATE

WEDNESDAY, MAY 9, 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 of the proceedings of the calendar day Tuesday, May 8, was dispensed with, and the Journal was approved.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Haltigan, one of its clerks, requested the Senate to return to the House the engrossed bill (S. 2671) repealing certain sections of the Revised Code of Laws of the United States relating to the Indians.

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	Bulkley	Couzens	Gibson
Ashurst	Bulow	Cutting	Glass
Austin	Byrd	Davis	Goldsborough
Bachman	Byrnes	Dickinson	Gore
Bailey	Capper	Dieterich	Hale
Bankhead	Caraway	Dill	Harrison
Barbour	Carey	Duffy	Hastings
Barkley	Clark	Erickson	Hatch
Black	Connally	Fess	Hayden
Bone	Coolidge	Fletcher	Hebert
Borah	Copeland	Frazier	Johnson
Brown	Costigan	George	Kean

Keyes	Metcalf	Reynolds	Thompson
King	Murphy	Robinson, Ark.	Townsend
La Follette	Neely	Russell	Tydings
Lewis	Norbeck	Schall	Vandenberg
Logan	Norris	Sheppard	Van Nuys
Lonergan	Nye	Shipstead	Wagner
Long	O'Mahoney	Smith	Walcott
McCarran	Overton	Steiwer	Walsh
McGill	Patterson	Stephens	Wheeler
McKellar	Pittman	Thomas, Okla.	White
McNary	Pope	Thomas, Utah	

Mr. ROBINSON of Arkansas. I desire to announce that the Senator from California [Mr. McADOO] is absent because of illness, and that the Senator from Florida [Mr. TRAMMELL] is necessarily detained from the Senate.

Mr. HEBERT. I wish to announce that the Senator from Indiana [Mr. ROBINSON], the Senator from Pennsylvania [Mr. REED], and the Senator from West Virginia [Mr. HATFIELD] are necessarily absent from the Senate. I ask that this announcement may stand for the day.

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

RETURN OF AN ENGROSSED BILL TO THE HOUSE

The VICE PRESIDENT laid before the Senate a resolution of the House of Representatives, which was read, as follows:

IN THE HOUSE OF REPRESENTATIVES,
May 8, 1934.

Resolved, That the Clerk of the House be directed to request the Senate to return to the House the engrossed bill of the Senate (S. 2671) repealing certain sections of the Revised Code of Laws of the United States relating to the Indians.

Mr. ROBINSON of Arkansas. I move that, in compliance with the request of the House, the bill be returned to that body.

The motion was agreed to.

FEBRUARY REPORT OF RECONSTRUCTION FINANCE CORPORATION

The VICE PRESIDENT laid before the Senate a letter from the chairman of the Reconstruction Finance Corporation, submitting, pursuant to law, a report of the activities and expenditures of the Corporation for February 1934, together with a statement of loans authorized during that month, showing the name, amount, and rate of interest in each case, which, with the accompanying papers, was referred to the Committee on Banking and Currency.

REGULATION OF FOODS AND DRUGS

Mr. GOLDSBOROUGH. I ask unanimous consent to have printed in the RECORD and to lie on the table resolutions adopted by the American Newspaper Publishers Association, suggesting certain amendments to the pending Senate bill, No. 2800, providing for the regulation of foods and drugs.

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

Whereas the American Newspaper Publishers Association approves of a constructive revision of the present Food and Drugs Act to strengthen its protection of the consumer public, but records its belief that the proper method of effectuating this objective would be by amendment to the existing Pure Food and Drugs Act of 1906; and

Whereas industries most vitally affected by the drastic legislation proposed in Senate bills nos. 1944 and 2000, having submitted amendments to the present proposed Senate bill no. 2800: Be it

Resolved, That the American Newspaper Publishers Association, in convention assembled, hereby goes on record as endorsing the following proposed amendments to Senate bill no. 2800:

Definition of "advertising": Section 2 (j), page 3, lines 16 to 18, revise this paragraph to read (the amendment is printed in italic):

"The term 'advertisement' includes *all advertisements and* all representations of fact or opinion *therein or commercially* disseminated in any manner or by any means other than by the labeling."

Definition of "false advertising": Section 9 (a), pages 15 to 16, add at the end, in line 2 of page 16, the following new sentences:

"No representation concerning any value or effect of a food or cosmetic shall be deemed to be false under this paragraph if such representation is supported by substantial scientific opinion or by demonstrable scientific facts. This paragraph shall not be construed or applied to prohibit harmless trade claims"; and be it further

Resolved, that the American Newspaper Publishers Association approves an amendment to section 15, pages 22 to 24, by inclusion of a new paragraph in substance as follows:

"Administrative Board of Review: There shall be appointed by the President an Administrative Board of Review with power of administrative review as prescribed by the President, to which an advertiser may appeal from an administrative decision that he has violated the act when the advertiser believes such decision to be without legal sanction, before being compelled to face a criminal prosecution upon the basis of such doubtful decision."

PROCESSING TAX ON HOGS

Mr. TOWNSEND presented a letter from Max Matthes, president of the Wilmington Provision Co., of Wilmington, Del., which, with the accompanying copy of a telegram, was ordered to be printed in the RECORD, as follows:

WILMINGTON PROVISION CO.,
Wilmington, Del., May 7, 1934.

Senator J. G. TOWNSEND, Jr.,
Senate Office Building, Washington, D.C.

DEAR SENATOR TOWNSEND: In regard to the processing tax on hogs. The price of hogs is still going down. Last week good steers sold for $9.50 per hundredweight in Chicago stockyards without the help of the Department. They did not tax steers, but the steers have advanced in price. Hogs are down now to all-time low. Enclosed you will find copy of a telegram where we bought hogs from St. Joseph, Mo., for $2.95. We will pay the Government as much tax as the hogs cost. Why can't this tax be removed and let us pay the farmers more money for their hogs? I have reports from western markets that the farmers are up in arms in regard to this tax. If you have a conversation with any of the western Senators, ask them to explain why steers have advanced so much without the help of the Department, and yet with all the Department has done for the hogs they are still getting lower. Do not answer, as I know you are opposed to the tax.

Very truly yours,

MAX MATTHES, *President.*

SOUTH ST. JOSEPH, MO., *May 4, 1934.*

WILMINGTON PROVISION CO.,
Wilmington, Del.:

Can buy double one forties to fifties, cost about two ninety-five.

CORRIGAN SYMON.

REPORTS OF COMMITTEES

Mr. KING, from the Committee on Finance, to which was referred the joint resolution (H.J.Res. 325) extending for 2 years the time within which American claimants may make application for payment, under the Settlement of War Claims Act of 1928, of awards of the Mixed Claims Commission and the Tripartite Claims Commission, and extending until March 10, 1936, the time within which Hungarian claimants may make application for payment, under the Settlement of War Claims Act of 1928, of awards of the War Claims Arbiter, reported it with amendments and submitted a report (No. 927) thereon.

Mr. HARRISON, from the Committee on Finance, to which was referred the 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, reported it with an amendment to the preamble and submitted a report (No. 928) thereon.

Mr. KEAN (for Mr. SMITH), from the Committee on Agriculture and Forestry, to which was referred the joint resolution (S.J.Res. 106) authorizing loans to fruit growers for rehabilitation of orchards during the year 1934, reported it without amendment and submitted a report (No. 929) thereon.

Mr. REYNOLDS, from the Committee on the District of Columbia, to which was referred the bill (S. 3442) to dissolve the Ellen Wilson Memorial Homes, reported it without amendment.

Mr. TYDINGS, from the Committee on Territories and Insular Affairs, to which were referred the following bills, reported them each without amendment:

H.R. 8052. An act to amend sections 203 and 207 of the Hawaiian Homes Commission Act, 1920 (U.S.C., title 48, secs. 697 and 701), conferring upon certain lands of Auwaiolimu, Kewalo, and Kalawahine, on the island of Oahu, Territory of Hawaii, the status of Hawaiian home lands, and providing for the leasing thereof for residence purposes; and

H.R. 8235. An act to authorize the Secretary of War to convey by appropriate deed of conveyance certain lands in the district of Ewa, island of Oahu, Territory of Hawaii.

ENROLLED BILL PRESENTED

Mrs. CARAWAY, from the Committee on Enrolled Bills, reported that on the 8th instant that committee presented

to the President of the United States the enrolled bill (S. 2460) to limit the operation of statutes of limitations in certain cases.

BILLS INTRODUCED

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

By Mr. McNARY:

A bill (S. 3576) for the relief of Lester D. Petteys; to the Committee on Military Affairs.

By Mr. OVERTON:

A bill (S. 3577) to establish the Chalmette National Historical Park, and for other purposes; to the Committee on Public Lands and Surveys.

By Mr. BAILEY:

A bill (S. 3578) authorizing the United States Employees' Compensation Commission to consider the claim of Martin Luther Mauney; to the Committee on Claims.

By Mr. POPE (by request):

A bill (S. 3579) providing that the proceeds from hunting and fishing permits within the Fort Hall Indian Reservation, Idaho, may be expended under the direction of the tribal council for the benefit of the Indians; to the Committee on Indian Affairs.

By Mr. FRAZIER:

A bill (S. 3580) to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, and acts amendatory thereof and supplementary thereto; to the Committee on the Judiciary.

By Mr. COPELAND:

A bill (S. 3581) to authorize the Comptroller General of the United States to settle and adjust the claim of the Hegeman-Harris Co.; to the Committee on Claims.

By Mr. KING:

A bill (S. 3582) to reserve 80 acres on the public domain for the use and benefit of the Kanosh Band of Indians in the State of Utah; to the Committee on Indian Affairs.

AGRICULTURAL ADJUSTMENT ACT—AMENDMENT RELATIVE TO ANTITRUST LAWS

Mr. BORAH submitted an amendment intended to be proposed by him to the bill (S. 3326) to amend the Agricultural Adjustment Act, and for other purposes, which was referred to the Committee on Agriculture and Forestry and ordered to be printed.

REGULATION OF COMMUNICATIONS—AMENDMENT

Mr. DILL submitted an amendment intended to be proposed by him to the bill (S. 3285) to provide for the regulation of interstate and foreign communications by wire or radio, and for other purposes, which was referred to the Committee on Interstate Commerce and ordered to be printed.

NUMBER OF FAMILIES ON RELIEF ROLLS

Mr. SCHALL. Mr. President, the statement of the Commerce Department, made today, that the number of families on the relief rolls "is greater than it was a year ago", demonstrates quite clearly that we are "on our way" to Russia.

The Roosevelt experiments are quite in keeping with the Russian experiments. According to S. W. Utley, of Detroit, in the winter of 1933 more than 5,000,000 persons died in Russia of starvation. This, he said, was 60 percent of the number of persons killed in 52 months of the World War.

We went into the World War and killed 8,000,000 persons to make the world safe for democracy. We have come out by destroying democracy in Russia, in Italy, in Austria, and in Germany, and are now threatened with the loss of our own freedom of government. Woodrow Wilson fooled us into the war on the promise of perpetuated freedom. Franklin Roosevelt is attempting to fool us into a dictatorship on the promise of recovery.

Have not all the people been fooled long enough?

I ask leave to have printed in the RECORD the statement of the Department of Commerce as it appears in an article in the Washington News of May 9.

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

MORE FAMILIES ON RELIEF ROLLS NOW THAN 1 YEAR AGO—COMMERCE DEPARTMENT BLAMES DEMOBILIZATION OF C.W.A. AND END OF INDIVIDUAL RESOURCES

Despite continued gains in business activity, the number of families on relief rolls is greater than it was a year ago, the Commerce Department reported today in its monthly survey of current business.

The report blamed "exhaustion of individual resources", together with "demobilization of C.W.A. workers", for a "substantial" increase in the number seeking relief.

However, it was reported that expanding productive activity has been accompanied by an increase in employment and pay rolls, a gain in retail sales, higher foreign-trade totals, and an advance in primary distribution.

MANUFACTURING UP

Manufacturing production increased during March by more than the usual seasonal amount, with the auto industry showing a "pronounced" expansion. Other production increases were reported in iron and steel, lumber, and plate glass. Textile output was slightly increased after allowance for seasonal trends.

The construction industry was reported the "outstanding" exception to the general business gains.

"The seasonally adjusted index of construction has receded to 35 percent of the 1923–25 average, which is 23 points below the index for last December", the report said.

FARM SURPLUSES—ARTICLE BY SAM J. SHELTON

Mr. BORAH. Mr. President, I ask unanimous consent to have printed in the RECORD an article by Sam J. Shelton, of the staff of the St. Louis Post-Dispatch, entitled "Is Surplus of Farm Products Due to Overproduction or Underconsumption?" This article is exceedingly interesting and most instructive, not only by reason of the general argument presented but by reason of the mass of facts and figures which have been gathered by the writer. It is a distinct contribution to this vital problem.

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

[From the St. Louis Post-Dispatch, May 6, 1934]

IS SURPLUS OF FARM PRODUCTS DUE TO OVERPRODUCTION OR UNDERCONSUMPTION?—STATISTICS OF PRODUCTION INDICATE THAT, WITH EVERYONE GETTING PROPER NOURISHMENT, THIS COUNTRY ALONE WOULD CONSUME ALMOST ALL FOODSTUFFS RAISED ON AMERICAN FARMS, WHILE THERE WOULD BE ACTUALLY A SHORTAGE OF MILK, DAIRY PRODUCTS, POULTRY, AND EGGS

By Sam J. Shelton, of the Post-Dispatch Staff

Frequent critical references in Congress and elsewhere to the policy of limitation of production—a policy most dramatically brought home to the country in the deliberate destruction of growing crops and livestock—have recently focused attention on this phase of the administration's recovery program.

The policy was designed chiefly to benefit the farmer. It was reasoned prices he was getting for his product were too low, because he was producing too much and the obvious remedy was to reduce production. The thesis of this new-deal policy seemed to be that if this was a "panic of plenty", as it has been described, the cure would be found in creating an artificial scarcity.

The culmination of the policy is found in the compulsory limitation of cotton production by act of Congress and in the various schemes for paying Government bonuses to farmers for reducing acreage of wheat, corn, and other commodities, with threats of further enforced limitation.

Critics have raised the question: Is there too much? Too much food, too much clothing, too much of any useful commodity while millions of American citizens are hungry and inadequately clothed and sheltered? They answer—and Senator BORAH in a recent address stated the proposition very clearly—that the system of distribution is at fault and that if every person in the United States had plenty of good, wholesome food and was comfortably clothed and sheltered, there would not be too much but actually not enough of some of our principal agricultural products.

SCARCITY OF FOOD FOR PROPER SUSTENANCE

An examination of the production statistics of the country, matched against the consumptive needs of a well-sustained population, shows that they are correct; that the country could consume nearly all the wheat it grows; that to produce enough milk for the population 5,000,000,000 more dairy cows would be needed; that there should be an increase of at least 12 percent in number of cattle and hogs slaughtered for meat; that the barnyard hen needs help to produce enough eggs.

The American potato crop in a good year just about balances the needs of a well-fed population; the production of dried beans and peas is far less than standard diet requirements.

The Department of Agriculture, in a publication issued under the present administration, said:

"Among foods which are consumed in far less than desirable amounts, milk, certain fruits, and many of the leafy vegetables

stand out prominently. The consumption of milk per capita indicated in the adequate diet at moderate cost and the liberal diet is nearly twice the present consumption, while from the standpoint of health the use of certain fruits and vegetables should be increased several fold."

The same Department of Agriculture publication, issued last November, lists the average quantities of important food articles required annually per capita for the population of the United States, on four standards of diet: (1) Restricted diet for emergency use; (2) adequate diet at minimum cost; (3) adequate diet at moderate cost, and (4) liberal diet. The composition of these four diets except the emergency diet, is shown in a box elsewhere. The emergency diet cannot be considered as adequate.

MILK SUPPLY DEFICIENT FOR PROPER CONSUMPTION

The minimum cost adequate diet requires 260 quarts of milk per capita annually, and the moderate cost and liberal diets 305 quarts annually.

Production of milk in 1932 was 11,744,000,000 gallons.

The amount used up for manufacturing butter and cheeses was 4,520,813,000 gallons; for making butter on farms and for feeding to calves, 1,667,674,000; total of 6,188,487,000 gallons not available for human consumption as milk.

The remainder, 5,555,513,000 gallons, is the amount available for consumption in fluid form, in condensed form, in food preparation, and as ice cream.

The population, 124,800,000 (Census Bureau estimate as of 1932), requires 8,112,000,000 gallons a year on the minimum adequate diet and 9,516,000,000 gallons on the moderate cost and liberal diets.

MAN'S ANNUAL NEEDS FOR NOURISHMENT

Average per capita consumption annually of important food products necessary to sustain the population on a well-nourished, healthy basis is listed in a bulletin published last November by the Department of Agriculture's Bureau of Home Economics. It is based on varied diets, ranging in terms of cost from one to meet emergency to one of liberal cost.

The three diets, which are described as adequate (not including the emergency ration) are as follows:

Item	Annual requirements		
	Adequate diet at minimum cost	Adequate diet at moderate cost	Liberal diet
Flour, cereals ..... pounds	224	160	100
Milk ..... quarts	260	305	305
Potatoes ..... pounds	165	165	155
Dried beans, peas, nuts ..... do	30	20	7
Tomatoes, citrus fruits ..... do	50	90	110
Vegetables (leafy) ..... do	80	100	135
Dried fruits ..... do	20	25	20
Other vegetables, fruits ..... do	85	210	325
Fats, including butter, bacon ..... do	49	52	52
Sugars ..... do	35	60	60
Lean meat, poultry, fish ..... do	60	100	165
Eggs	180	180	360

NOTE.—In the accompanying article, these diets are used for comparing potential consumption of a well-fed population with production of certain important food items.

The situation as to milk supply for human food may be summarized as follows:

	Minimum diet	Moderate and liberal diet
	Gallons	*Gallons*
Required	8,112,000,000	9,516,000,000
Available	5,555,513,000	5,555,513,000
Deficiency	2,556,487,000	3,960,487,000

Average production per milk cow in 1932 (Department of Agriculture) was 501 gallons. To make up the deficiency under the mimimum-cost diet would require 5,102,000 additional milk cows; under the moderate-cost and liberal diets, 7,905,000 more. In the one case it is an increase of 22 percent and in the other 34 percent over the number of milk cows in the country (23,000,000) estimated by the Department of Agriculture as of 1932.

So large an increase in cows and milk production would, of course, call for an increase in production of feed—hay and grains—and for additional employment.

In a recent statement protesting against the Agricultural Adjustment Administration's plan to curtail milk production, M. D. Munn, president of the National Dairy Council, said there is potential consumptive market for approximately 50 percent more dairy products, including butter and cheese, than is now being produced. So large a market, which presumably would be available if all persons could be fed on a desirable standard, would mean an increase of 11,000,000 or 12,000,000 cows.

WHAT THE POPULATION SHOULD CONSUME IN WHEAT

Applied to wheat—one of the great export crops of the United States—the yardstick of minimum-cost adequate diet indicates home consumption should be increased by about 85,000,000 bushels a year, which would go a long way toward wiping out surpluses even with exports at the present low point.

The minimum-cost adequate diet calls for 224 pounds of flour and cereals per capita annually. About 166 pounds of this should be in the form of wheat flour (156.8 pounds) and other wheat products. This calls for approximately 500,000,000 bushels of wheat a year.

Other domestic uses of wheat are for seed, average about 82,500,000 bushels, and feed for livestock, from 50,000,000 to 160,000,000 bushels in recent years. Assuming an average use of 100,000,000 bushels a year for feeding livestock, the domestic consumption of wheat on a minimum adequate-diet basis should be about as follows:

	Bushels
Human food	500,000,000
Feeding livestock	100,000,000
Seed	82,500,000
Total required	682,500,000
Average production last 4 years	753,000,000
Surplus for export	70,500,000

Production in 1933, however, was only 527,413,000 bushels and in 1932, 726,831,000 bushels. Domestic consumption in recent years has averaged about 597,000,000 bushels, or 85,000,000 less than the total requirements in the foregoing table.

Exports for the 5 years, 1927 to 1931, averaged 174,000,000 bushels a year; 1922 to 1926, 207,000,000 bushels; 1917 to 1921 241,000,000 bushels.

FOREIGN NATIONS EAT MORE GRAIN THAN AMERICA

The Government's moderate cost and liberal diets reduce the amount of flour and cereals per capita to 160 and 100 pounds, respectively, which, of course, would materially reduce the amount of wheat required for human food. Both diets, however, require much larger amounts of milk and meats than in the minimum diet and undoubtedly would call for greater quantity of wheat for feeding livestock.

Per capita consumption of wheat in the United States is low as compared with leading European countries. France leads with an average of 7.5 bushels; then Belgium, 6.7 bushels; Italy, 6.6, and Great Britain and Ireland, 5.7. The United States average for 1932, which is the so-called "disappearance" of wheat for food, feed, and waste, but not including seed, is 4.8 bushels. Disappearance here at the same rate as in France would require 936,000,000 bushels a year, and seed requirements would bring the total to more than 1,000,000,000 bushels, equaling our largest crops.

Potatoes are a stand-by of the American diet. The Department of Agriculture gives the per capita requirement as 165 pounds a year for both the minimum and moderate cost adequate diets. This includes sweetpotatoes and means that at least 343,200,000 bushels should be consumed for food. About 29,000,000 bushels are required for seed, and there is large waste in the potato crop due to rotting after harvesting. A reliable estimate of the amount of waste is not available.

Production in 1932 was 356,000,000 bushels of Irish potatoes and 78,000,000 bushels, an unusually large crop, of sweetpotatoes, a total of 434,000,000 bushels. The apparent surplus was 64,000,000 bushels before allowing for the uncertain quantity of waste.

EGG A DAY WOULD EXHAUST THE SUPPLY

If every American demanded an egg for his daily breakfast there would not be enough to go around. Our flock of laying hens would have to be increased 40 percent. Egg production in 1932 was 32,000,000,000 and an egg a day for breakfast for the whole population would require 45,000,000,000. The liberal diet prescribed by the Department of Agriculture requires practically an egg a day, 360 per capita a year. In the minimum and moderate cost diets, however, this is reduced to 180 per capita and the nutritive elements supplied otherwise. At the lower figure the annual requirement of eggs for food is 22,400,000,000, and it is obvious that after allowing for eggs for hatching and for other commercial uses there would be little if any surplus.

If the population had the means to afford the Department of Agriculture's liberal diet, the per capita allowance of lean meat would be 165 pounds. In the moderate-cost diet this is reduced to 100 pounds and in the minimum diet to 60 pounds. It includes, in the liberal diet, 56 pounds of beef, 65 pounds of pork, 18 pounds of poultry, 13 pounds of fish, 8 pounds of veal, and 5 pounds of lamb and mutton. In addition, an allowance of 2 pounds of bacon and salt pork is made.

The diet allowances are in terms of retail cuts, making difficult a comparison with figures on slaughter of meat animals, given in gross carcass weights. Figures of the Department of Agriculture, however, show a material decline in per capita consumption of meats in recent years. The average for beef, pork, veal, lamb, and mutton, for 1923 was 149 pounds, but for 1931 it decreased to 133.2 pounds.

To go back to the consumption of 1923 would require an increase of 12 percent in the number of meat animals slaughtered, which means 1,400,000 more beef cattle, 960,000 more calves, and 8,400,000 more hogs. In the Government's first hog-reduction program last year approximately 5,000,000 animals were purchased and killed and many of the carcasses destroyed. Hog products, particularly lard, have been one of our largest exports.

Dried beans, peas, and nuts are recognized by the Department of Agriculture as an important food item. The annual allowance is 20 pounds per capita in the moderate-cost diet and 30 pounds in the minimum-cost diet. In the liberal diet it is only 7 pounds, assuming that larger quantities of meat and other foods will be

used. This food item includes dried peas and peanuts as well as dried beans.

The production in 1932 was 2,000,000,000 pounds. At 20 pounds per capita the annual requirement is 2,500,000,000 pounds and at 30 pounds per capita it is 3,700,000,000 pounds. In either case there is a large deficiency in production.

In a speech vigorously condemning restriction of production, United States Senator WILLIAM E. BORAH recently gave an estimate that 40,000,000 persons in the United States, or nearly one third of the population, are living below the poverty line, and a far greater proportion of the world's total population is in that state.

"Our able Secretary of State", he said, "has recently declared that 80 percent of the world's population of 2,000,000,000 persons are today living below the poverty line. Stated in another way, 1,600,000,000 people are living in poverty—a startling, a menacing, but, unfortunately, a true statement. Does not this present the problem of distribution rather than overproduction?

"SENATOR BORAH'S SUMMARY OF THE FARM QUESTION

"In our own country there are no less than 40,000,000 people living below the poverty line. Shall we destroy food and the stuff of which clothes are made until we have taken care of our 40,000,000? And shall the world engage in such a program with 1,600,000,000 living on the verge of destitution? Is it sound to say there are millions and millions of people in our country and in the world in want of food and ill-clad, so let's destroy food, let's destroy the stuff of which clothes are made?

"Our task is not that of destruction but of distribution. Even in normal times we had in this country over 75,000,000 people living on an income of less than $600 a year. Like creeping paralysis this fall of purchasing power has long indicated an economic cataclysm. The average workman with his family of five in normal times must live on an income of $1,200 to $1,800 a year. There are 1,000,000 children in the United States out of school because of want of food and clothing.

"I repeat, there is no overproduction unless you are going on the theory that a large portion of the people of the world and in our own country are to go through life under the circumstances of cruel privation."

Senator BORAH declared that crop reduction of 43,000,000 acres, as planned by the Agricultural Adjustment Administration, would take 3,250,000 persons off the farms.

"The plan will inevitably give us more idle and dependent people, more people to feed and clothe," he said. This was borne out a few days ago by the statement of Relief Administrator Hopkins that the cotton reduction plan in the South is constantly putting more families on the dole.

Restoration of purchasing power is the answer to the crop reduction plans, Senator BORAH said, adding: "If our millions were eating and being clothed in accord with their actual wants, of good healthy citizens, there would be no occasion for such a policy."

REPUBLICAN ATTITUDE ON RECIPROCAL TARIFF AGREEMENTS BILL

Mr. AUSTIN. Mr. President, I ask unanimous consent to have printed in the RECORD a news item from the New York Times of May 9 referring to proposals by the Senator from New Jersey [Mr. BARBOUR] and the Senator from Michigan [Mr. VANDENBERG] relating to the reciprocal tariff agreements bill, which is now pending before the Senate.

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

[From the New York Times, May 9, 1934]

REPUBLICANS PLAN TARIFF BILL FIGHT—SENATORS TALK OF LIMITING ROOSEVELT'S TRADE BARGAINING TO FREE LIST—MEETING TAKES NO STAND—HEARS PROPOSALS BY BARBOUR AND VANDENBERG ON CONFINING THE PRESIDENT'S POWERS

WASHINGTON, May 8.—A conference of Republican Senators, which was called today to plan party strategy in the coming fight over President Roosevelt's reciprocal tariff bill, confined itself largely to discussing two Senators' proposals to limit the Executive to agreements centering about the free list.

These Senators, VANDENBERG and BARBOUR, did not recommend the proposals they submitted, but contended that if a system of reciprocal trading were to be set up, it should be based upon trade favors already enjoyed by foreign countries with the United States.

Under their suggestion the President would be confined in his proposed new authority to taking articles off the free list or putting them back on and to increasing tariffs or leaving them where they were.

The conference took no stand on the Vandenberg-Barbour suggestions, but merely discussed them as one of the means suggested for restricting the President's authority under the tariff bill, which the party leaders concede will become law.

STATEMENT OF THE PLAN

Senators VANDENBERG and BARBOUR, in a statement after the conference, outlined their suggested plan as follows:

"For purposes only of discussion, we submitted to the Republican conference this morning the idea that if there are to be tariff bargains undertaken by the President, they should first be based upon the existing trade favors which foreign countries already enjoy in the United States.

"In other words, if we are to abandon our existing protective system, which recognizes the difference in cost of production at home and abroad, and enter the dubious field of international barter, we should charge the Old World for its existing American privileges before we ever contemplate the reduction of any protective duties which are necessary to protect American industry and agriculture.

"Under the administration proposal, the President cannot transfer articles from the free list to the dutiable list. Yet the free list brings us $906,000,000 of imports, while the dutiable list only brings us $529,000,000 of imports.

"We raise the question that if tariff bargains are to be undertaken at all—which we oppose—it is far more logical to ask for reciprocal advantages in return for a continuation of this enormous free-list trade than to deal only in the extension of new and additional trade advantages in the United States at the expense of some protected American commodity.

WOULD SEEK TRADE ADVANTAGES

"It is far more logical to contemplate agreements which would bring us new export privileges in return for the continuing maintenance of existing free-list privileges or existing tariff rates than it is to think only in terms of offering aliens new and additional privileges in the American market.

"Many of these Old World countries owe us enormous war debts which they are making no serious effort to liquidate. In addition, they already enjoy the privileges of selling $1,430,000,000 of their goods in our American market.

"It occurs to us that these existing privileges and advantages should be the basis of negotiations for additional American export advantages rather than to talk only of new and additional privileges, if they are to bargain at all.

"Therefore, we have suggested, for discussion only, the question whether the President's tariff bargaining power, if granted at all, should not be confined to authority to (1) take articles off the free list or agree to leave them on the free list and (2) increase tariffs or agree to leave them where they are.

"We do not recommend any such system. It has its obvious and notorious faults. Republican policy never has and never will approve tariffs on raw materials traditionally on the free list.

"We simply illustrate by this discussion in the Republican conference, first, the inequity of the particular tariff-bargaining program which the administration appears to have in mind and, second, the utter hazards in any attempt at bargaining power at all."

ADDRESS BY HON. JAMES HUGHES

Mr. DUFFY. Mr. President, I ask unanimous consent to have printed in the RECORD an address delivered by Hon. James Hughes before the conference of American Foundry Supplymen's Association at Pittsburgh, Pa., April 17, 1934.

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

It was granted to us as Americans of this day and generation to be part of and party to a development and expansion of national industry, commerce, and agriculture which reached peaks never before attained by a nation or a people in the history of time and civilization; and, after having gained that position of preeminence in world affairs, we were put to the trying experience of seeing it collapse, as a house of cards, before an onrushing tidal wave of world depression which leveled the highest peaks to the lowest levels within the memory of any living man. The rush of the swift current brought with it destruction and disaster and threatened to carry away the most permanent institutions of our society and Government.

No picture is needed to recall to mind the chaos of little more than 1 year ago. A financial structure that had stood through 150 years of national building—war, peace, depression, and prosperity—had crumbled into an absolute state of collapse. Faith in banks and bankers crumbled with it. Agriculture, the basic industry of the country, was struggling under a crushing burden of debt and tax; its markets demoralized; its commodities selling at prices far below the actual cost of production. Thousands of farms were abandoned, their owners standing in the city bread lines, seeking the shelter of charity. In many quarters their despair was translated into open revolt. The fires of industry had been washed out. Workers who had not been turned away were subject to tremendous reductions in wage. Fourteen million workers, skilled and unskilled, were without means of providing their families with the barest necessities of life. Thousands walked the streets and highways. Public and private charity was keeping alive the fires of life in millions of our people. Of those who had work opportunity, the great majority were subject to salary and wage reductions up to 40 percent. One year ago the whisper of discontent from this direction had grown to a rumble of rebellion. America stood at the crossroads.

The national election of 1932 placed the reins of leadership in the hands of Franklin D. Roosevelt at the moment when the crisis was reached, and in accepting them he directed a message to the people of the Nation that will ever remain one of the truly great documents in our Nation's history. He pointed to the state of the Nation with words that were unmistakable and clearly understandable, and at once set to the task of restoration. His plan unfolded rapidly. His spirit and enthusiasm spread like a grass fire over the whole country. In 10 short days a spirit of national faith and confidence was beginning to rise up from the depths of despair to which 4 long years of hard times had carried it.

Plans for knitting together the loose ends of industry, agriculture, finance, and commerce moved rapidly. The bank moratorium extended to the financial leadership full opportunity to reestablish and stabilize the credit structure. The wisdom of that move, after a 12-month period, is contained in a recent statement by Francis Law, financial expert and president of the American Bankers Association. The occasion was the first anniversary of the moratorium:

"The banking structure of the country is strong and liquid. Banks have never been better. Conditions have improved to the point where it is no longer necessary to be superliquid."

This authority speaks with knowledge and understanding, and daily, increasing deposits, over the whole country, bear out the truth of his statement.

Agriculture, which had long suffered and endured, finds new hope in the marked improvement of commodity markets. It is sufficient to say that the value of American farm products has jumped up $1,500,000,000 in the last year. It is to be appreciated, too, that an understanding and sympathetic leadership has served the farmer with the means of saving his property from foreclosure. In these and other facts, the farmer finds justification for his hope that the future will bring that profit to the farm which is so necessary to the general economic welfare of the Nation and its people.

You men associated with the iron and steel industry feel, too, that recovery is at hand. Your industries are making daily gains on wide fronts. Every survey reveals that the business of the Nation is vigorously moving forward. These gains are noted in production, sales, prices, employment, and pay rolls.

The National Recovery Act has served for 12 months. At the hour of its introduction to American business chaos reigned. The records of a year ago show all-time lows. What little business activity there was to be noted was fast lapsing into stagnation. Profit was a consideration long since surrendered, and the dominating thought of all was only to survive; the struggle to survive had brought a practice of destructive competition which had the competitors at each other's throats. The leadership of industry was bewildered and confused, and while the screws of competition were turned ever tighter ugly abuses of labor and capital grew by leaps and bounds. The sweatshop practice had invaded every major industry and minor industry in every section of every State in the Union. Workers were submitted to unbelievably low wages and intolerable working conditions in many cases, and in most instances the hours were long. The worker was not only threatened by serfdom and wage slavery, but he was subject to it. Sweatshop practices involved the youth and the womanhood of the land, exhausted their strength, limited their opportunity, and brought to reality social conditions which this twentieth century of civilization had thought passed with the later days of Old World serfdom. That was not sweated labor's only evil. Those leaders of industry who attempted to maintain high levels of wage and decent conditions for working men were faced with choosing between the sweatshop and bankruptcy. Competition—vicious, almost barbarous—was forcing a choice between business profit and moral decency. N.R.A. called for recognition of the fact that if the unholy systems of sweated labor and child labor are to exist the higher standards of American labor are doomed to destruction, and American industry in competition with those forces may as well stop the wheels and close the doors today as to suffer through the pain of slow but certain stagnation.

Such conditions were staggering industrial America when the President laid down his plans for national industrial recovery. It proposed an association of the strong arm of government with business and commerce—to associate government in a partnership not for profit or gain but for regulated control and restraint, planned for the greatest service and good to the greatest number. It sought to eliminate from industry the curse of destructive competition, and to write a code of ethics and fair practice that would outlaw vicious competitive practices and extend to American business full opportunity to police and control its affairs in keeping with a spirit of national welfare and security. N.R.A. establishes maximum hours of work to spread employment to greater numbers and fixes the minimum wage. That is commonplace recognition of the absurd contrast between overproduction, or overequipment to produce, almost every necessity and luxury of life and the fact that many persons have been in want. It seeks, in effect, to create spending power among those whose power to spend is essential to the markets for products of industry and farm. The provision for maximum hours and minimum wage is a double-edged sword that strikes at and destroys the sweatshop, child labor, and their related evils.

The plan for national industrial recovery presents a problem, but its proper execution leads only to normal prosperity for all. The task is a challenge to the best efforts of all leaderships, putting on them a responsibility and a duty to work out this solution with vision, wisdom, and courage. It can be obtained only by unselfish and energetic effort. Success must be the first concern of all. The teachings of the last few years have erased the question of whether profits are to be considered before human welfare.

I am convinced that in the ability and vision of management, and the skill and energy of the worker, we will find leadership that will work out a permanent solution of our problem. I am strongly of the opinion that the marked advances in business conditions in the last year justify our faith in this plan. The first quarter of this year shows a striking increase in sales, production, profits, and pay rolls. Private industry has absorbed in excess of 3,000,000 of the unemployed. Public employment has brought that figure to 8,000,000. The purchasing and spending power of the Nation has increased 25 percent, jumping from a low of $41,760,000,000 to $52,157,000,000. This upward trend is registered throughout all of the producing groups of the Nation and in all sections and all States. More important than that, faith and confidence in men and in government has reached war-time proportions. It is justified by this indisputable evidence of national recovery, and it is the result of strong leadership and a spirit of good will and cooperation among all the people. It is a time for high faith and earnest effort. There is no place in this scheme of things for the defeatist or the fault-finder. This is no time for the politician or the partisan. It still is a time of emergency and ours is the duty and responsibility of forgetting material and selfish things and working and serving only with the single thought that America be made strong and healthy, economically and socially.

It has been my thought, and it is my practice and purpose, as a Member of the United States Congress, to support and fortify the efforts of our great President to keep the pledge and the promise he has made to restore America to normal prosperity, peace, and happiness. That I know as my duty and obligation, and under Roosevelt's leadership I feel that we are marching from the valley of despair and despondency back to the high road of national welfare and security. It is with these thoughts in mind that I commend to you the most careful consideration of another thought: Under the brave and courageous leadership of a great man we have succeeded in recapturing more than a small degree of what great things have been essentially American—we are on firm ground, and we are beginning to feel a return of strength. Let us not lose sight of the fact that continued support and cooperation of the recovery plan is essential to permanent security. We have come a long way, but a long way to go still is ahead. I make this appeal not as a partisan or with a thought of partisan victory or power but as an American who holds it his first duty to provide for the general welfare of America and all her people.

APPORTIONMENT OF COTTON IN ARIZONA

Mr. ASHURST. Mr. President, I ask unanimous consent to have printed in the RECORD a letter addressed by me to the Secretary of Agriculture relative to the apportionment of cotton exempt from tax in Arizona.

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

UNITED STATES SENATE,
May 8, 1934.

Hon. HENRY A. WALLACE,
Secretary of Agriculture, Washington, D.C.

DEAR MR. SECRETARY: I have your letter of May 7 and have read the legal opinion by Mr. Francis M. Shea of the office of the general counsel of the Agricultural Adjustment Administration.

I wholly disagree with his interpretation that the Bankhead Act of April 21, 1934, excludes long-staple cotton in making the computations under section 5 (a).

The terms of that act are so clear that, as stated in my letter to you of April 28, I must insist that you have no choice but to apportion to the State of Arizona 87,000 bales of tax-exempt cotton as originally announced by your Department. In my opinion, this decision should be favorable to Arizona, and you should make the decision yourself, thus ending the delay which is now seriously embarrassing those in my State whom the season requires shall know just what they may do.

The facts are, first, the cotton farmers of Arizona relied upon the announcement that they could plant 87,000 bales of tax-exempt cotton; and second, it is now proposed to take 14,000 bales away from that allotment.

The 14,000 bales amount to so little when viewed as a part of a 10,000,000-bale crop that no one can say that the major object which the Bankhead Act seeks to accomplish will be affected.

But 14,000 bales is a 16-percent reduction in addition to the normal reduction in Arizona cotton production required by the act.

Such a drastic cut not only means disaster to individual farmers who have paid out their money for water to wet their lands prior to planting but also will seriously affect the revenues of irrigation districts which cannot collect water charges from idle lands.

Three months ago, I would have said that your offer to ask for an opinion from the Attorney General was proper because I have every confidence that any opinion which he would ultimately write would be favorable to Arizona. Now I hope you will not find it necessary to follow that course. It has taken nearly 2 weeks for the office of the general counsel to write an opinion. This matter must be decided at once; the situation does not admit of delay, as it will be too late to plant long-staple cotton in Arizona this year.

I therefore urge you immediately to resolve whatever doubts you may have, in favor of the Arizona cotton growers so that the suspense may be ended.

With high regard,

Sincerely yours,

HENRY F. ASHURST.

CONSUMER INTERESTS IN THE N.R.A.—ADDRESS BY FRANK P. GRAHAM

Mr. BAILEY. Mr. President, I ask unanimous consent to have printed in the RECORD an address by Dr. Frank P.

Graham, vice chairman of the consumers' advisory board and president of the University of North Carolina, to the assembly of code authorities, Washington, March 5, 1934, on the subject of consumer interests in the N.R.A. In my judgment, it is a very valuable address.

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

AN ANALYSIS OF THE POSITION AND VALUES OF THE CONSUMER INTERESTS IN THE N.R.A. AND IN OUR SOCIETY AS NECESSARY TO THE ECONOMIC AND SOCIAL BALANCE OF AMERICA AND THE WORLD

In another critical period in our history delegates from the original American States, assembled in Philadelphia, for their work of political-code revision. They came as representatives of the geographical groups who founded democratic government on this continent, revised, and saved in a dark time the political structure of the United States. The stakes of their work were the security and fortunes of over 3,000,000 of people. Today representatives of industrial and trade groups involving the industrial and commercial life of 120,000,000 of people meet in Constitution Hall, Washington, for their work of industrial-code revision. They have had, and still have, the responsibility of restoring work to the unemployed, spreading real purchasing power among all people, reviving industry, and helping to save democratic government in the modern world.

INDUSTRIAL BALANCE ONLY THROUGH RECOGNITION OF BUSINESS MANAGEMENT, LABOR, AND CONSUMER INTEREST

Within the controlling constitutional framework of our political government is rising the structure of a more balanced industrial self-government with its possibilities of increasing recognition of the workers and consumers. Our political government achieved balance by a recognition of the three departments functionally necessary to democratic government. Our industrial government can achieve the necessary balance and security only by a fair recognition of the rights and values of the three groups of interests, functionally necessary to industry, namely, capital, the workers, and the consumers. To see the place of the consumer we must see the place and function of all three in the whole structure of industry.

THE POSITION OF BUSINESS MEN

The management of business men and the functions of capitalism are recognized in the National Recovery Act and in the structure of this assembly. As a decisive factor in the overthrow of feudalism and in the liberation of the individual, land, labor, industry, and commerce from the local control of the lords of the land, capitalism is historically recognized as one of the main pivots in the transition from the medieval to the modern world. These liberated individuals of the rising middle class moved from victory to victory in ideas, church, state, commerce, and industry. With initiative, inventive genius, and far-flung enterprise they developed industry on a scale which required gigantic corporations for gigantic national and international trade. These corporations gathered the savings of the people anywhere to meet, in a world-wide service, the wants of people everywhere. Geared to vast reservoirs of capital and to steam, electric, and gas-power engines, they have flung around the earth a mechanical framework, which, with all its economic weaknesses and social strains, still holds up the structure of the modern world. The purpose of the N.R.A., conceived with social imagination and carried forward with relentless energy and courage, is nothing less than to prevent this stupendous but tottering structure from crashing down upon mankind. It is an effort to work out some sort of economic and social control of the mechanisms and forces haphazardly let loose upon the earth with their power to destroy or rebuild our civilization.

The National Industrial Recovery Act does not pretend to take industry away from business men but gives the associations of business men the chance to revive American industry under public control. Thus it is that trade associations have the privilege of submitting codes of fair competition. This privilege and opportunity carry with them a high moral and social responsibility, which should be shared with the representatives of the workers, who invest their lives, and the consumers, who provide the broad base of purchasing power upon which the whole structure stands or falls.

THE POSITION OF THE WORKERS

The position and function of laborers as basic producers and as human beings with spiritual claims above machines and profits, are recognized more and more with the growth of the labor organizations. The labor movement is largely responsible for the founding of our public schools and for much enlightened social legislation; is the dynamic of modern democracy; and, through collective bargaining, is a check upon the potential autocracy of the giant industrial corporation. Section 7 (a) of the act guarantees labor's right of collective bargaining through the representatives of the workers' own choosing. Millions of American working people, formerly without work or threatened with a loss of work, have a growing sense of their right to a representative participation in making the terms under which they live, work, and hope for a better day. Woe be the day of the return of the haphazard economic policies, social drift, and national breakdown, which would send them out into the bread lines of despair and dash to the ground their new aspirations, and their children's hopes in this Republic. In the event of the return of that day, the place and power of the working people will be not only recognized but may tragically be felt in ways as desperate as the times.

THE POSITION OF THE CONSUMERS' INTERESTS

By the momentum of history, by reason of organization and by the provisions of the act of Congress the position of the trade associations and labor organizations are recognized. The position of the consumers is not defined in the act. The place of the consumer as expressing a particular interest of the many interests of human beings is still in the making. In the administrative set-up of the N.R.A. the consumer for the first time in our history is even partially recognized as one of the groups of interests with a basic stake in industry.

This long failure of recognition is the natural result of the fact that consumers live in a society long dominated by producers and the economics of production. For consumers only a beginning has been made. The scattered cooperative societies of consumers; the Consumers' League expressing the consumers' conscience against human degradation by ruthless competitive production; consumer studies by women's organizations; the Department of Agriculture's extension service in rural homes, and the United States Bureau of Home Economics; the American Home Economics Association; the American Standards Association and its publications; Consumers' Research by a voluntary group of economists and publicists; the emergency conference of consumer organizations; the consumers' national conference; a few pioneer courses in the economics of consumption; the statement in behalf of the establishment of a consumer standards board by the Lynd committee of the advisory board; the division of which Mr. Paul Douglas is chief, for the economic education of consumers through consumers' councils in all the States as proposed and staunchly championed by the chairman of the advisory board; the consumers' council of the A.A.A., and the Consumers' Guide; and last, the advisory board and resident staff, with its sections of women's interests, complaints, fair price, standards, research and recommendations, and consumer organizations and education—all these and cooperating agencies are working toward the development of information, standards, and techniques as the basis for consumer consciousness, intelligence, and action.

UNORGANIZED CONSUMERS IN A WORLD OF ORGANIZED PRODUCERS

Yet all these combined have not changed the fundamental fact that consumers in general are unorganized and uninformed in a society of strongly organized and highly technical producers. The inequality of the positions of producer and consumer interests, by reason of historic developments, legal sanctions, organization, and information places upon the code authorities an economic, social, and ethical responsibility. Let us make clear this inequality of position of consumer interests in a world of corporations, trade associations, federations of labor, and departments of government and bureaus expressing the needs and interests of producers. Producers over a long period have been organized by particular trades and industries, can mobilize quickly and focus on the interest of a particular industry. Consumers are scattered here and there over the far reaches of the continent and their interests are diffused over a wide range of goods upon each one of which is concentrated the interest and power of a producer or combination of producers.

Furthermore, in every town or county there are local chambers of commerce and labor unions. In the States are State trade associations and federations of labor. In the Nation are national trade associations and national federations of organizations of labor. It is not so of the consumers in the localities or the States or the Nation. Departments of government represent the organized predominance of the producer interests. In all the States are departments of agriculture and labor, and in the Federal Government are Departments of Agriculture, Commerce, and Labor, but there is no department of consumption in the States or Nation. There is a Bureau of Standards for manufacturers but no bureau of standards for consumers. The producers have complete information about the product sold and the consumers often have little or no information about the product bought. In addition to all this, the interests of the general body of consumers are mixed by the fact that consumers are, for example, also laborers and investors. Their organized interests as producers of a particular product are more controlling than their interests as consumers and are likely to be more powerful than the unorganized power of all consumers.

FAILURE OF FREE COMPETITION TO PROTECT CONSUMERS

But it has been suggested that the trade associations do not need to worry about the interests of the consumers. The free competition of producers, it is said, will automatically protect the consumers. It is not necessary to emphasize the fact that unrestrained competition and rugged individualism, valuable and heroic in pioneer days, is unadapted to the life of an industrialized society of great corporations. You know what some of these powerful corporations did with and to competitive freedom, and what corporate industrialism and financial power recently did and can do to the freedom and lives of human beings.

As the consumer recently looked about in his world of competing producers, he, and more generally she, found little social protection against unscrupulous competitors. They found themselves uninformed against shoddy, harmful, and even degrading products; high quality prices for low quality goods, artificial freight charges, padded costs, overcapitalization, tributes to monopoly and privilege, inefficiency, waste, misrepresentation and an organized manipulation of his desires and tastes wherever his eyes looked or his ears listened in this world where still live

some unscrupulous competitors, false advertisers, and high-pressure salesmen. Recently he saw despair on the farms, long lines of panic at bank windows, and longer and longer lines of hunger stalking the city streets. It was forced in upon him that the competition of producers does not automatically protect producers or consumers from either inferior goods or an inferior life.

CODES OF FAIR COMPETITION SHOULD NOT FAIL TO RECOGNIZE CONSUMER INTERESTS

The talk of free competition, in either the old competitive society or in the later industrialized and more corporate society, protecting the consumer leaves the people cold. They turned away from that talk in a dark time to the N.R.A. with its proposals, not for the free competition dominated and degraded by the unrepresentative and unscrupulous chiselers, but with its proposals for fair competition based on minimum wages and maximum hours as the bottom conditions of a decent life to which the fair-minded business men can subscribe without having their throats cut. But the codes of fair competition must be revised against the possibility of any trade association betraying the N.R.A. by a more powerful manipulation of the unorganized consumers in the interests of the organized producers. With the new powers given the trade associations under the N.R.A., the consumers now look to the code authorities in their work of revision and relief.

With this assembly called by the national administrator as a part of his honest and open courage in a high public service, N.R.A. enters into its second significant phase. As it moves logically forward from emergency code making to thoughtful code revision, the economic position and social values of the consumer must be more definitely and clearly recognized by those who make, revise, and supervise codes. In the crusade to put millions of human beings back to work we must not forget that excessive prices cut the heart out of wages and purchasing power; and that the failure of purchasing power slows down investments, industry, and trade.

If dividends fail, investments drop and industry suffers. If wages are cut, consumer purchasing power is cut and business lags. But also, mark you, men and women of the code authorities, if prices outrun wages, if the prices are out of proportion to necessary economic and fair social costs, then these excessive prices nullify increased purchasing power, undermine the recovery program, and may again start the depression on a more cruel and vicious spiral downward, cutting more and more deeply into wages, dividends, purchasing power, and the daily lives of millions of human beings. The lowest economic prices increase real purchasing power, widen the market, multiply turn-over, and decrease costs with returns to capital, labor, and the consumer.

The consumers are, excepting the consumer slacker, willing to pay the costs for the abolition of child labor and sweatshops, for shorter hours, decent wages, a fair return on capital, and other necessary economic and social costs. The consumers are everlastingly unwilling to pay for excessive profits based on padded costs and dishonest prices wearing a social cloak over their economic hypocrisy. The consumers, workers, the investors, and the managers must stand together against the financial profiteers, labor racketeers, and consumer slackers. We must not, however, confuse a chiseler with an honest business man who without unfair practice or violation of the code refuses to be intimidated by any combine or collusion to charge above what he has found in his concern to be an economically fair price. We must all stand together against the chiseler who would try to make of N.R.A. a game of greed and grab. We will stand with those who would make of N.R.A. a great experiment for the economic recovery and the social advance of a stricken but dauntless people.

CONSUMER REPRESENTATION ON CODE AUTHORITIES

To this end business men, workers, and consumers more and more can play the game together. Labor representatives need to emphasize to business men the relation of wages to purchasing power. Consumer representatives need to emphasize to business men the relation of purchasing power to commerce and industry and that prices are making excessive inroads on that purchasing power on which hangs much of the story of the N.R.A. Business representatives need to emphasize to labor the relation of efficiency to costs, and to consumers the part that higher wages and shorter hours play in costs. The code authority is one logical center for such a cooperative interchange of views and interest. The value of such an interchange would reach back from the code authority to the trade association, the labor organization, the consumers, and the public. Competent consumer and labor representatives should not only be advisers to the public representative but should, for all matters affecting their interests, be on the code authority. The business man needs the consumer and labor representatives as allies against the unfair practices of unscrupulous competitors. The workers need the moral weight of the alliance of the fair-minded business men and consumer representative in behalf of fair wages and conditions of work. The consumers need the consumer representative at strategic points to particularize the general demand that decent wages and real purchasing power shall not be unjustly cut down by inferior goods and indecent prices. The public needs the consumer representative to be on guard against any possible combination of capital and labor to hold up the public. Industry and the public need the labor and consumer representatives to give the workers, who make the goods, and the consumers, who pay the bills, some voice with the trade association which control the industry. All need the labor and consumer points of view for a more balanced industry.

CONSUMER STUDIES FOR CODE REVISION

This assembly of code authorities, following a week of forthright criticisms and suggestions, is a significant event in the recovery program. The winds of criticism which have strongly blown in upon the N.R.A. will help, we trust, to clean out many wrongs, defects, and abuses and to bring in constructive improvement all along the line.

For the present work of code revision the Consumers' Advisory Board, of which Mrs. Mary H. Rumsey is chairman, and Mr. Dexter N. Keezer is Director and chief of staff, presents a number of consumer propositions for the consideration of the code authorities. By force of circumstances, I can speak with detachment of the work of the Advisory Board and the resident staff who have drawn much of their inspiration from the chairman of the Board. They knew that their work would be misunderstood, sometimes by labor representatives, often by business representatives, and all the time by the consumers in whose interests the staff members tirelessly and ably directed by Mr. Keezer worked long hours at small pay through days and nights of unrelieved public devotion.

The Consumers' Advisory Board, overnight in the midst of the great push to get people back to work, found back of them no organization of consumers with trained staff, information, and technics such as organized labor and more especially organized business had in all fields for the code making that was at hand. It takes time to develop information, technics, and a competent staff. An inquiry made for the Board indicated that there were 100,000 important commodities and that the Tariff Commission considered $25,000 as the cost of a study of the price of one commodity. With a modest budget, a limited personnel, and no pretensions, the Director, with the enthusiastic backing of the chairman and the Board, plunged into work in the wide and almost unoccupied fields of consumer interests, whether the consumers be housewives, grocery stores, wholesalers, factories, farmers, coal operators, oil producers, or what not in the wide range of consumer interests.

Meantime, codes were coming by scores and hundreds. Here came, for example, the oil code, reaching into almost every American home, and with it came the question, who knows about oil and at the same time would represent the consumer and public point of view? The chairman and director called upon Prof. George Stocking, of the University of Texas, who knows his oil. Day and night he worked to catch up with the job and emerged with studies and figures which showed that a price-fixing schedule proposed under the code would raise the annual consumer bill about a billion dollars more than the bill would have been had the spring prices continued to prevail while the wages had been increased not more than $100,000,000. That price-fixing schedule was abandoned with the backing of an important part of the industry.

On the basis of such studies and the experiences of the last 6 months, the Consumers' Advisory Board has presented for your consideration a summary statement prepared by Mr. Keezer, Mr. Corwin Edwards, and the Board as suggestions for the work of code revision. The new powers of the trade associations, the rise of prices out of proportion to wages, and the threat to real purchasing power make necessary in your present work of code revision a reconsideration of any provisions or factors which tend unjustly to pile up profits, where needed least, and to spread thin the purchasing power, where needed most. The Consumers' Advisory Board ask for drastic code revisions on the basis of the effects of open-price associations, price fixing, restriction of output, allocation of output, basing-point systems and other systems for market divisions, fixed-price differentials between classes of consumers, provisions for resale price maintenance, costs computed as average costs, defective cost-accounting systems, lack of informative labeling of goods, and lack of consumer representation on code authorities.

The inequality of the position of producer and consumer interests by reason of the momentum of history, business, and industrial organizations, law, information, and representation places upon the code authorities a moral imperative to consider the studies and recommendations of the Board.

Twelve propositions vital to consumer interests, set forth in the statement of the Board, were submitted and published as necessary to the economic strength and social balance of the N.R.A. The N.R.A. is necessary to the economic strength and the social balance of the United States. The United States is necessary to the economic strength and social balance of the world.

RECOVERY AND RECONSTRUCTION

If recovery means merely the recovery of the old false prosperity then recovery is but the prelude of a crash vaster and more terrible. The new deal means not less emphasis on machines but more emphasis on human beings, not less emphasis on production but more emphasis on distribution as a way of balance, and consumption as a way of life. With a fairer deal to the farmers, decent wages, hours and conditions for the workers, more security in the work and homes of the people, and a bit of leisure for the creative imagination and longings of the human spirit, what an economically productive, socially balanced, and spiritually beautiful America our people can plan to build in our time.

Ladies and gentlemen of the code authorities, your work of code making, revision, and administration is a basic part of the

work of the restoration and building of a happier America. In your hands is a great public trust. N.R.A., with all its faults and failures, is our American way of meeting the crisis of a world catastrophe that still involves our recovery and way of life. We cannot now run out on the N.R.A. without running out on America and the world.

THE AMERICAN WAY

There are other ways than this American way. South America resorts to revolution at almost every turn of the economic cycle. Continental Europe shows the way of dictatorships. Communism and fascism both have their appeals to the bewildered peoples in a world of social injustice, cataclysmic changes, and revolutions. Instead of regimenting marching armies of red shirts or black shirts, or brown shirts, the N.R.A. has been organizing work for men and women in blue overalls, or white collars, or white aprons in the unregimented lines of work and peace. With all her old and new subversions of democracy, America still stands for the freedom of the individual and the equality of opportunity of the people in a political democracy.

AMERICA IS CHOOSING

Within the framework of this political democracy, by reason of the convergence of the mighty forces of incorporated capital and harnessed power-engines, there arose new autocracies of corporate industrial power, kingdoms within themselves, which unconsciously and irresistibly encroached on the freedom and security of the individual in his working life and the equality of opportunity for millions of the people. A few hundred men, as revealed by the studies of Berle and Means, came to dominate half of the incorporated industrial wealth of America. By corporate finance and privilege, they controlled the billions of savings of hundreds of thousands of investors and, by the power-machine technology, they controlled the work and lives of millions of human beings.

America must choose either the corporate control and regimentation of its people in the interests of concentrated wealth or the public control and regulation of corporate industrialism in the interests of a larger freedom of the individual and equality of opportunity for all. There can be as much freedom, initiative, and daring enterprise in putting people back to work under the N.R.A. as there was before N.R.A. in exploiting human beings on the indecent terms of cutthroat competition, corporate or free. Freedom is certainly not less secure under the N.R.A. than it was in the old slums, sweatshops, mines, factories, mills, and the long night shifts of human beings subject to ceaseless and tyrannical machines.

Under the N.R.A. we still have some of the lords of economic might who acquired the attitude in their corporate feudalities that they are above the law. Feudal, royal, and corporate autocracies in historical and tragic succession denied the rights of the representatives of the people. Kings of England, in the seventeenth century, said they were, by divine right, above the law. They were deposed, and another king accepted the Bill of Rights as the collective bargain of the representatives of the people's own choosing. At a time of social crisis and impending national bankruptcy, the lords and notables of France were asked by leaders of the people to give up some of their customary unfair practices and feudal privileges. They refused. They were above the needs of the people. In a short time the revolution of violence and blood was on. Today the modern industrial and merchant prince should not, in his historic turn, fail to hear and understand the representatives of the workers' own choosing.

A year ago yesterday another leader of the people stood in the presence of social crisis and an impending national break-down. On all sides were desolate farms, prostrate industries, bankrupt towns, and counties. States staggered under the increasing social loads of the millions of unemployed. In late winter a great fear seized the people against which the banks could but collapse across the continent, and set in motion yet another economic spiral plunge downward. The cruel shadows of a wide despair fell across the homes of the people where children looked into the desperate faces of defeated men.

Came March the 4th. The President of the United States walked out from the Capitol steps upon a platform and stood in the center of a shaking world. He smiled. Out of his own victorious life, he spoke to the people those words whose tones of faith and courage still sustain the hopes of America for a fairer day for all people. Let us of this assembly, commissioned to carry on that hope, go back to that other March day and stand with him, as in the midst of a shattered world, he looked beyond the wreckage of the hour, and saw the America that is to come.

REGULATION OF SECURITIES EXCHANGES

The Senate resumed the consideration of the bill (S. 3420) 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.

REVIEW OF THE NEW DEAL

Mr. PATTERSON. Mr. President, a little more than 14 months in time has passed since the present administration assumed control of the Government. It seems to me it would be well to take partial stock and ascertain what progress, if any, has been made under extraordinary measures adopted.

Mr. President, no more pernicious and false doctrine was ever preached to any people than that it suits the necessities and purposes of our time to forget the past and disregard the lessons of history.

Upon the cumulative wisdom of the ages have been builded the fairest structures of national existence the world has known; and through disregard of the warnings of history have been wrought their distruction.

We disregarded the lessons of the past and the warnings of history when we embarked upon the thrilling adventure we were pleased to call the "new era" and which we thought spelled easy money. When the bubble burst, we were taken up into the mountain and shown what we are told is a new heaven and a new earth conceived of a new deal.

Over 3,000 years ago the author of Ecclesiastes wrote:

Is there anything whereof it may be said, "See, this is new"?—there is no new thing under the sun.

We point to science and inventions and hold this statement false, forgetting that even they are based upon what went before. We eagerly accept what sounds pleasing as new if, perchance, we have not before known of its existence and neglect to turn the pages of history that we may profit from the experiences of the past ages.

If we doubt the statement of the author of Ecclesiastes, let us turn the pages of history back to the time of Diocletian, where we find not only the counterpart of the new deal but also the record of its result. Wehn in the year 285 A.D., Diocletian became head of the Roman state, it was at what was termed a "low tide" in its political affairs. The election cry was Novae Tabulae. A literal translation is "new accounts"; a liberal one today might be "new deal."

Diocletian believed that the time had come for society to be remodeled, and from his assumptoin of the reins of government we meet with the undisguised assertion that the will of the emperor, in whatever form expressed, is the sole fountain head of law. History records that while "the image of the ancient constitution was religiously preserved in the senate", its authority became moribund in consequence of a lack of defenders.

Let us follow the various steps in his Novae Tabulae—new accounts, new deal—as recorded by various writers. Lactantius, a contemporary of Diocletian, wrote:

He was an inveterate organizer of governmental bodies. Many administrations and a multitude of inferior officers lay heavy on each territory and almost each city. There were also many conservators of different degrees, and deputy administrators.

To this there was added an endless passion for building, and on that account there were endless exactions. Here he builded public halls, there a circus, here a mint, and there a factory for making weapons of war.

Larger military forces—the equivalent of our revenue service—were established to provide properly for his appointees and collect the larger revenues his economy demanded.

To make the task easier, he conceived the idea of debasement of the Roman currency; and whereas the aurei coined from a pound of gold were 50, Diocletian declared there should be 60, and later a successor fixed the number at 72, thereby reducing the content of the unit of value by more than 30 percent. A parallel coinage of silver was introduced which one historian—Finley—records as seemingly "to have been established at a ratio to gold of 14.27 to 1."

When currency manipulation failed to produce the desired results, Diocletian resorted to pegging prices for commodities.

Colonel Leake unearthed an inscription at Stratoniceia which might well have been written today. After insisting in its preamble with great vehemence upon the greed and inhumanity of merchants and money changers, it proceeds to fix prices throughout the empire for all the necessaries and commodities of life and to regulate the wages of laborers, artisans, and school teachers. One historian records the fact that during this period Diocletian devised a novel method of restricting the overproduction of grapes by decreeing the plowing up of one third of the vineyards of

Italy. The restrictions placed upon commercial freedom brought about a disturbance of the food supply. This brings to mind the wise observation of Thomas Jefferson, when he said:

> Were we directed from Washington when to sow and when to reap, we should soon want for bread.

To quote another historian:

> The bureaucratic system which Diocletian inaugurated failed altogether to remove the existing evils and aggravated others. The already overburdened financial resources of the Empire were strained still further by the increasing expenditures for building. The gigantic bureaucracy of the fourth century proved an intolerable waste in the end upon the energies of the Empire.

Lactantius further wrote:

> So great were the deficits and so huge the taxes that there began to be fewer men who paid taxes than there were who received wages; so that, the means of the husbandmen being exhausted by enormous impositions, farms were abandoned, cultivated ground became woodland, and universal dismay prevailed.

In his Rise and Fall of the Roman Empire, Gibbon says:

> From this period to the extinction of the Empire it would be easy to deduce an uninterrupted series of clamors and complaints.

Diocletian became more and more the dictator. He assumed the diadem, and access to him was rendered daily more difficult by various "scholae", as they called themselves, of domestic officials. Thus, it will be seen, even Diocletian had his "brain trust."

In 303 A.D. Diocletian held a triumph to celebrate a victory over the Persians, which Gibbon recounts as—

> Remarkable for a distinction of a less honorable kind. It was the last triumph that Rome ever beheld. Ever after this period the emperors ceased to vanquish and Rome ceased to be the capital of the empire.

Diocletian abdicated in 320 A.D. In Rome today can be seen the ruins of his colossal public baths. And in the pages of history are written the record of his administrative blunders in a mistaken attempt to control by governmental edicts the uncontrollable forces of nature and the incorrigible virtues of individual human beings.

The period of civil war which followed and which led to Constantine's victory over the avaricious son-in-law of Diocletian, Galerius, and the moving of the Roman capital to Constantinople in 330 A.D., placed heavy tax burdens on all Romans.

Truly the new deal is an old deal. The confidence of the Roman people in their government was shaken. The credit of the government was impaired. Rome never recovered. The empire fell.

Mr. President, I do not expect the American Republic to fall. We will survive the present plague of mistaken remedies for our ills. The American people are awakening to the danger of the un-American program of this administration and soon will effectively stop its destructive course.

Cicero said that confidence and credit had done more to enrich nations than all of the mines of the world. This statement is as true today as it was when first uttered 2,000 years ago. I am one of those who firmly believe that recovery will only come from restored confidence in national economic forces and not through wild speculative and socialistic experiments that destroy confidence and bewilder and frighten the American people, whether they be investors or producers.

Since the 4th day of March 1933 we have traveled far upon what we were told were "new and untrod paths"—new in America but old in the history of the world. The administration has conducted many ancient experiments, most if not all of them failures, which will leave a legacy of debt for this and future generations. It has abandoned many of the old landmarks; it has treated the lessons of experience as worthless.

We have heard, from those high in official authority, doctrines that sound strange to American ears. Much of the legislation enacted into law has suggested every "ism" except Americanism. Many of the major proposals and acts have gone far beyond any power previously believed to be possessed by the Federal Government. It is becoming more apparent every day that we are directly headed for collectivism in government, with regimentation and regulation of finance, industry, agriculture, and commerce.

The administration is traveling fast into state socialism and is abandoning what we have been pleased to call the American system of individual initiative and effort which has been the greatest success in self-government the world has ever known. Under the pretense of meeting an emergency, Congress has delegated power vested in it by the Constitution to the Chief Executive at such a rapid rate that it will soon be denuded of power. In this connection, it is well to remember that while Congress may delegate powers belonging to it to another branch of the Government by a majority vote, it requires a two-thirds vote to regain such powers over a Presidential veto.

Mr. President, many of our people who still believe in the American system of government shuddered when they were told by the President, on January 3, 1934, that we were now engaged in building "on the ruins of the past a new structure." The utterance brought to patriotic American citizens with stunning force the realization that if President Roosevelt is to have his way, we have definitely scrapped the theories, the ideals, and the principles of the America of the past, and have turned to new and as yet untried theories of government, and are being plunged into a socialism different from any preached before.

The administration's program abandons the principles of democracy in favor of a system that partakes of the fascism of Italy, the communism of Russia, the ancient feudal system of England that was discarded 400 years ago, and the planned economy of Diocletian that resulted in such disaster to the Roman people. It is not a progressive program. It is reactionary. It turns the clock of progress back thousands of years. It is an assault on human liberty.

Patriotic people who believe in the American system of government, with its three coordinate and co-equal branches of government, each serving as a check upon the other, were further shocked at the declaration of the President in the same address to Congress, when in speaking of the constitutional relationship between the executive and legislative branches of the Government, he stated that—

> The letter of the Constitution wisely declared a separation, but the impulse of common purpose declares a union.

Mr. President, there was little applause for these statements among patriotic American citizens. One does not cheer in a moment so solemn, nor when confronted with a future so serious. Patriotic citizens are not ready to concede that the America founded by our forefathers, and builded in a comparatively few years to the greatest nation in the world, has collapsed and crumbled. The Nation has known depressions before, some as serious as the present one, but the country each time has risen to new prosperity, without destroying the foundations of our Government.

THE PROMISE AND THE PERFORMANCE

Mr. President, the program followed by the administration has never been submitted to the American people. It has no mandate to follow the course it has pursued since coming into power. The program now being forced upon the American people was neither mentioned in the Democratic platform of 1932, nor did President Roosevelt while a candidate even intimate he believed in such a program. On the contrary, both candidate and platform advocated a course directly opposite to that now being followed. Except for the plank relating to the eighteenth amendment, not a single major pledge of the Democratic candidate or the Democratic platform of 1932 has been kept.

Let us review the record so far made, and compare the performance of this administration with its promises to the American people in 1932.

The Democratic platform asserted that—

> A party platform is a covenant with the people, to be faithfully kept by the party when intrusted with power.

Mr. Roosevelt, in his speech of acceptance at Chicago, said:

> I accept it 100 percent.

Perhaps the outstanding pledge of both the Democratic candidate and the platform was that relating to economy in government and reduction in governmental expenditures. From the Democratic platform I quote:

> We advocate an immediate and drastic reduction of governmental expenditures by abolishing useless commissions and offices, consolidating departments and bureaus, and eliminating extravagance, to accomplish a saving of not less than 25 percent in the cost of Federal Government, and we call upon the Democratic Party in the States to make a zealous effort to achieve a proportionate result.
>
> We favor maintenance of the national credit by a Federal Budget annually balanced on the basis of accurate executive estimates within revenues.

In connection with these planks, permit me to quote Mr. Roosevelt himself.

At Sioux City, Iowa, on September 29, 1932, he stated:

> On my part I ask you to assign to me the task of reducing the annual operating expenses of the National Government. * * * I accuse the present administration of being the greatest spending administration in peace times in all our history—one which has piled bureau on bureau, commission on commission, and has failed to anticipate the dire needs of reduced earning power of the people. Bureaus and bureaucrats have been retained at the expense of the people.

On October 21, 1932, at St. Louis, Mo., Mr. Roosevelt stated:

> Rigid governmental economy shall be forced by a stern and unremitting administration policy of living within our income.

Mr. President, there is the promise from both platform and candidate. Let us look at the performance.

Immediately after his inauguration, President Roosevelt made what appeared to be a gesture toward an economy program. On March 10, 1933, he sent a message to Congress urging the passage of the so-called "Economy Act", stating that if given the power requested therein—

> There is reasonable prospect that within a year the income of the Government will be sufficient to cover the expenditures.

President Roosevelt was granted the authority requested, but the ink on that act was scarcely dry when he started a spending program never before equaled in this or any other country in peace time.

While this squandering was going on, the administration forces were regularly issuing Budget-balancing claims, and through tricky bookkeeping the administration was for the time being able to mislead the public. This situation, however, could not continue indefinitely; and when President Roosevelt sent his Budget message to Congress on January 4, 1934, he had to confess that instead of balancing the Federal Budget for the present fiscal year, as indicated in his Economy Act message, he expected that there would be a deficit of over $7,309,000,000. In this connection, permit me to say that although every other message President Roosevelt has sent to Congress can be had in pamphlet form for general distribution, his Budget message, admitting the failure of his Budget-balancing claims and predicting the greatest deficit in our peace-time history, has not been printed in pamphlet form.

President Roosevelt's prediction of a deficit of over $7,309,000,000 came as such a shock to the American people and caused such a tremendously unfavorable reaction that for the time being certain administration activities are being curtailed or delayed. As a result, the deficit for this year will likely be between four and five billions of dollars. While postponement or curtailment of any administration activities may reduce the deficit the President expected for the current year, this will only add to the size of the deficit in the coming year. So much for the Budget-balancing claims of this administration.

The Democratic Party in 1932 promised a reduction of not less than 25 percent in the cost of the Federal Government. That was the promise. Let us look at the performance.

On April 30, the deficit for this fiscal year had already reached $3,334,444,000, with indications it will amount to between four and five billions by June 30, the end of the present fiscal year. Up to that time governmental expenditures had reached $5,822,000,000, compared with $4,217,000,000 during a similar period of the previous year. This results in an increase under the present administration of $1,605,000,000 over the corresponding period of the previous year. Thus, instead of reducing the cost of government 25 percent as promised, this administration has increased its cost by over 38 percent, with expenditures steadily mounting. So much for the economy promises of the Roosevelt administration.

Let us now look at its public-debt record. In his campaign speech delivered in Albany, N.Y., on July 30, 1932, Mr. Roosevelt said: "Let us have the courage to stop borrowing to meet continuing deficits." What is the record in this connection?

When Mr. Roosevelt became President our public debt amounted to $21,362,000,000. By March 31, 1934, this debt had increased to $26,157,000,000, an increase of $4,795,000,000, or over 22 percent since Mr. Roosevelt became President.

In his Budget message of January 4, 1934, President Roosevelt estimated the public debt would reach the sum of $31,834,000,000 by the end of his second fiscal year. This would represent an increase of almost $10,500,000,000 since he became President. It would be $5,000,000,000 greater than our public debt at its peak during the previous Democratic administration. How does this compare with President Roosevelt's declaration, while a candidate, that we must stop borrowing to meet deficits?

There is the historical record. No administration in history has failed more miserably in carrying out its pledges than has the Roosevelt administration with reference to economy in government, balancing the Budget, or to end the increase in our public debt.

What has been the result of the administration's spending activities so far? Notwithstanding the expenditure of billions of the taxpayers' money on its various projects and schemes, we were told by Hon. Harry L. Hopkins, Federal Relief Administrator, on April 14 of this year that there were 4,700,000 families then on the public relief rolls, this being an increase of 100,000 families over the same period a year ago. At this rate how long will it take to restore the Nation to normal conditions?

Let me now refer to a few of the other major pledges this administration made to the American people during the 1932 campaign. The following plank on the tariff is taken from the Democratic platform of 1932:

> We condemn the Hawley-Smoot tariff law, the prohibitive rates of which have resulted in retaliatory action by more than 40 countries, created economic international hostility, destroyed international trade, driven our factories into foreign countries, robbed the farmer of the American markets, and increased the cost of production.

The foregoing is a severe indictment. If the leadership of the Democratic Party believed the statements in this plank, then they were in honor bound to take immediate steps to repeal this act and thus relieve the country from its alleged destructive effects. Although this administration has been in office 14 months, although it is in complete control of both branches of Congress, and in position to enact any legislation it desires, not a single step has been taken by Congress to repeal the Hawley-Smoot tariff law, which the Democratic Party declared in its platform was having such a destructive effect on our own country. This administration has not brought about a single decrease in a single schedule of the Hawley-Smoot Tariff Act which it so severely condemned, but a number of increases have been made.

The tariff plank in the Democratic platform of 1932 is similar to the statements regularly made by Democratic partisans on the tariff question. The action of the present Democratic Congress with reference to the existing tariff law indicates clearly the tariff plank was made only to deceive the people on election day. The Democratic Party condemned the Hawley-Smoot tariff law in the most severe language of which it is capable, but has not dared to repeal it. It has denounced its provisions, but has lacked the courage to correct them. It has charged it with ruining the country, yet has permitted the alleged ruinous act to continue.

Mr. President, there is another reference to the tariff in the Democratic platform of 1932. It reads as follows:

> We advocate a competitive tariff for revenue, with a fact-finding tariff commission free from Executive interference.

There is the promise. What about the performance?

There is now pending in the Senate a bill introduced at the instance of the President delegating to him authority to negotiate certain tariff treaties without submitting such treaties to the Senate for ratification, as is required by the Constitution. Under this act Congress would ratify any treaty under its provisions in advance without knowing its actual conditions, without review of the treaty by any tribunal, and without the right of appeal on the part of any industry affected. This act is entirely contrary to the plank in the Democratic platform I have just quoted.

Mr. President, the Democratic platform pledged "abolishing useless commissions and offices, consolidating departments and bureaus." Notwithstanding this pledge, President Roosevelt has added 37 new bureaus during the first year of his administration, and the end is not yet. And how about reducing the number of Government employees? When President Roosevelt came into office there were 563,487 Federal civil-service employees. On March 31 of this year, just 13 months later, there were 623,559 employees in the Federal civil service. This is an increase of 60,072 employees, or almost 11 percent, since Mr. Roosevelt became President. This is exclusive of the millions employed in the Civilian Conservation Corps, the Civil Works Administration, the Emergency Works Administration, and the Public Works Administration. The Roosevelt pledge to reduce bureaus and the number of Federal employees has worked in the same manner as the pledge to reduce the cost of government—in the opposite direction.

The Democratic platform advocated "strengthening and impartial enforcement of the antitrust laws." No measure has even been proposed by any administration spokesman to strengthen such laws in accordance with the Democratic platform pledge, but as a result of a so-called "National Industrial Recovery Act" the antitrust laws have been virtually suspended. This action has resulted in an unfair advantage to the large corporations. The small independent business man and industrialist has been placed at the mercy of the great monopolies and trusts. As evidence that this is not a partisan view, I quote from a statement made by Hon. Charles W. Bryan, Democratic Governor of the State of Nebraska, on October 19, 1933, who stated that as a result of the suspension of the antitrust laws under the Roosevelt administration "the people are now being plundered through collusion of organized business groups on a scale never heretofore dreamed of." Thus another pledge of this administration has been kept by ignoring it completely and acting entirely contrary to the party and platform promises.

Mr. President, both the Democratic candidate and the platform in 1932 declared in favor of "a sound currency to be preserved at all hazards." In his St. Louis address on October 21, 1932, Mr. Roosevelt spoke as follows:

> At the very top of the credit structure of the country, surpassing all other groups in moral and material importance, stand the obligations of the Federal Government. These are paramount. * * * When they go everything goes. Happily these obligations are secure.

Notwithstanding these solemn pledges, the sound financial policies that have been followed from the birth of the Nation have been abandoned in direct violation of the solemn pledge of the Democratic Party and its Presidential candidate. The American dollar has been debased. Forty percent of the gold belonging to the people has been confiscated and the administration has shamelessly boasted of a profit to the Government by the process amounting to over $2,810,000,000. The Government under the new deal has sold Government obligations upon the false representation that such obligations were payable in gold, and within 30 days thereafter Congress, at the behest of the President, enacted legislation repudiating the gold clause in such obligations, thereby changing the terms of the contract. By legislative enactment Congress has repudiated contracts, both public and private, and under this administration for the first time in our history we have sunk to the low level of a repudiating nation.

We have recently enacted a law to penalize other nations that have defaulted in their obligations to us, and yet under this administration for the first and only time in our history we have failed to fully honor the provisions of our own obligations, thus putting us in the same class as those nations we have stamped and penalized as defaulters.

Mr. President, the Democratic platform, which President Roosevelt approved 100 percent, contained this plank:

> The removal of Government from all fields of private enterprise, except where necessary to develop public works and natural resources in the common interest.

This solemn pledge has been flagrantly disregarded. Under the new deal the Government has injected itself into every line of private enterprise. There is no industry and no business in this country that has not felt the weight of the Government's interference.

Mr. President, the Democratic platform of 1932 contained the following plank relating to farm relief:

> We condemn the extravagance of the Farm Board, its disastrous action which made the Government a speculator in farm products, and the unsound policy of restricting agricultural production to domestic needs.

President Roosevelt in his farm speech delivered at Topeka, Kans., on September 14, 1932, made the following statement:

> When the futility of maintaining prices of wheat and cotton through the so-called "stabilizing process" became apparent, the President's Farm Board, of which the Secretary of Agriculture was a member, invented the cruel joke of advising farmers to allow 20 percent of their wheat lands to lie idle, to plow up every third row of cotton, and to shoot every tenth cow. Surely he knew this advice would not, and indeed could not, be followed. It was probably offered as the foundation of an alibi.

If ever a pledge of both party and candidate has been completely repudiated and reversed, it is the one made by President Roosevelt and his party on the subject of farm relief. Denouncing an alleged extravagance in previous years, this administration has squandered money, right and left, on agricultural ventures it not only failed to indicate it favored, but which it denounced and ridiculed during the 1932 campaign. Hundreds of millions of dollars have been spent by this administration to destroy and reduce crop production on the one hand, and additional hundreds of millions of dollars have been spent to increase crop production on the other hand. More money has been loaned by this administration on certain crops than the crops could have been sold for in the open market.

President Roosevelt while a candidate referred to an alleged scheme of "shooting every tenth cow" as a "cruel joke." As no one else ever made such proposal, the idea was evidently the product of President Roosevelt's own mind, and he thought so well of it that he put it into effect as soon as he became President. Under the guise of a relief measure 5,000,000 hogs were slaughtered by this administration; a large number of them being dumped into the Mississippi River, due to the lack of proper storage facilities, thus becoming a total loss—a useless squandering of public funds. This hog-killing venture may have been looked upon by this administration as a cruel joke, but not so by the taxpayer, who must pay the bill, for the pork actually realized thereunder cost on the average of 34 cents a pound, when the Government could have gone into the retail stores and purchased the same for less than one half that amount.

The policy of restricting agricultural products to domestic needs was denounced in the Democratic platform as unsound and by President Roosevelt as a cruel joke. But Mr. Roosevelt was no sooner inaugurated as President than he adopted the unsound and cruel joke as an administration policy and spent hundreds of millions of dollars of the taxpayers' money in a futile endeavor to restrict agricultural products to our domestic needs—the same policy that he and his party denounced in 1932. This scheme, like others undertaken under the new deal, has failed, and so the administration is now inaugurating a new policy of forc-

ing restriction of crop production under threat of confiscatory taxation and imprisonment for any farmer who may undertake to enjoy the full fruits of his toil.

THE NEW DEAL MOVES IN OPPOSITE DIRECTIONS

Mr. President, on farm relief we find the "new dealers" traveling in opposite directions. We find the Secretary of Agriculture spending hundreds of millions of the taxpayers' money to induce the farmer to take 41,000,000 acres out of cultivation so that consumption will equal farm production. On the other hand we find the Public Works Administrator approving an initial expenditure of $86,000,000 on new irrigation projects that will add approximately 1,600,000,000 acres of land to that already in cultivation.

The Federal Relief Administration is now inaugurating a program of placing 600,000 city dwellers on self-supporting farms. This will not only reduce the number of consumers for the products of those already engaged in the farming industry, but, more important, will increase the farm production which the administration is trying to decrease. The new-deal method of solving our farming problem is indeed a novel one.

CONGRESS ABDICATES ITS LEGISLATIVE POWER

Mr. President, the Seventy-third Congress has been marked for its surrender of legislative power reposed in it by the Constitution, and its delegation of that power to the executive branch of the Government, thereby breaking down the fine checks and balances in our system of government. The Emergency Banking Act conferred upon the President an extension of authority over banking and finance. Under it the President is given authority to regulate credit, currency, gold, silver, and foreign-exchange transactions. Under that act he ordered all gold and gold certificates belonging to the citizens to be surrendered to the United States Treasury. He placed an embargo on gold and fixed restrictions on the banking business of the Federal Reserve members. Under that and other acts delegating to him the power, he confiscated 40 percent of the gold belonging to the people. By the so-called "National Economy Act" the Congress delegated to the President the legislative power vested in Congress to remake the entire structure of veterans' benefits. Happily some of the injustices perpetrated under this act have been corrected by Congress.

Under the Agricultural Adjustment Act the Congress virtually made the Secretary of Agriculture a dictator for the agricultural interests of the country, with power to establish rules and regulations not only governing the American farmer but all those who process farm products. Under the provisions of this act he is given authority to license processors of farm products. He is empowered to suspend or revoke such licenses and to exclude any processor not licensed, under the penalty of $100 a day. He is authorized to fix prices for farm products equivalent to prices during the pre-war period from July 1909 to July 1914. Congress delegated to him the power to levy, assess, and collect a tax to be paid by the processor, to change the tax at will, and to rebate or refund taxes. He is empowered to levy, assess, and collect tariff duties upon imports into the United States, upon commodities within the United States that are subject to the processing tax. The duties so assessed are in addition to other duties imposed by law. This program has cost the American taxpayers and consumers hundreds of millions of dollars, and is detrimental to the interests of the farmer in the long run.

The administration and Congress sugar-coated the pill given to the farmer under the original Agricultural Adjustment Act by paying him money for not producing; but now that the administration has the farmer's foot in a hobble, it is threatening a reversal of the policy of paying him for not producing and for leaving his land idle by compelling him to do so by law.

The cotton compulsory control bill, passed by the Senate on March 29, 1934, is the first legislative act designed to bring coercion directly upon the farmer. It compels cotton reduction. In general terms, the bill attempts to place a definite limitation upon the volume of cotton that can be marketed. The limitation is fixed at 10,000,000 bales. Any excess above this amount is subject to a confiscatory tax. The 10,000,000-bales limit is distributed on the basis of past production as determined by ginning records. Should a farmer produce in excess of his quota, which he may do even with the best of intention, because of weather conditions, the tax will be imposed upon him should he attempt to market the cotton. What is proposed then is simply in effect to license every cotton raiser in the United States. He will be told by a Washington bureaucrat exactly how many bales he can raise. If he exceeds that amount it will be impossible for him to sell the product at a price that will cover expenses. If he attempts to sell his surplus production, he will be subject to a fine and imprisonment of 2 years in the penitentiary.

This is the opening wedge of the movement to control the farmer by force. If the philosophy of the bill is pursued to its logical conclusion, it will be followed by the same character of legislation to cover every commodity produced by agriculture. The chief result will be to gouge that portion of consumers who are still able to buy. We are traveling fast toward one of the possible goals suggested by the Secretary of Agriculture that will require the previously free and independent farmer to have a permit from a Washington bureaucrat for the cultivation of every 40-acre tract of land that he thought belonged to him.

The farmer will be unhappy, indeed, to learn that, instead of the Government paying him to allow his land to lie idle, in the future compulsory methods will be used. This measure will visit untold hardship and suffering upon the small share croppers. If the Government can tell the farmer what to plant, where to plant, how much to plant, where not to plant, then what becomes of private property? If this law is valid, then the Constitution is a dead letter. If this power can be exercised by the Government, then a bureau in Washington, by economic pressure, can compel the movement of people from one section of the country to another; they can "crack down" on them; they can pronounce economic death, not only on individuals, but on whole communities.

If the Federal Government can do the things provided in this measure, then, to use the vernacular into which General Johnson, one of our bureaucratic masters, lapsed a short while ago, "You ain't seen nothin' yet."

By the provisions of the National Recovery Act, we placed the control and direction of private business of every kind and character under a Federal administrator. The theory of this act is that a bureaucracy in Washington is more capable of directing the private business of the country than are those who own the business and have had years of experience in it.

While some good has been accomplished by the administration of the act, such as the elimination of child labor and the sweatshops through the N.R.A. codes and the prevention of unfair trade practices, taken as a whole it is pernicious legislation.

It has resulted in monopolistic practices to the detriment of the small independent business and industry. It has enabled the large business and industry of the country to get together and gouge the consumer, as a result of the suspension of the antitrust laws. The diverse conditions of living in different sections of this country are such that it is impossible to formulate any code for business that will be just to all interests affected. This is true even of sections lying in close proximity to each other. The standards of living are so diverse, costs of living are so different in the various sections of the country, that it is impossible for any bureau in Washington to act intelligently and wisely in regard to the problems of each community. As a result of the National Recovery Act, the big industries, Nation-wide in their scope, have been able to indulge in monopolistic practices to the injury of the consuming public as well as the small business man and industrialist.

I have already stated that both the Agricultural Adjustment Act and the National Recovery Act are bad measures. Anything the farmer may have gained by the Agricultural Adjustment Act, he has lost in the higher prices caused by the operation of the National Recovery Act. The higher

wages brought about by the operation of the National Recovery Act are counterbalanced by the higher cost of living produced by the operations of the Agricultural Adjustment Act and of the National Recovery Act. The increased employment brought about by the codes is counterbalanced by decreased demands of consumers due to higher prices.

The plan cannot work, and it is retarding and delaying recovery. That this conclusion is correct is verified by the reports of the Agricultural Department, the bulletin of the Federal Reserve Board, and the public survey of the American Federation of Labor. The October 1933 Federal Reserve Bulletin states that the decline in industrial activity "has been marked in industries in which processing taxes or codes have been effective recently." The finding of the Reserve Board has been confirmed by the Survey of Current Business issued by the Department of Commerce, of which Secretary Roper, Chairman of the National Recovery Board, is the head. The November 1933 number of the Monthly Survey of Business issued by the American Federation of Labor states:

N.R.A. wages have not brought higher living standards to the average worker. A 6-percent increase in wages has been eaten up in an 8.5-percent increase in living costs, and the laborer finds his real monthly income in September actually below that of March 1933 by 2.3 percent.

The official Bulletin of the Agricultural Adjustment Administration on October 29 states:

The spread between the prices received by the farmer for his products and the price paid by the consumer has increased gradually but steadily since May of this year.

The whole program rests upon a fallacious foundation. It rests upon the presumption that a huge bureaucracy in Washington can direct and control agriculture, business, and industry better than can the people themselves. The administration, through its control of Congress, has set up a colossal bureaucracy in Washington, the magnitude and complexity of which bewilders the American people—a bureaucracy whose tentacles penetrate every nook and corner of the Republic, and the end is not yet. The legislative incubator is filled with measures reaching out for more power for bureaucracy.

The Food and Drug Act, now pending before Congress, would place the power of life and death over all those engaged in the food, drug, and cosmetic business in the hands of a bureau of the Department of Agriculture. A bill is pending in Congress providing for the establishment of control in Washington over all lines of communication, including the radio, the telegraph, and the telephone lines. If this bill shall be passed—and it apparently has the President's support—the fight made by the daily newspapers for a provision in their code guaranteeing the freedom of the press will have been in vain.

The pending stock exchange bill provides not merely for the supervision over stock exchanges but for Government supervision over virtually every incorporated business in the country, and directly and specifically over every concern whose stock is listed on any exchange and indirectly over every other concern whose stock is not listed. Again the administration is reaching out for further bureaucratic control over the organized business of the country.

SUPPOSE

Mr. President, one might ask what would have been the result on election day in 1932 if Mr. Roosevelt had told the American people that he favored and would put into effect the policies that have been inaugurated since he became President.

Suppose that Mr. Roosevelt had told the American people during the campaign of 1932 that, if elected, he would force through Congress a measure taking away from the veterans of our various wars hundreds of millions of dollars' compensation that they were then receiving.

Suppose he had told the American people that, if elected, he would force a measure through Congress reducing the salaries of all Government employees, while at the same time insisting that private industry should increase the salaries paid by them.

Suppose he had told the American people that, if elected, he would sponsor a measure repudiating the Nation's just obligations and thus, for the first time in our history, reduce us to the low level of a repudiating nation.

Suppose he had told the American people that, if elected, he would sponsor a measure nullifying clauses in public and private contracts previously entered into, thus robbing investors of their just dues.

Suppose he had told the American people that, if elected, he would sponsor a measure devaluing the dollar by 40 percent, thus permitting the Government to confiscate through legalized robbery and without recompense over $2,800,000,000 of other people's property.

Suppose he had told the American people that, if elected, he would sponsor a measure stamping any citizen as a criminal who refused to turn over to this administration certain moneys, rightfully and lawfully belonging to such citizen, and to accept in lieu thereof money of a greatly reduced value.

Suppose he had told them that, instead of keeping the pledge to reduce Government expenses not less than 25 percent, he would actually increase such expenses over 38 percent.

Suppose he had told the American people that, instead of balancing the Budget, the fiscal policies he would follow would result in a deficit of approximately five billions during the first fiscal year of his administration.

Suppose he had told the people that, if elected, he would violate the campaign pledge to keep Government expenditures within Government receipts by spending public moneys so lavishly and recklessly that during the first 2 years of his administration our public debt would be increased by $10,900,000,000, making an aggregate Federal debt of approximately $32,000,000,000—the greatest debt with which this Government has ever been burdened.

Suppose he had told the American people that, instead of abolishing bureaus, it was his purpose to create 37 new bureaus during the first year of his tenure, adding thousands upon thousands to the Government pay roll.

Suppose he had told the American people that, instead of keeping the campaign promise to reduce the number of Federal employees, he would add 60,072 in 13 months.

Suppose he had told the American people that, if elected, he would, in the face of the campaign pledge to uphold the antitrust laws, sponsor a measure suspending such laws and thus permitting organized big business to prey on the public and destroy its smaller competitors.

Suppose he had told the American people that, if elected, he would spend hundreds of millions of the taxpayers' money to destroy and reduce crops on the one hand, and then spend hundreds of millions more to increase the production of such crops.

Suppose he had told the American people in 1932 that, if elected, he would bring about a system of collectivism and regimentation of all agriculture and industry, to supplant the rugged individualism under which we advanced to the greatest nation in the world.

Suppose he had told the people that, instead of taking the Government out of business, he would advocate putting it into every business.

If he had told the people all of these things, what would have been the result?

WE CANNOT SQUANDER OURSELVES INTO PROSPERITY

Mr. President, there is no doubt that the vast governmental expenditures running into billions of dollars, which will remain as a legacy of debt for this and future generations to pay, have resulted temporarily in increased industrial and business activity in some lines, but they have brought no permanent recovery. The activities will cease when the Government stops shoveling money out of the National Treasury, and we will be in an infinitely worse condition than we were before. We cannot spend ourselves into prosperity, nor borrow ourselves out of debt. The further we travel on the road of loans and extravagance, the further we will be from the path that leads to prosperity.

The history of all the ages has demonstrated that to spend and continue to spend more than one's income leads to bankruptcy.

In the language of Mr. Roosevelt, "a family can spend more than it makes for a year or so, but to continue to do so leads to the poorhouse." This principle applies with the same unerring certainty to states and nations as to families and individuals.

THERE ARE NO SHORT CUTS OUT OF A DEPRESSION

There are no short cuts out of a depression. With nations as with individuals, the road is laborious and hard. It involves labor, self-denial, and self-sacrifice. It is the only honest way out. We are not going to come out of this depression until we shall have put our financial affairs in order. We may build up a false and temporary prosperity by continued extravagant spending and borrowing, but we are only putting off the evil day and inviting more disastrous results in the future.

THE DEMOCRATIC PROPOSAL WAS DIRECTLY OPPOSITE TO ITS PRESENT PROGRAM

Mr. President, no political party could have gained the ascendency in this country if it had frankly told the American people of the revolutionary program that is now being carried into effect. If the people had been told that a new structure was to be built, that collectiveism and regimentation were to supplant individualism, that a bureaucracy was to be set up to control every line of human endeavor, the result doubtless would have been very different. The present administration received its vote of confidence upon an entirely different program. The American people were assured that if the Democratic Party were given control of the Government, it would carry into effect:

First, "an immediate and drastic reduction of governmental expenditures by abolishing useless commissions and offices * * * and eliminating extravagance";

Second, "maintenance of the national credit by a Federal Budget annually balanced on the basis of accurate executive estimates within revenues";

Third, "a sound currency to be preserved at all hazards";

Fourth, "a fact-finding tariff commission free from Executive interference";

Fifth, "strengthening and impartial enforcement of the antitrust laws, to prevent monopoly and unfair trade practices * * * for the better protection of labor and the small producer and distributor";

Sixth, "the removal of Government from all fields of private enterprise."

There was no suggestion that there was to be a change in our form of government or that an attempt would be made to build a new structure upon the ruins of the old. Few people would have claimed during the last campaign that our Republic was in ruins. We were suffering from a great and world-wide depression. The people were anxious for relief. They voted for a change in administration, but they did not vote for a revolution—peaceful or otherwise. They had the right to assume that the Democratic Party, if intrusted with power, would make an honest effort to carry out the solemn pledges of the Democratic platform, which were approved 100 percent by Mr. Roosevelt. There was not the remotest suggestion that there would be any retreat from constitutional government in the event of Democratic success. There was no intimation of a dictatorship or the extension of bureaucracy. Never has an administration been so faithless to its campaign pledges.

WHAT IS THE REMEDY?

Mr. President, the more the program of the present administration is understood the more it is criticized and condemned by the American people. Not being able successfully to defend this program which violates all American traditions and is the most costly peace-time program known, the apologists for the administration resort to the cry, "What have you to offer?" They assert that no one is justified in presenting criticism unless in position to offer a cure for existing ills. This was the attitude of the President when he recently addressed an N.R.A. gathering in Washington, and it is being echoed everywhere by the abject administration followers. These followers persistently claim that the Roosevelt program is the only solution for present-day problems, and that should it fail there is no hope for real recovery.

I cannot subscribe to the doctrine that one must have a solution for a problem before he should oppose unsound and dangerous remedies. I do not believe one should be estopped from protesting the administering of poison to either the physical or political body because he may not have a cure for the existing ailment. I believe restoration can be had without the destruction of constitutional government, without sacrificing American ideals, and without creating the largest tax and debt burden known in our history.

The suggestion is a simple one. It is to return to those sound fundamentals of both business and government which have served us so well through practically all the years of our history, under which our Nation made its matchless progress, and under which our people as a whole enjoyed more of the comforts, necessities, and luxuries of life than any other people on the face of the globe. Under such policies business recovery was definitely underway in 1932, until the Democratic victory in that year stopped the upward trend and turned it the other way. Before presenting proof in support of this statement, let me briefly review conditions confronting the last administration.

While Democratic partisans endeavored to lay on the Hoover administration the blame for the depression which struck this country in 1929, any fair and informed person knows this charge was without merit. The depression was world-wide in scope, being almost wholly the aftermath of the World War, affecting nations in every part of the globe, irrespective of what form of government existed in such country. When I speak of the depression being the aftermath of the World War, I refer to that war out of which the Democratic Party promised to keep us during the campaign of 1916, but into which they plunged us when the campaign was over.

This furnishes one of the concrete examples of the irony of politics. President Wilson received a vote of confidence and the plaudits of the people because he kept us out of war. President Hoover was given a severe rebuke because of the depression brought upon the world by that war out of which Wilson did not keep us.

Not only did the Hoover administration have to contend with conditions created by the world-wide depression, an enemy from without, but it had to fight an equally dangerous enemy from within, namely, the Democratic National Committee, under the leadership of John J. Raskob. At an enormous expense this organization maintained a highly organized press bureau, whose sole purpose was to undermine and destroy every effort made by the Hoover administration to serve the Nation and to bring about business recovery. As authority for this statement, I quote from an article by Mr. Frank Kent, Washington correspondent for the Baltimore Sun, and published in Scribner's Magazine. Mr. Kent is among the foremost of Washington correspondents; and as he is rated as a Democrat, no charge of partisanship can be laid at his door.

Mr. Kent, in his article, points out that after the inauguration of President Hoover the Democratic National Committee established a press bureau in Washington to be maintained between campaigns, a policy that committee had not previously followed. One fourth of a million dollars was set aside for that purpose and a high-priced publicity agent placed in charge. Mr. Kent states that this bureau was "beyond question the most elaborate, expensive, efficient, and effective political-propaganda machine ever operated in the country by any party, organization, association, or league." This bureau, when finally uncovered, became known as the "smear and smut" division of the Democratic Party.

Mr. Kent, in his article, pointed out that the sole duty of the agent in charge of this bureau was to "smear" President Hoover and the Hoover administration. This was what he was there for, and all he was there for. The pub-

licity agent was to "minimize every Hoover asset and magnify all his liabilities." He was to "take Hoover's little mistakes and make them big." He was to "obscure every Hoover virtue and achievement and turn an exaggerated light on all his personal and political shortcomings."

Mr. Kent pointed out that while this propaganda bureau issued millions of words of publicity, there was not included a single commendatory word of the President of the United States. Mr. Kent further pointed out in his article that the "smear" bureau did not work under its own banner, but that its undermining material was largely issued under the names of various Members of the Senate and House of Representatives, thereby avoiding appearances of being campaign propaganda.

When the "smear and smut" bureau waged its incessant undermining campaign, it struck not only at the occupant of the White House, but at the well-being of our own country, at our own wage earners, at our own industry, and at our own general welfare. The persistent underhanded attacks on the Hoover administration, the continuous ridicule and belittling of its work, and the continued exaggeration of any unfavorable condition finally all but destroyed the confidence of the American people in their own Government and warped their own judgment. They were led to believe that only by a change of administration could betterment come. They looked at the alluring promise of the future rather than to the improvement then present.

But, Mr. President, notwithstanding the world-wide depression with which the last administration had to contend, notwithstanding the continuous sniping and guerilla warfare waged by the Democratic National Committee, our Nation was emerging from the depression and on the way to recovery when the Democratic victory in 1932 stopped that progress.

In support of this statement I shall refer, first, to the business index as published by The Annalist, a business magazine of recognized authority. This index shows that the depression reached bottom in July 1932. Following this, the months of August, September, and October each showed a business increase over the preceding month. But the month of November, in the early part of which occurred the Democratic victory, showed a decline. This decline continued each month thereafter until the month of April 1933, when, in anticipation of the N.R.A. codes going into effect, with their higher manufacturing costs, manufacturers produced heavily. This caused a temporary increase in business activity which continued until the month of July 1933. The expected increase in the demand for goods, however, failed to develop and to absorb the increased production. With the codes and their higher production costs generally coming into force, the business trend again turned downward.

What I desire to make clear, however, is that for the months preceding the election of 1932 the business index showed an upward trend which ended with the election of Mr. Roosevelt.

As a second point to prove that the country was on the way to business recovery in 1932, I refer to the columns of the daily newspapers. I have before me exactly 183 clippings taken from the St. Louis newspapers from August 16, 1932, to November 1932. They all tell the same story of increased employment, increased wages, increased pay rolls, and increased and revived business. I ask unanimous consent to have printed at the close of my remarks the newspaper clippings referred to.

The PRESIDING OFFICER (Mr. LA FOLLETTE in the chair). Without objection, it is so ordered.

(The newspaper items referred to appear at the end of Mr. PATTERSON's remarks.)

Mr. PATTERSON. These news items come from practically every part of the United States, and include virtually every industry with the exception of agriculture. With the continued improvement in all other lines, however, agricultural recovery would naturally follow. If Associated Press and United Press news items can be accepted as reliable, the clippings before me present convincing and irrefutable support of the business index already quoted, to the effect that in the months preceding the 1932 election we were definitely on the road to recovery.

The third authority I offer in support of my claim that we were on the road to business recovery before the election of 1932 is none other than President Roosevelt. While a candidate for the Presidency he delivered an address in St. Louis, Mo., on October 31. In this address he not only admitted that business recovery was prevalent, but it was so much in evidence that he apparently deemed it necessary to offer an explanation. In his address, Mr. Roosevelt stated that there had been an "appreciable improvement and confidence in the past 3 months." He asserted this was not due to anything the Republican Party had done or had promised to do, but was due to—

> a growing confidence on the part of the people of this country that on November 8 there is but one thing to be expected, and that is the overwhelming election of the Democratic ticket.

The foregoing furnishes ample proof that business recovery was on its way and the depression was being overcome in the months preceding the 1932 election: First, the business index; second, the news items gathered by the great news agencies; and, third, the statement of the Democratic candidate for President. I respectfully submit the foregoing offers convincing proof that under the Hoover administration, by following safe and sane policies and avoiding any radical experiments, we were on the way to recovery.

What, then, has since happened, and what stands in the way of sound recovery today?

As pointed out, President Roosevelt while a candidate claimed that the business recovery previous to the election of 1932 was due to the fact that the American people hoped for and expected a Democratic victory. If President Roosevelt was correct in his reasoning then, when the hope of a Democratic victory became an accomplished fact the business improvement already under way should not only have continued but increased heavily in volume. If the mere hope for a Democratic victory could start a fair measure of business recovery in 1932, the overwhelming victory won by that party in that year should have had the effect by this time of wiping out the last vestige of business adversity.

But, Mr. President, what actually happened when the news went abroad that Mr. Roosevelt had been elected President, and with him an overwhelmingly Democratic Congress?

Instead of the business revival continuing and increasing in volume, it not only ceased its upward swing but started again on the downward grade. With the prospect of another Democratic administration at Washington, doubt and uncertainty in industry again reigned. With the sad recollections of the regular failures of such administrations in the past, with the well-known inability or lack of desire to keep their pledges to solve public problems, to balance our Budget, and the well-known aptitude of every Democratic administration to plunge the Nation deeply into debt, the American people saw the approach of another such administration with fear and misgivings. As a result, business conditions steadily grew from bad to worse. The nearer the inaugural date of the new administration approached, the worse became the business plight, and by the time the present administration was inaugurated it had reached such low depths that the first act of the incoming administration was to close every bank in the country—a step never before found necessary in the history of our Nation.

Compare the results following the huge Democratic victory in 1932, with the claim of President Roosevelt that business recovery previous to that election was due to the fact that the American people anticipated a Democratic victory in that year, and then draw your own conclusions. It would be interesting to have Mr. Roosevelt explain to the American people why a business recovery which he claimed was due to the hope for a Democratic victory ended when the hope for that victory became a reality.

To the question, "What have you to offer?" I answer, "Return to those sound fundamentals of business and government that have served us so well through practically all

the years of our history, and under which we were emerging from the depression before the election of 1932."

No greater impetus could be given to business than for the President to clean out the whole aggregation of "new dealers", "brain trusters", bullying Army sergeants, alphabetical soupiers, baloney dollarites, money jugglers, and evangelistic crack-pots, none of whom ever successfully conducted a business of their own but who now essay forth to take over the management of the entire business of the country, including industry, agriculture, finance, commerce, communications, and, if they can bring it about, even the public press.

Other nations have made more rapid advance toward recovery than we have made, without costly experiments, without changing their government or surrendering their liberty. If this administration had not indulged in one continual round of experimental legislation; if it had not trifled with the national credit and the national honor; if it had made an honest effort to balance the Budget; if it had sent forth the word that legislation would be based on sound principles, tested by experience, and that all who contributed to industry, whether in the field of finance or of labor, would be protected in the legitimate fruits of their toil; if it had proclaimed that not only would the American Government respect its own contracts but that, so far as lay within its power, it would compel all citizens to do likewise; if, instead of engaging in a wild orgy of spending and borrowing, it had practiced actual economy, and had refrained from engaging in experimental policies so disquieting to our people, we should now be on a sound road to recovery.

If the American people had been convinced that this administration would follow only safe and sound policies, the enterprise of the American people would have asserted itself; money would have sought investment; industry would have revived; labor would have been employed; the farmer would have found a profitable market for his products; and the improvement so evident before the election of 1932 would have continued.

But the administration listened to the voice of those who would destroy the integrity of our dollar; it listened to the views of those who set up the false claim that we did not have sufficient money to transact the Nation's business; and yet at that very time we had more money in circulation than we had during the World War—more money than we had during the boom days of 1929. There was ample money in the United States to take care of every legitimate need, with existing machinery to increase the supply, on our then sound basis, should the occasion demand.

What, then, was the difficulty? The trouble was due to a loss of confidence. Much of the money in circulation had gone into hiding and had ceased to work. Idle money, like an idle individual, does not contribute to the welfare or prosperity of any community. What was needed, then, was the restoration of that confidence, which would induce the return of the money then in hiding again to enter the channels of industry. The administration, instead of doing those things which would have inspired confidence, announced a program of wild experimental legislation, thereby destroying what remained of confidence.

We have had too much loose talk about the redistribution of wealth by means of taxation; too much talk about the redistribution of wealth by legislative enactment. There is only one honest way to transfer wealth and that is by labor and service performed. Wealth can be destroyed by legislation, but it cannot be created in that way. Wealth can be created only by honest sweat. Some back must bend; some brain must work. Any other system attempted, whether practiced by the Government or by the individual, is a racket and nothing less.

Let us return to those old fundamentals of honesty and square dealing, and let the Government itself set the example. Let us again declare that we regard our obligations as sacred and wipe out the disgraceful repudiation policy of the present administration. Let us stand for the inviolability of contracts, both public and private. Let us guarantee, as far as the Government can do so, to any citizen the legitimate results of his toil and his industry. Let us return to real economy in government. Let us stop the profligate waste of public funds and have our income match our outgo. Let us return to these things which are nothing more than common honesty, common decency, and common square dealing. When we do so, we will soon be on the road to business recovery and to a national prosperity under which the American people as a whole will enjoy more happiness, have more of the comforts, necessities, and luxuries of life than can be had under any other system yet devised by man.

Mr. President, for more than a year President Roosevelt has been developing policies under the plea of a national emergency which have become increasingly at variance with his campaign assurances as well as constitutional limitations. It is becoming more apparent every day that he is not engaged in a program of the recreation of a nation of freemen but is steering closer to a system of collectivism and regimentation of finance, commerce, industry, and agriculture, directed and controlled by a colossal bureaucracy. The legislation enacted, as well as that now on the administration's program, furnishes overwhelming evidence that it is the purpose of the administration to make permanent the change in the character of government we have known for 145 years.

Congress and the country were assured by the President that the departures were temporary in character and to meet an emergency only, but now we are boldly told that many of them are to be permanent. The movement is a real conflict between the two ancient enemies—individualism versus collectivism—which have contended for mastery through the centuries, and which have resulted in some of the most desperate struggles recorded in the pages of history.

It is not a new struggle. It has raged down the entire highway of progress. The English-speaking people fought for a thousand years and shed their blood to throw off the shackles of state control. Our forefathers fought, bled, and died to establish the principle that governments were created for men, and not men for governments; to establish the right to live and plan their own lives, and pursue their own happiness in their own way—in a word, for liberty. These changes are being wrought by the party in power without submitting to the American people for their decision the question whether they want such a change.

Mr. President, if President Roosevelt's program is right in principle, then we have been wrong for 145 years; every statesman, regardless of party affiliation, from the time of Washington to the present has been wrong. If the present program is right, then both the great political parties have been wrong throughout their history. If it is right, then the Democratic Party was wrong in its platform in 1932, and Mr. Roosevelt was wrong in all of his public utterances before he became President of the United States and took upon himself a solemn oath to preserve and defend the Constitution of the United States against all enemies, foreign and domestic.

Mr. President, we have had entirely too much loose talk on the part of those high in authority about relegating those who believe in a rugged individualism to the museum. At the birth of our independence we declared in plain words:

> We hold these truths to be self-evident, that all men are created equal; that they are endowed by their Creator with certain inalienable rights; that among these are life, liberty, and the pursuit of happiness. That to secure these rights governments are instituted among men, deriving their just powers from the consent of the governed.

By that statement we founded a government based upon individual effort and rugged individualism, as distinguished from collectivism and regimentation of men. We established a government of the people, by the people, and for the people. We established the principle that the Government was for the individual and not the individual for the Government.

What is rugged individualism? It is the right to plan and pursue one's life in one's own way so long as he does not intrude upon the rights of others. It is his right to work,

to toil, and to keep the fruits of his labor. It is nothing more than individual self-reliance, self-initiative, and self-help. It is synonymous with liberty. If individualism needs a defense, then that defense is best presented by the history of the United States, where it reached its greatest triumph and where it attained its greatest freedom.

I do not claim that our system is perfect. I do not contend that there have not been abuses. I do not maintain that all of the people have at all times been happy and prosperous under that system. But I do claim that during the greater part of our national existence there have been more happy, more prosperous people living under our flag than under any other flag in the entire history of the world. Under our system of constitutional government, with its fine guarantees of individual liberty, we have weathered many major business and industrial depressions and come out of each stronger, better, and more prosperous than before. It is my firm conviction that the ills from which we suffer today are caused, not by adhering to the time-honored principles upon which the Government rests but by a departure from those principles. Things will never be well in America until we get back to those simple purposes for which governments are established among men, until we get back to a government that devotes its energies to the protection of life, liberty, and the pursuit of happiness of its citizens. Most of our ills can be traced to the usurpation by the Government of the proper functions of its citizens. Our enormous and ever-increasing debts, our burdersome and ever-increasing taxation are largely occasioned by departures from the true purposes of government. When the Government gets back into the governing business and takes its hand out of every line of private enterprise, the cost of government will be in line with what people should pay for its protection.

Mr. President, I do not believe that the American people desire to exchange a government of the people, by the people, and for the people for a government by inquisition, by restriction, and by compulsion. While the American people have been patient as their individual rights have been invaded by the Government, they have been too long used to liberty to surrender them. Our liberty did not fall like manna from heaven, but came through years of sacrifice, suffering, bloodshed, and death. It is too precious to surrender without a struggle.

Mr. President, I am not an apologist for the Constitution. I believe in it. In my judgment, it is the greatest instrument of free government that ever emanated from the experience of man. We have had all of our prosperity under it, as well as this depression. The Constitution has not been repealed, but only disregarded and abandoned by those who have taken upon themselves a solemn oath to support and defend it.

Under the claim that an emergency exists, constitutional powers belonging to Congress have been delegated to the President, with the understanding at the time that it was for an emergency only. One after another of such powers have been given under this pretense, and now that the executive branch of the Government has them, the emergency pretense is audaciously abandoned with the avowed intention of making such delegations of power permanent.

I do not entertain the thought that the people have no right to modify or change their Constitution. It belongs to the people. It is their instrument of government, beyond which Congress has no right to go without their consent. They have a perfect right to change it in any respect or abandon it altogether. The people have the right to adopt any system of government they see fit to adopt—paternalistic, socialistic, communistic, or any system that suits them—providing they do it in accordance with the procedure prescribed by the Constitution. They have the right to repeal the Bill of Rights, with its fine guaranties of individual liberty. But I deny the right of Congress to abrogate it or any part of it by legislative enactment. I deny the right of the President to destroy it to meet an emergency. Let the people vote upon the question of whether they want to follow the professors into sovietism or facism or desire the maintenance of constitutional government with its guaranty of human liberty.

Let me say, before concluding, that no man is good enough and wise enough to exercise dictatorial powers over a free people. No man who believes in American institutions and reveres American traditions desires to exercise such powers.

In this day of unrest every liberty-loving citizen should ponder this passage from Daniel Webster's speech at the centennial anniversary of Washington's birth:

> Other misfortunes may be borne, or their effects overcome. If disastrous war should sweep our commerce from the ocean, another generation may renew it; if it exhaust our Treasury, future industry may replenish it; if it desolate and lay waste our fields, still, under a new cultivation, they will grow green again and ripen to future harvests. It were but a trifle even if the walls of yonder Capitol were to crumble, if its lofty pillars should fall, and its gorgeous decorations be all covered by the dust of the valley. All these might be rebuilt. But who shall reconstruct the fabric of demolished government? Who shall rear again the well-proportioned columns of constitutional liberty? Who shall frame together the skillful architecture which unites national sovereignty with State rights, individual security, and public prosperity? No; if these columns fall, they will be raised not again. Like the Coliseum and the Parthenon, they will be destined to a mournful, a melancholy immortality. Bitterer tears, however, will flow over them than were ever shed over the monuments of Roman or Grecian art, for they will be the remnants of a more glorious edifice than Greece or Rome ever saw, the edifice of constitutional American liberty.

---

183 NEWSPAPER CLIPPINGS FROM AUGUST 16, 1932, TO NOVEMBER 8, 1932, SHOWING CONCLUSIVELY THAT BUSINESS RECOVERY WAS DEFINITELY UNDER WAY BEFORE THE ELECTION OF 1932

MORE PLANTS REPORT INCREASE IN WAGES; OTHERS FEEL BOOM—OPTIMISTIC TRENDS NOTED IN MANY LINES OF INDUSTRY—COMMODITY PRICES OF NEARLY 1 PERCENT, PRODUCE RISES 4.75

WASHINGTON, August 16.—An increase of nearly 1 percent in the index number of wholesale commodity prices from June to July was reported today by the Labor Department.

Based on average 1926 prices, the index advanced to 64.5 in July, as compared with 63.9 in June. The farm-products group was outstanding, climbing upward 4¾ percent.

Among foods prices, increases were reported for butter, cheese, bananas, fresh and cured beef, lamb, mutton, fresh and cured pork, veal, beverages, copra, lard, raw and granulated sugar, tea, and vegetable oils.

CHARLOTTE, N.C., August 16.—At least three mills in the Carolinas have voluntarily increased wages and others are running full time or building additions to their plants.

The Durham Hosiery Mills have ordered a blanket increase of 10 percent in wages. Silk mills at Greensboro and Kernersville, with enough orders booked to run them until October 1, have increased wages from 10 to 12 percent.

In Rock Hill, S.C., six of the largest mills reported that 2,300 employees are working on a full night and day schedule. With orders enough to keep it busy on full time for 8 months, the High Shoals Cotton Mills at Lincolnton has reopened after running spasmodically for the last year.

Mills in the vicinity of Anderson, S.C., announced last week additional orders would enable them to operate full time for several months.

BRIGHT TEXTILE OUTLOOK

WARREN, MASS., August 16.—The outlook of the textile industries for this town is brighter than for many years. Ohio Carpet Co., West Warren, is soon to operate full capacity; Warren Woolen Co. is on day and night schedule, and Maryland Silk Mills is soon to add a night force.

FURNITURE PLANT BUSY

HAGERSTOWN, MD., August 16.—On the strength of new orders, the Statton Furniture Factory of Hagerstown has resumed its 10-hour working day after operating for several months on a part-time schedule.

Company officials said they expect to use a complete force of about 100 men to work within a week or 10 days.

LUMBER MILL REOPENS

EVERETT, WASH., August 16.—The Jamison lumber mill, closed for several months, opened here yesterday, giving employment to 85 men for one shift daily. The Jamison is the fourth mill to resume operations here in the past 60 days, approximately 700 men having been given work.

MILLS RESUME WORK

GAINESVILLE, GA., August 16.—Two textile mills, with weekly pay rolls of approximately $9,000, have resumed operation here. The mills have been shut down since June 9.

CEMENT WORKERS RECALLED

HAMMOND, IND., August 16.—The Universal Atlas Portland Cement Co. today recalled 100 men to work to fill an order for five barge loads of cement.

The Inland Steel Co. will raise its finished steel output by 5,000 tons this month, a large commercial gas plant is nearing completion, the five oil refineries are holding normal levels, and several other projects in the Calumet district are being constructed or are contemplated.

RECORD BEET CROP FORECAST

KIMBALL, NEBR., August 16.—Frank Kemp, State manager for the Great Western Sugar Co., forecast a sugar-beet crop for the State this year ranking with the best in Nebraska history.

TWELVE PAY ROLLS TO INCREASE

CLEVELAND, OHIO, August 16.—Twelve industrial plants announced pay rolls would be increased next week.

NEW ENGLAND IMPROVEMENTS

BOSTON, MASS., August 16.—The New England Council, in reports from commerce associations of six States, noted industry improved in the shoe, textile, watch, fiber board, stove, office-equipment, and hat trades.

IRON COMPANY SPEEDS UP

BLOOMSBURG, PA., August 16.—The Reading Iron Co. announced today it had recalled about 110 men to work and at the same time put the workers in the puddle mill on double shift.

The 18-inch rolling mill starts Wednesday and the 12-inch rolling mill on Thursday, officials said.

CLOCK FIRM REEMPLOYS 400

WATERBURY, CONN., August 17.—Four hundred employees of the Waterbury Clock Co. were called back to work this morning, bringing the total on the pay roll to 1,500. The management announced a new schedule by which all employees will work 5½ days a week instead of 2 or 3. Officers said they expected to add about 1,000 men to the pay roll within a month.

ST. JOSEPH, MO., August 17.—Seventy-five employees of the John S. Britain Dry Goods Co. have been recalled for the reopening of the company overall plant. The factory has been closed several weeks. Within a few days 25 more workers will be taken back.

MORE SIGNS OF PROGRESS IN BUSINESS RECOVERY

DETROIT.—The Chevrolet Motor Co. today reported a 10 percent increase in sales of trucks and other lines of new cars in the first 10 days of August, compared with the same period last month.

NEW YORK.—Rawhide futures values for the week ended August 19 showed gains on the New York Hide Exchange from 10 to 30 points on a moderately active market.

WASHINGTON.—The American Railways Association today announced an increase of 16,398 cars in loadings for the week ended August 13, compared with the previous week.

CHICAGO.—The United Airlines said use of air mail and express service was on the increase, a result of improved banking and security activities.

PORTLAND, OREG.—For the week ended August 13, current new business jumped 15 percent in western pine producing areas, compared with the previous week, the Western Pine Association said. Unfilled orders increased 1,765,000 feet.

ST. JOSEPH, MO.—The Chase Candy Co. has added 50 persons to its pay roll the last week and will add 50 more next Monday. The Douglas Candy Co. has increased its number of employees 25 percent. The Mueller-Keller Candy Co. also has added considerably to its number of employees.

CHANUTE, KANS.—The Ashgrove Lime & Portland Cement Co. today called 100 men back to work. The plant has been shut down since February.

175 REEMPLOYED BY FACTORY—SHIRT CORPORATION AT HAMMOND, IND., PLANS CAPACITY OPERATION

HAMMOND, IND., August 24.—The Hirsch Shirt Corporation has recalled 175 employees preparatory to capacity operations during the next 3 months or more.

HOLYOKE, MASS., August 24.—The Holyoke and Brattleboro, Vt., factories of the C. F. Church Manufacturing Co., subsidiary of the American Radiator & Standard Sanitary Corporation, have been placed on a full-time basis for several months on limited schedule.

MANY PLANTS REPORT INCREASED ORDERS—INDUSTRIES RECALLING EMPLOYEES TO SPEED UP PRODUCTION

NEW YORK, August 25.—Dow, Jones & Co. said today that orders booked by the American Writing Paper Co. in the first 20 days of August showed a 50 percent increase over those in the like period of July, amounting to 2,700,000 pounds against 1,800,000 pounds.

This big gain in August business, it was said, promised to put the company's operations on a profitable basis after operating at a loss for a year or more.

PLANT ON 24-HOUR SCHEDULE

ST. JOSEPH, MO., August 25.—The Aunt Jemima branch of the Quaker Oats Co. today went on a 24-hour basis of three shifts to maintain increased production. Orders have piled up to keep the mill operating day and night until January 1, officials of the company said.

CEMENT PLANT SPEEDS UP

INDEPENDENCE, KANS., August 25.—C. M. Carman, manager, announced today the Universal Atlas Cement plant here will begin operations in all departments September 1, furnishing employment to 110 men.

The company hopes to operate steadily until January 1 and perhaps throughout the winter.

200 EMPLOYEES RETURN

OREGON CITY, OREG., August 25.—Two hundred employees of the Oregon City Woolen Mills, idle since the plant was shut down early this year, returned to their jobs today. Others will return next week.

A. R. Jacobs, president of the company, said two divisions of the mill will be kept steadily at work manufacturing men's suits, overcoats, and topcoats.

BROWN SHOE CO. SPEEDS UP PRODUCTION

MOBERLY, MO., August 26.—The Brown Shoe Co. plant here has increased production from 4,500 pairs daily to 9,500, and has boosted its working force from 700 to 900, only 200 under the peak. Officials state that the outlook is for steady work at this rate at least until November. The factory is also now operating 5 days a week instead of 3½ days and 9-hour days instead of 8.

GENERAL ELECTRIC RECALLS 300

SCHENECTADY, N.Y., August 26.—The General Electric Co. has recalled 300 employees, who will augment the staff of its air-conditioning department, the company announced today. Operations in this department are on an increased scale because of larger orders, the company states.

TEXTILE HOUSES IN EAST SWAMPED WITH BUYING ORDERS

NEW YORK, August 26.—Sharp gains in cotton this week, coupled with price advances in other basic textile commodities, have caused the most wide-spread buying movement the textile industries have witnessed since the depression began swamping the selling houses with orders, a survey of these markets revealed today.

Commitments were so heavy numerous cotton and woolen mills were compelled to withdraw quotations on finished goods and place them on at-value basis.

TEXTILE MILLS CALL 1,350 WORKERS BACK—ORDERS RECEIVED END SHUTDOWN OF 2 MONTHS AT PLANTS

LYNCHBURG, VA., August 27.—After 2 months shutdown, sufficient orders have been received by the Consolidated Textile Corporation to presage steady full-time operation and 750 employees have been called back to work next Monday. At the company's plants in Burlington and Shelby, N.C., and at La Fayette, Ga., 600 more will resume work.

BEST SELLING WEEK SINCE 1929 REPORTED BY BROWN SHOE CO.—PRESIDENT JOHN A. BUSH OBSERVES GENERAL PICK-UP AMONG ST. LOUIS INDUSTRIES

John A. Bush, president of the Brown Shoe Co., said yesterday that production in the company's factories had been stepped up for the second time since May. The week closed yesterday was the best selling week since 1929, he said.

Attributing what he termed a general pick-up among St. Louis industries to improved agricultural conditions, Bush said the 3-way advance of wheat, cotton, and livestock promised general betterment.

Incoming buyers at the home plant of the Brown Shoe Co. here have been more numerous the last 3 weeks than for several years, he said. Reports from salesmen throughout the South and West bear similar indications of business activity.

MAJESTIC MANUFACTURING CO. TO WORK FULL TIME 5½ DAYS A WEEK

The Majestic Manufacturing Co., with general offices and three factories in St. Louis, yesterday announced that they will work

full time 5½ days each week for several months on account of large orders which they have recently received.

600 EMPLOYEES RECALLED

BRIDGEPORT, CONN., August 29.—McKesson & Robbins recalled 600 employees and increased operating hours from 3 to 5 days a week here.

PLANT CLOSED 2 YEARS, OPEN

PHILADELPHIA, PA., August 29.—Gotham Silk Hosiery Co. announced immediate opening of its plant here, providing employment for approximately 2,000. The plant has been closed for 2 years. Two other factories here, and others in Dover, Del., and New York City, will be reopened within 2 weeks.

UNIT SALES IMPROVE

AKRON, OHIO, August 29.—Unit sales of the General Tire and Rubber Co. for the first 6 months of 1932 were greater than for any previous like period in the history of the company, W. O'Neil, president of the company announced.

RUSH OF ORDERS AT AMERICAN STEEL CO. REOPENS BIG PLANT—BUSINESS IS BETTER THAN FOR YEAR—500 MEN EMPLOYED

The American Steel Co. opened its plant at Granite City yesterday to fill the largest amount of orders that it has had in over a year.

The plant has been running on a part-time schedule, and has only opened when enough orders were procured to keep the plant operating for 2 days. Formerly it required from 3 to 4 weeks to get enough orders to run 2 days. The present orders which are now being filled were procured in 3 weeks' time, and it will be necessary to operate the plant for 4 days to fill the orders. About 500 men have been employed.

ZINC COMPANY TO REOPEN MINES

WASHINGTON, August 29.—President Hoover today made public a telegram from the Illinois Zinc Co. saying that as a result of his recent business and industrial conference the concern was reopening its Hanover, N.Mex., mines to full capacity about September 15.

Signed by Leland E. Wemple, president of the company, the telegram said the mines had been closed for 18 months, but that with the reopening 300 men would be reemployed and added tonnage provided for railroads and business for other concerns.

B. & O. RECALLS 1,000 MEN

BALTIMORE, MD., August 29.—Return of 1,000 men Thursday to work in the main repair shops of the Baltimore & Ohio Railroad was announced today at the office of Charles W. Galloway, vice president in charge of operations.

Two thirds of the men will report at the Mount Clare shops in Baltimore and the remainder at the repair shops at Cumberland, Md., and Glenwood and Du Bois, Pa.

Most of the men were placed on a furlough August 16. The shopmen will continue on a 40-hour-week basis, 5 days a week.

FREIGHT TRAFFIC INCREASES

CHICAGO, ILL., August 29.—The Chicago, Milwaukee, St. Paul & Pacific Railroad reported freight traffic on its lines soared nearly 9 percent over the preceding week, cars handled numbering 22,939, a gain of 1,927.

TRUCK DEMAND IMPROVES

CHICAGO, ILL., August 29.—Dow, Jones & Co., business news publishers, said improved demand for motor trucks has brought an August upturn for the truck industry in advance of the normal September seasonal rise.

PLANS $1,000,000 AD EXPENDITURE—PAINT COMPANY ALSO TO SPEND LARGE SUM FOR MATERIAL

CHICAGO, ILL., August 31.—The Sherwin-Williams Paint Co. is preparing to launch a $1,000,000 advertising campaign, George A. Martin, president, announced. He said the firm would also expend several million dollars on raw materials.

ANOTHER BANK REOPENS

CHAMPAIGN, ILL., August 31.—With deposits of $1,990,919, the First National Bank here, a reorganization of the institution of the same name which closed last January, opened for business today.

WIRE COMPANY RECALLS 400 MEN

CLEVELAND, September 1.—Officials of the American Steel & Wire Co. today announced its Newburgh works, closed since July 1, will resume operations Tuesday. About 400 employees will be recalled.

BUSINESS GAINS IN SOUTH

BIRMINGHAM, ALA., September 1.—A stepped-up business tempo was reported today by wholesalers as a result of the upturn in cotton prices.

The Age-Herald said a survey showed a definite upward trend in virtually all lines of trade. Business increases were largely due to orders from rural merchants, the survey indicated.

TO RECALL 1,100 MEN

BELLAIRE, OHIO, September 1.—The Rail & River Coal Co. here announced today that it will recall about 1,100 men within 2 weeks when it resumes operations in its mine here. The company supplies several Canadian railways. Another mine, employing about 500 men, will be reopened later, officials reported.

INCREASED BUYING OF SHOES REPORTED—HAMILTON-BROWN SHIPMENTS FOR AUGUST SHOW DECIDED GAIN

Officials of the Hamilton-Brown Shoe Co. announced yesterday that the volume of orders received from retail merchants during the week ending last Saturday was the largest of any time during the year. As a result, the announcement stated, net shipments of the company for August will show a decided gain over the total shipped in August 1931.

A marked rise in orders for shoes in wholesale quantities has been reported by St. Louis shoe manufacturers, and there has been an increase in employment in a number of St. Louis factories. Better commodity prices, including the prices on hides, have influenced the situation, officials of shoe companies pointed out, and retail stocks are running low. These conditions are reflected in increased buying by retail merchants.

READING RAILROAD RECALLS 2,000 MEN TO ITS SHOPS

PHILADELPHIA, September 1.—More than 2,000 employees in the locomotive- and car-repair shops of the Reading Co. will resume work in September for a period of several months, it was announced yesterday by Charles H. Ewing, president of the railroad. President Ewing gave gradual improvement in business conditions, with the attendant necessity for the highest possible maintenance of equipment, as the reason for starting repairs on 3,800 cars and 78 locomotives. The expense involved amounts to more than $1,200,000, it was stated.

NEW YORK, September 1.—A 2,500,000 improvement program designated to increase employment has been approved by the Sinclair Refining Co., subsidiary of Consolidated Oil Corporation. The program is to be carried out at refineries in Argentine and at Coffeyville, Kans., East Chicago, Ill., Houston, Tex., and Marcus Hook, N.J.

475 EMPLOYEES RECALLED

NEW YORK, September 1.—Approximately 475 employees of the Delaware, Lackawanna & Western Railroad will resume work in the road's shops on September 6.

JEWEL TEA SALES

CHICAGO, ILL., September 1.—The Jewel Tea Co., Inc., today reported sales for the 4 weeks ending August 13 were $755,629.69, compared with $961,983.05 for the same period in 1931. Sales for the first 32 weeks of 1932 were $6,820,115.95, compared with $8,551,-221.91 for the same period last year.

GENERAL FOODS RECALLS 200

LE ROY, N.Y., September 1.—Two hundred men and women employees have been called back to work at the division plant of the General Foods Corporation here, its officials said today. For several months up to this week the plant has been open with a minimum number of employees. A night and a day shift have been arranged in order to speed up production.

SHOPS TO HAVE NORMAL FORCE

AURORA, ILL., September 1.—The Aurora shops of the Chicago, Burlington & Quincy Railroad, the city's largest single industry, reopened Tuesday with a normal pay roll. Five hundred and fifty men will return to work.

The shops have been operating with a decreased pay roll for the last 8 months.

PLANT TO RESUME TUESDAY

CLEVELAND, OHIO, September 1.—Officials of the American Steel & Wire Co. today announced its Newburgh Works, closed since July 1, will resume operations Tuesday. Approximately 400 employees will be recalled. Officials said new orders caused the company, a subsidiary of the United States Steel Corporation, to resume operations.

FORD MOTOR PLANT TO REOPEN SEPTEMBER 6—EMPLOYEES AT WORK TIME OF CLOSING TO BE RECALLED

DETROIT, MICH., September 2.—Officials of the Ford Motor Co. today announced that the plant, closed 3 weeks ago, would reopen September 6.

The officials added that only those employees who were working at the time of the shut-down are expected to return to work.

RAYON PLANTS BUSY

CLEVELAND, OHIO, September 2.—Orders pouring in so fast that inventories of goods were exhausted were reported today by Industrial Rayon Corporation. Plants in Cleveland and at Covington, Va., are operating at 100-percent capacity.

FIVE THOUSAND HOSIERY WORKERS ON JOB

PHILADELPHIA, PA., September 2.—Employment of about 5,000 idle hosiery workers over the country because of increases in business was predicted by Emil Rieve, president of the American Federation of Full-Fashioned Hosiery Workers.

SCRAP STEEL SOARS

YOUNGSTOWN, OHIO, September 2.—The price of steel scrap, increases in which generally are regarded as a better business indication, soared $1.50 a ton today, bringing no. 1 heavy melting steel to $10.50. Steel manufacturers use the old metal as primary raw material.

ICE CREAM ADVANCES

CHICAGO, ILL., September 2.—Ice cream manufacturers reported sales up 11 percent for August over July, the first sizable advance in more than a year.

SEVEN HUNDRED AND FIFTY EMPLOYEES RECALLED

PETERSBURG, VA., September 2.—American Supplies, Inc., tobacco stemmery today recalled 750 employees and announced operations for several months probably would be on a full-time basis.

COTTON BELT RECALLS 500

PINE BLUFF, ARK., September 5.—Five hundred employees of the locomotive department of the Cotton Belt Railroad shops here today were called back to work beginning next Wednesday. The department has been idle 2 months.

TEN-PERCENT WAGE INCREASE

WILMINGTON, N.C., September 6.—Ten-percent increase in wages, effective September 12 and affecting 296 men now working on a full-time schedule, was announced today by officials of the Spofford Mills, Inc., here.

SIX THOUSAND WORKERS RECALLED

TOLEDO, OHIO, September 6.—About 6,000 workers returned to work this morning in plants here which have been virtually closed for the past 2 or 3 weeks.

A force of 4,300 workers resumed their tasks in the Willys-Overland plant and additional hundreds returned to the Electric Auto-Lite Co. and to other smaller plants.

STEEL SCHEDULES ADVANCE

PITTSBURGH, PA., September 6.—The Carnegie Steel Co., leading subsidiary of the United States Steel Corporation in this district, today reported its output is 16 percent of capacity.

A week ago Carnegie mills began work at 11 percent and increased their schedules to 15 percent by the end of the week.

The National Steel Co. also reported a slight advance in operations.

BRICK PLANT RECALLS MEN

EAST LIVERPOOL, OHIO, September 6.—The Globe Brick Co. today recalled 100 men to full-time jobs at its Newell (W.Va.) plant, which has been idle 2 months.

INCREASES IN BUYING FROM RETAIL STORES REPORTED BY BANKERS—GROUP OF COUNTY FINANCIERS TELL OF IMPROVED CONDITIONS

Increased buying from retail stores on the part of the consuming public throughout the agricultural sections of the State was reported yesterday by a group of county bankers who met at Hotel Statler. The meeting was called by M. E. Holderness, vice president of the First National Bank and president of the Missouri Bankers' Association.

WILLYS FACTORY REOPENS; GIVES JOBS TO 4,300 MEN—HAMILTON (OHIO) FORD PLANT RESUMES OPERATIONS; OTHER BUSINESS IMPROVEMENTS

TOLEDO, OHIO, September 7.—The Willys-Overland plant reopened yesterday, giving work to 4,300 men.

RUSSELLVILLE, ARK., September 7.—More than 200 men went back to work yesterday in the Bernice anthracite coal mine near here, after a lay-off of nearly a year.

HAMILTON, OHIO, September 7.—After a month's shutdown, the Hamilton plant of the Ford Motor Co. resumed operations yesterday, recalling 1,110 men.

PITTSBURGH, PA., September 7.—The Carnegie Steel Co. reported yesterday it was operating at 16 percent of capacity, compared with 11 percent at the first of last week and 15 percent at the end of the week.

PASSAIC, N.J., September 7.—The Fortsmann Woolen Co. announced yesterday it would inaugurate a 5-day work week in all its mills, starting next Monday.

EAST LIVERPOOL, OHIO, September 7.—The Globe Brick Co. yesterday recalled 100 men to full-time jobs at its Newell (W.Va.) plant, which has been idle 2 months.

TO ADD 1,000 EMPLOYEES

NEW YORK, September 8.—The Celanese Corporation of America today telegraphed Secretary of Commerce Chapin, Secretary of Labor Doak, and Governor Ritchie of Maryland that, due to an increased demand for celanese yarns and fabrics, approximately 1,000 additional employees had been put at full-time work at the company's Cumberland (Md.) plants.

"Many more will be added forthwith", the message asserted.

SHOE FACTORY RUSHED

MEXICO, MO., September 8.—The International Shoe Co. factory here has stepped up production until it is running at capacity in order to meet increased orders. It has employed 400 men, the largest number in several years.

SILK MILL TO EXPAND

CHARLOTTESVILLE, VA., September 8.—The new unit being planned for a silk mill here will increase capacity of the plant approximately 50 percent. Construction will begin soon.

$112,000,000 TO BE SPENT BY SOUTH

BALTIMORE, MD., September 8.—The South made arrangements last month to award construction contracts totaling $112,000,000, the highest monthly total since the building boom of 1929, a compilation of reports published today by the Manufacturers Record Daily Construction Bulletin shows.

Preliminary work has been done for award of these contracts, which cover construction of buildings, sewers, and highways in 16 southern States.

Contracts to be awarded include $51,094,000 for roads and bridges, $26,861,000 for city, county, and State projects, $4,074,000 for school buildings, and $4,810,000 for drainage projects.

The South is maintaining existing highway systems "on a scale never before practiced", the record says, "thereby assisting unemployment relief and for utilizing quantities of locally produced materials."

Farm and textile products are notable examples, the farm-products index advancing from 64 to 76.6 and the textile-products index advancing from 65.5 to 78.

LOWEST WEEK'S TOTAL OF BANK CLOSINGS SINCE LAST MARCH—12 FINANCIAL INSTITUTIONS HAVE SUSPENDED IN SEPTEMBER

NEW YORK, September 9.—The lowest weekly total since March in bank failures was reported today by the American Banker, which stated that 9 had suspended operations against 15 last week.

"It is significant", said the publication, "that March is the low month of the year for banking casualties, and that the first 2 weeks of that month had 29 suspensions as compared with 24 which have taken place the past 2 weeks. Twelve banks have suspended to date in September."

Bank closings for the year to date total 1,081, and there have 185 reopenings, 6 having recommenced in the past week.

LOUISVILLE & NASHVILLE RECALLS 500

LOUISVILLE, KY., September 9.—About 500 members of its car-repair force in Louisville and other points in the South will be put back to work immediately by the Louisville & Nashville Railroad. The announcement was made today by John M. Scott, secretary. He said increased business has been gradual and made necessary reemployment. If the improvement continues, he indicated, other workers will be reemployed.

THIRTY-TWO PERCENT SALES INCREASE

NEW YORK, September 9.—The Underwood-Elliott-Fisher Co. reported today that sales orders received for August showed a 32-percent increase over July. This includes both foreign and domestic business. In August 1931 the company's orders ran 17 percent below the preceding month. The company manufactures office machines and equipment.

SEVEN PLANTS TO RESUME

GOODMAN, MISS., September 9.—E. R. Berkley, manager of the Allen-Cooperage Stave Mills, announced today that on September 15 seven plants of the company will resume operations, employing a total of 350 men. The mills have been idle since May.

TEXTILE INDUSTRY GAINS

BOSTON, MASS., September 9.—The New England Council reported today brighter prospects for the textile industry in New England.

In Rochester, N.H., the Gonio Mfg. Co. has increased wages 10 percent.

A manufacturer of cotton textiles at Taunton has resumed operations after a 3 months' shutdown, and the Hub Hosiery Mills at Lowell have increased production from a 3- to a 5-day week.

The Woonsocket (R.I.) Chamber of Commerce reported to the council that business for the textile manufacturers in that city "is showing a marked improvement."

ALTON 700-PERCENT GAIN

CHICAGO, ILL., September 9.—A net operating income of more than 700 percent above that of July was reported today by the Alton Railroad for the month of August. The net was $54,161.

FARM-PRODUCT GAINS

CHICAGO, ILL., September 9.—Daniel Seltzer, president of the National Association of Farm Equipment Manufacturers, reported today upturns of from 16 to 75 percent in the prices of six major farm products recently give hope that farmers and the equipment manufacturers face "considerable improvement in the near future."

HEAVY PAPER ORDERS

GREEN BAY, WIS., September 9.—So heavy has been the inrush of orders on Green Bay paper mills during the last 30 days that some of them are actually behind, a survey today revealed. As a result, employment has been increased, stocks of finished goods greatly diminished, and a very optimistic feeling prevails.

PACKING PLANTS SPEED UP

OMAHA, NEBR., September 9.—The four big packing plants at South Omaha have added 450 men to their forces this week because of increased livestock receipts.

TREND OF BUSINESS DECIDEDLY UPWARD, ASSERTS R.F.C. HEAD—POMERENE SAYS REPORTS FROM ALL SECTIONS INDICATE CHANGE

WASHINGTON, September 10.—Atlee Pomerene, chairman of the Reconstruction Finance Corporation, said tonight that economic conditions apparently are improving and that "though at times they will be fluctuating, the trend is decidedly upward."

He spoke over the Columbia Broadcasting System.

"If we can credit the information that comes to the Reconstruction Finance Corporation from every section of the country", said an advance text made public by the R.F.C., "conditions are materially changing for the better. This improvement began in June."

CONTINENTAL CAN REPORT

NEW YORK, September 14.—Pay rolls of Continental Can Co., Inc., rose to the highest level of the year during August, when sales showed a substantial increase over July. During August the company employed 8,600 workers, with 200 employees being recalled at the Camden, N.J., plant and 291 at the two Chicago units.

AIR LINE PASSENGER GAIN 89 PERCENT—AUGUST CLAIMED AS RECORD FOR 30-DAY PERIOD

CHICAGO, ILL., September 12.—United Air Lines carried 11,888 passengers in August, an increase of 89 percent over August 1931, officials reported today. The company claimed the figure set a record for a 30-day period.

FIVE MINES OPERATING

TERRE HAUTE, IND., September 12.—Five mines hoisted coal under the new wage-scale agreement, which ended 5 months of idleness. More than 700 men were at work. Hundreds of additional workers were expected daily as mines were cleaned and inspected.

STREET-CAR REVENUE GAINS

SEATTLE, WASH., September 12.—Passenger revenue receipts of the Municipal Street Railway went up during August for the first time in months. They were $301,500, or $14,000 more than in July.

BETTER SMALL HOME DEMAND

CHICAGO, ILL., September 12.—The Indiana Limestone Co. reported quickening construction of small homes in the South and Southwest and that new construction in the country since January totaled $1,000,000,000.

REPORTS FLOOD OF UNFILLED ORDERS FOR COTTON CLOTH—TEXTILE ASSOCIATION SAYS MILLS COULD NOT MEET AUGUST DEMANDS

NEW YORK, September 12.—Further marked improvement in the country's cotton-textile industry was revealed today in figures issued by the Association of Cotton Textile Merchants.

Records were smashed during August, when sales of cotton cloth ran up a huge total of 510,531,000 yards, the largest monthly amount since comparative figures became available in January 1928.

Cotton mills were unable to turn out goods fast enough to keep up with the pace of the demand during August, and the month's sales, according to the association, were 282.4 percent of production, or 182.4 percent over the output.

As a result of the scramble by merchants to snap up all the cotton goods in sight, needing to replace stocks depleted by 3 years of business depression, a large backlog of unfilled orders developed.

EIGHT HUNDRED MEN RECALLED BY RUBBER COMPANY—5-DAY-WEEK SCHEDULE RESUMED BECAUSE OF BETTER BUSINESS

NEW YORK, September 13.—The Kleinert Rubber Co. has called 800 former employees back to work on a resumed 5-day-a-week schedule because of increased business.

THREE HUNDRED MINERS RETURN

NASHWAUK, MINN., September 13.—Three hundred former employees of the iron-ore mine of Butler Bros. have resumed work after a lay-off over the summer. Both a day and a night shift are to be operated for a month or 6 weeks. Mine officials said the increased operations have been undertaken as a relief measure and not because of increased business.

DEFINITE BETTERMENT SIGNS

HALIFAX, NOVA SCOTIA, September 13.—American, Canadian, and British representatives at the opening of the Seventh Annual Convention of the Canadian Chamber of Commerce agreed that the upturn in business has been reached and that there are definite signs for increased activities.

UPTURN IN ILLINOIS

CENTRALIA, ILL., September 13.—A survey of this southern Illinois area showed today a rapid upturn in general business since resumption of coal mining under a new wage scale a month ago. Merchants reported their stores of merchandise at the lowest point in months. Centralia business leaders estimated 1,000 persons here have been added to pay rolls of mines, factories, shops, and smaller industries.

ADD 100 EMPLOYEES

ST. PAUL, MINN., September 13.—Addition of 100 employees was announced by Griggs, Cooper & Co., food producers and wholesalers. Increased business was responsible.

RECORD ORDERS ON EIGHTIETH ANNIVERSARY—MEYER BROS. DRUG CO. FINDS INDICATIONS OF BETTERMENT

Observance yesterday of the eightieth anniversary of the Meyer Bros. Drug Co. was marked by the largest number of city orders ever recorded during a single day within the history of the house, Carl F. G. Meyer, president, stated last night.

While this instance of business activity could hardly be taken as a criterion of an economic upturn, Meyer explained, because of the anniversary activity, he expressed optimism concerning business in general.

"During the last 30 days", he said, "there has been a marked improvement in both the wholesale and retail drug business. I honestly believe things are on the mend."

BUSINESS IN AUGUST SHOWS SHARP UPTURN—ANNALIST'S INDEX OF ACTIVITY MAKES FIRST ADVANCE SINCE DECEMBER

NEW YORK, September 15.—The Annalist announced today that its index of business activity for August "shows an upturn for the first time since last December and the first advance of any magnitude since April 1931."

The preliminary index for last month is 54, against 51.7 for July and 73.5 for August 1931.

"A rise of 17.9 points in the adjusted index of cotton consumption", said the publication, "was the principal factor in the upturn. The adjusted indices of bituminous coal production and freight car loadings showed small increases, but all the other components of the index for which August figures or estimates are available declined. With the exception of the adjusted index of automobile production, which dropped to a new low record for the present depression, the declines were of comparatively small extent, so that the large increase in the adjusted index of cotton consumption easily turned the combined index upward."

TERMINAL FREIGHT INTERCHANGE GAINS; FIRST IN 3 YEARS—PRESIDENT MILLER REPORTS TRAFFIC INCREASE IN SEPTEMBER OVER AUGUST

Railroad freight-car interchanges by the Terminal Railroad Association are beginning to show an upturn after having declined steadily for 3 years, Henry Miller, president of the association, announced yesterday.

Interchanges for the first 2 weeks of September showed a gain of 970 cars over the first 2 weeks in August, despite the intervention of Labor Day holidays, which tended to hold traffic down.

The upturn has not been sharp nor prolonged enough for Miller to base a conclusion on it, but he was nevertheless greatly cheered by it.

The importance of the upswing as a barometer cannot be overestimated, since the moving of goods through the terminal here is the most reliable local index of business conditions. It is also a true measurement of the national business pulse, as the terminal handles interchanges for 28 connecting railroads whose aggregate mileage totals half that of the United States.

BOTH PAY ROLLS AND EMPLOYMENT BETTER, ILLINOIS CHECK SHOWS—BUSINESS BETTER IN AUGUST FOR 1,002 FACTORIES REPORTING

CHICAGO, ILL., September 17.—Both employment and the size of pay rolls are on the increase in Illinois.

A report released today by the division of statistics and research of the Illinois department of labor showed in a survey of 1,002 factories in the State that employment increased 2.3 percent in August compared with July and that pay rolls were boosted 6.8 percent over the previous month.

RETAIL TRADE BETTER, WHOLESALERS ACTIVE—TEXTILE INDUSTRY HOLDS LEAD IN INDUSTRIAL IMPROVEMENT

NEW YORK, September 17.—Higher levels of activity were reported in every one of the leading Federal Reserve centers last week.

MISSOURI PACIFIC NOTES BETTERMENT IN AUGUST TRAFFIC—FIRST MONTH IN YEAR SERVICE NOT WITHDRAWN BUT INCREASED

The Missouri Pacific Railroad Co. reported yesterday that August was the first month since the turn of the year 1932 in which it not only refrained from withdrawing any of its freight or passenger service, but moreover, replaced or inaugurated additional service, with the result of taking back 200 employees at an increase of $44,000 monthly in the pay roll. The increased service has to do entirely with freight movement.

It also was announced that traffic handled by the Missouri Pacific on Friday set a new record for the year, when revenue freight cars handled aggregated 3,699, while the previous 1932 record was 3,644 cars on January 9.

Friday's traffic also exceeded the business for any preceding day since November 20, 1931, when the road handled 3,768 cars.

EDITORS OF TRADE PAPERS REPORT BUSINESS BETTER—SLOW UPWARD MOVEMENT IN MANY LINES, WITH TEXTILES SETTING THE PACE

NEW YORK, September 19.—Business and industrial magazine editors throughout the country, reporting trade trends during the early part of this month to the Associated Business Papers, Inc., observed a slow upturn movement in many lines.

It was reported building contracts increased substantially, midsummer advances in cement prices were holding steady, car loadings showed a better than seasonal rise, credit was more readily available for railway improvements, and labor troubles showed a tendency to decrease.

MILL OPERATES DAY AND NIGHT

SPRINGFIELD, MO., September 19.—For the first time in 3 years the Meyer Milling Co. here is operating day and night to supply a strong demand for flour from wholesalers in the Southern States. The milling company's force has been increased a third.

TEN MORE MILLS START PRODUCING AT FARRELL WORKS—OPERATION LARGEST IN 2 YEARS ANNOUNCED BY OFFICIALS

SHARON, PA., September 19.—Thirty mills of the Farrell works of the American Sheet & Tin Plate Co. were operating today, the largest number operating in 2 years, company officials announced. Twenty mills previously had been running.

SHEET SALES GAIN

NEW YORK, September 19.—The Association of Flat Rolled Steel Manufacturers said sheet-steel sales in August were 66,132 tons, exceeding sales of the previous month by 9,000 tons.

LUMBER DEMAND UP

PORTLAND, OREG., September 19.—The National Lumber Manufacturers' Association reported lumber orders for the week ended September 10 at 627 mills totaled 166,562,000 feet, or 58 percent above production.

TO ADD 400 MEN

CHICAGO, ILL., September 19.—Max McGraw, president of the McGraw Electric Co., said his firm and its subsidiary, the Waters-Genter Co., were putting at least 400 men to work by October 1.

MISSOURI, KANSAS & TEXAS SEPTEMBER CARLOADINGS BIGGEST SINCE LAST NOVEMBER—PRESIDENT CAHILL STATES ADVERTISING WAS MATERIAL FACTOR IN GAIN

NEW YORK, September 20.—Carloadings of the Missouri, Kansas & Texas Railroad thus far in September show the biggest increase since last November, M. H. Cahill, president and chairman of the board, told directors today at their monthly meeting.

Loadings and receipts from connections for September average 1,242 cars daily, an improvement of 170 cars over the average for the same period last month and only 180 cars under the daily average for the same period last year. August also showed a substantial improvement.

EMPLOYMENT BETTER HERE, BUREAU FINDS—260 GIVEN JOBS IN WEEK AS DOMESTIC PLACES INCREASE

Employment conditions are on the upgrade here, according to indications received by the Citizens' Free Employment Bureau, which last week set a new high record in the number of persons placed in jobs.

GULF REFINING CO. TO SPEND $800,000—TO CONSTRUCT $300,000 TERMINAL AND $500,000 REFINERY

PITTSBURGH, PA., September 21.—The Gulf Refining Co. today announced a program for $800,000 worth of construction at Washington, D.C., and Staten Island. A $300,000 terminal and a $500,000 refinery comprise the projects.

SOUTH REPORTS GAINS

ATLANTA, GA., September 21.—Business leaders of Georgia, Louisiana, Mississippi, South Carolina, Virginia, and Arkansas today reported improvement in public sentiment. A survey indicated the South's fall-marketing season, an increase in public construction, upward trends in tobacco and cotton prices, and activity in the textile industry was responsible.

EMPLOYMENT INCREASE

CHICAGO, ILL., September 21.—R. G. Dun & Co. reported Illinois factories gained 2.3 percent in employment and 6.8 percent in pay rolls for August. A pick-up in retail clothing sales, mail-order trade, and the meat-packing industry was reported.

RIVER IMPROVEMENT

SIOUX CITY, IOWA, September 21.—Three hundred thousand dollars will be spent this fall on dikes and revetment work on the Missouri River here in the Government's program to make the river navigable, it was announced today by A. J. Schwartz, Chief Clerk of the War Department's Engineering Office.

SALARIES RAISED 20 PERCENT AT AJAX HOSIERY MILLS—INCREASE REPRESENTS AMOUNT OF PAY CUT YEAR AGO—KATY TRAFFIC GAINS

PHOENIXVILLE, PA., September 21.—A 20 percent increase in salaries for employees of the Ajax Hosiery Mills was announced today, due to a decided upturn in the company's business. The increase represents the amount salaries were reduced a year ago. At present the company is operating day-and-night shifts with 600 workers.

KATY TRAFFIC GAINS

NEW YORK, September 21.—Traffic on the Missouri, Kansas & Texas Railroad is showing a decided improvement this month, M. H. Cahill, president of the road, declared here yesterday.

"If September loadings continue at the present rate of increase", Cahill said, "the daily average will be the highest since last November; a definite sign that the downward tendency has been checked."

100 MEN REEMPLOYED BY MISSOURI PACIFIC IN SHOPS—INCREASE IN ADDITION TO 60 IN SOUTH AND 200 ON TRAINS

Increased traffic on the Missouri Pacific lines has made possible reemployment of 100 men in its car shops, President L. W. Baldwin announced last night. Points at which these men will be reemployed are Kansas City, Little Rock, Paragould, and Van Buren, Ark., and Osawatomie and Coffeyville, Kans. This will mean an additional expenditure of $30,000 a month, divided almost equally between labor and material, Baldwin said.

He, too, attributed the improvement to the wide-spread return of confidence, which has been reflected recently in various markets of the country.

BANK LOAN DEMANDS OF R.F.C. DECREASE—OFFICERS INTERPRET DROP AS INDICATION OF BETTER CONDITIONS

WASHINGTON, D.C., September 22.—A conspicuous drop in applications for loans by banks, insurance companies, and similar organizations since July 15 was interpreted at the Reconstruction Corporation offices today as indication of much improved bank conditions.

BANKERS AND INDUSTRIALISTS GET OPTIMISTIC REPORTS ON BUSINESS AND ECONOMIC RECOVERY—MORE CREDIT AND JOBS

CLEVELAND, OHIO, September 22.—Optimistic reports, bulwarked by an impressive array of statistics, came before the banking and industrial committee of the Fourth District Federal Reserve bank today as guideposts along the path of business and economic recovery.

Indices of major items in the economic and financial structure of the country showed a 3 months' advance over a range of 4 to 200 percent.

"These recoveries", declared Col. Leonard P. Ayres, economic adviser to the committee, "make definitely the end of the financial panic. That is over.

"The business depression is still with us. But the best evidence that the corner is being turned is the fall increases now being reported in many kinds of business. There was no fall increase in 1930 or 1931."

ST. LOUIS DEPARTMENT STORE SALES BETTER THAN SEASONAL GAIN—CHECKS CASHED CLOSER TO TOTAL THIS PERIOD LAST YEAR

Department store sales in St. Louis have increased more than seasonally during the past 2 weeks, the improvement being reported in nearly all lines.

The St. Louis Clearing House Association yesterday also disclosed the volume of funds cashed through checks at its member banks has been making a closer approach during the past week or 10 days to the corresponding period of 1931. The last 8 business days reported, which include checks cashed up to and including last Saturday, total $100,000,000, a decline of only 9 percent under the 8 corresponding days of 1931, whereas the decrease had ranged from 25 to 50 percent during the greater part of the summer.

Bank clearings have been making a relatively better showing also, although the comparison here is vitiated by virtue of the Franklin-American clearings being included last fall. This bank has since been merged with the First National Bank.

Approaches last year

The increase in department store sales yesterday was described by Leo C. Fuller, vice president of Stix, Baer & Fuller, as the most genuine approach to the previous year's volume he has yet observed.

"It may be due in part to the general return of confidence, which has been evident since midsummer, and in part to some real improvement in fundamental conditions", he said. "At any rate, there is no mistake about the fact people are buying more freely.

"The actual number of units sold are equal to, if not above, a year ago, and we are confident the volume in dollars and cents will be above the corresponding period of last year by late fall. The reason why the dollar volume is behind now, of course, is due to the lower prevailing prices."

CIGAR BUSINESS UP 100 PERCENT

QUINCY, FLA., September 22.—An announcement that August business increased 100 percent over the same month in 1931 was made by the Habana Florida Cigar Co. Officials said production is being speeded up and a night shift added.

MORE WORK AT FALL RIVER, MASS.

FALL RIVER, MASS., September 22.—The Kerr Thread Mill announced it has placed its 1,400 employees—formerly working on a 3- or 4-day basis—on full 6-day-week shifts.

NEW FREIGHT RECORD FOR 1932

NEW YORK, September 22.—The Chesapeake & Ohio Railroad, a leading Eastern coal carrier, reported freight traffic last week set a new record for 1932. Carloadings of 28,540 cars were reported as 9 percent better than the former high of the year last March.

CIGARETTE SALES GAIN IN JULY

CHICAGO, ILL., September 22.—The Internal Revenue Department released figures showing consumption of cigarettes showed a gain during July—the first advance in 16 months. Cigar and tobacco sales were reported about steady. There were 9,558,921,908 cigarettes sold in August, a gain of 38,743,310 over the same month in 1931, the Revenue Department said.

[From the Kansas City Star, 1932]

LABOR SAYS TREND IS UP—WAGES SHOULD BE INCREASED, FEDERATION BELIEVES—WITH SIGNS OF REAL BUSINESS IMPROVEMENT COMING IN, EMPLOYEES' PAY SHOULD NOT REMAIN AT SAME LEVEL, SURVEY NOTES

WASHINGTON, September 25, 1932.—The American Federation of Labor, in its monthly survey of business issued today, said: "Signs of real business improvement are coming in slowly."

The federation said the unemployment rise was checked in August but that 11,400,000 still are out of work.

Indications of business gains noted were improved production in textiles, shoes, and clothing; more activity in coal mines; increased carloadings; rising commodity prices; steel activity; and a slight increase in motor-car production.

[From the Kansas City Star, Sept. 28, 1932]

STEEL PLANT SPEEDS UP—KANSAS CITY FIRM HAS ADDED 80 MEN TO PAY ROLL—STRUCTURAL ORDERS THE LARGEST IN 8 OR 10 MONTHS—COMMERCIAL WORK COMING IN

With unfilled orders larger than at any time in the last 8 or 10 months, the Kansas City Structural Steel Co. has been able to provide work for 80 additional men since September 1.

Until recently most of the company's business has come from public works, such as bridges in connection with road construction. Commercial work now is beginning to come in, Mr. Fitch said.

BALTIMORE & OHIO INCREASES SHOP FORCE 1,800, EFFECTIVE OCTOBER 3—MEN TO WORK FOUR 7½-HOUR DAYS WEEKLY

BALTIMORE, MD., September 27.—A program for increasing the Baltimore & Ohio R.R. shop forces by approximately 1,800 men was announced today by C. W. Galloway, vice president in charge of operation and maintenance.

BUSINESS INCREASE REFLECTED IN HOTEL TRADE GAIN HERE—HOSTELRIES REPORT MORE SALES REPRESENTATIVES ARE COMING TO ST. LOUIS AND OPTIMISM IS FELT BY TRAVELING PUBLIC

If an increase in hotel business is a criterion of improved economic conditions, St. Louis and neighboring territory show indications of a better trade situation than has been apparent during the last year or more, it was learned yesterday from a canvass of some of the city's leading hostelries.

All managers reported an increase in business during the last 5 or 6 weeks. Part of the new volume was declared seasonal, but it was generally stated sales representatives of all types of industry have been coming to the city in greater numbers than have been noted in the last 6 months or year.

The majority of these salesmen have reported a slow but definite resuscitation of business. Managers universally remarked a feeling of optimism among their salesmen guests which was not in evidence last year. Conventions were said to be better attended than last year, due to less anxiety over immediate business changes.

EGG PRICES SOAR

CHICAGO, ILL., September 22.—A heavy rush of speculative buying carried egg prices higher on the Chicago Mercantile Exchange today. An advance of five eighths of a cent a dozen brought the October delivery to 23⅛ cents and the November to 23¾ cents, the highest levels reached in more than a year. The volume of trading was the heaviest since May 13, 1930, sales totaling 467 carloads, or 5,604,000 dozen.

Dwindling supplies in storage and higher prices of stocks and grains gave the market its upward impetus.

THIRTY-FOUR PERCENT GAIN IN SALES

NEW YORK, N.Y., September 28.—Sales of the L. C. Smith and Corona Typewriters, Inc., in August showed an increase of 34 percent over July, it was announced today by Hurlbut W. Smith, chairman of the executive committee.

"There is still a greater improvement in the volume of business for September, for sales to date are 25 percent above those in August", he added. "Our records show that this improvement concerns domestic sales almost entirely. There is an indication, however, that the foreign market also is improving."

Production at the company's plant has doubled in September and in August was three times July's output.

SHARP GAIN SHOWN IN PRODUCTION OF ELECTRICAL POWER—CONSIDERED ONE OF MOST RELIABLE BAROMETERS OF BUSINESS ACTIVITY

NEW YORK, September 28.—Production of electrical energy, one of the most reliable barometers of business activity, in the week ended September 24 showed a sharp gain over the preceding week. In the corresponding period of 1931 and 1930 production showed a decline from the preceding week.

Production in the past week was 1,490,863,000 kilowatt-hours, the highest since the week ended March 26, when output was 1,514,553,000 kilowatt-hours.

GAIN IN CAR LOADINGS

CHICAGO, September 28.—For the first time since 1925, September car loadings are exceeding those of August on the Burlington Railroad. It is estimated that the total loadings for this month will be 91,000 cars, a gain of 4,000 over August.

Officials of the International Harvester Co. have confirmed reports that contracts had been signed for approximately 1,000,000 yards of cotton duck, enough for a year's supply at present rate of use. The fabric is used to form aprons and belts on binders and combines for carrying sheaves of grain.

COAL SHIPMENTS INCREASE

WHITESBURG, KY., September 28.—Daily coal loadings reached a 12-month peak here Monday, when 741 cars were shipped on the Louisville & Nashville Railroad.

SLOAN REPORTS BETTER BUSINESS

WASHINGTON, September 28.—Alfred P. Sloan, president of the General Motors Corporation, reported an encouraging uplift in his end of the business last month, in the course of a White House conference yesterday.

"Our sales", Sloan declared, "show the first acceleration that has been noticed since the start of the depression, and it was sustained through the first 10 days of September."

TWENTY-FIVE PERCENT PAY-ROLL INCREASE

GRAND RAPIDS, MICH., September 28.—The pay rolls of the furniture industry have increased 25 percent during the last 2 months. Orders booked during August were 28 percent greater than in July.

IMPROVEMENT IN PHILADELPHIA

PHILADELPHIA, September 28.—The Philadelphia Chamber of Commerce today noted further improvement in manufacturing in this area. All hosiery mills and 75 percent of all clothing workers in the city were reported working.

SHARP BUSINESS GAIN NOTED BY EXPERTS—BRADSTREET SAYS TRADE IMPROVEMENTS ARE BEST OF YEAR

CHICAGO, ILL., September 28.—Bradstreet's today said: "Reports covering all line of trade and manufacturing are the best of the year."

The R. G. Dun & Co. report was less enthusiastic but emphasized the improvement in the wholesale field.

BANK CLOSINGS DECREASE

CHICAGO, ILL., September 28.—Rand McNally & Co. reports that, with 2 days remaining, bank closings for September show a decrease of 83 percent compared to September 1931. Six new and reopened banks bring the total for the year to 293, 9 more than for the same period in 1931.

ONE MILLION DOLLARS IN ORDERS

CHICAGO, ILL., September 28.—Charles G. Munn, president of the Reynolds Spring Co., announced today that the company now has more than $1,000,000 worth of orders on hand. He added that large-scale orders aggregating between $2,000,000 and $3,000,000 were pending, with prospects that a good portion would be closed within 30 days.

STORE TO INCREASE ADVERTISING 25 PERCENT—EXECUTIVE OF THE FAIR SAYS RETAIL TRADE IS DEFINITELY ON UPTURN

CHICAGO, ILL., September 29.—The Fair, large department store, will spend 25 percent more for advertising in October this year than it did in October last year, D. F. Kelly, president, said today, because retail trade is definitely and decidedly on the upward trend.

[From the St. Louis Star, 1932]

A. F. OF L. SEES MILLION JOBS IN R.F.C. PROJECTS—243 APPLICATIONS FOR SELF-LIQUIDATING CONSTRUCTION LOANS TOTALING $807,355,677 RECEIVED IN PAST 2 MONTHS—NEARLY EVERY STATE IN UNION REQUESTS FUNDS—$40,000,000 IS BIGGEST SUM GRANTED—BOARD FAVORS SMALL PROJECTS IN BELIEF THEY WILL PROVIDE MOST EMPLOYMENT

WASHINGTON, September 29.—The Reconstruction Finance Corporation has received 243 applications for self-liquidating construction loans totaling $807,355,677 during the past 2 months.

In most cases these loans are only supplementary to other sums that will be spent by the borrowers on the various projects. The estimated construction costs of these projects are approximately $4,000,000,000.

The undertakings would provide direct work for more than 1,000,000 men and women and 3,000,000 men indirectly for 1 year, according to American Federation of Labor statistics.

The requests for Federal aid come from practically every State in the Nation.

NEW YORK CENTRAL PLANS 4,000 REEMPLOYED

The New York Central Railroad, because of an improvement in traffic, today announced a tentative program of expanded operations in its car and locomotive shops beginning October 1. The plan calls for the employment of about 4,000 men.

RAIL TRAFFIC GAIN CREATES 15,000 JOBS—MOST OF WORKMEN TO BE RECALLED ARE FOR LOCOMOTIVE AND CAR REPAIRS—INCREASE FELT PRINCIPALLY IN NORTHWEST

NEW YORK, September 30.—Seasonal increases in railroad traffic on some lines and better than seasonal increases on others have resulted in improved earnings reports for the last 2 months and will produce jobs for at least 15,000 workmen before October 15, a survey showed today.

The Nation's freight traffic declined in the corresponding period of 1930 and 1931.

Most of the workmen to be recalled are locomotive and car repairmen, but in the Northwest there has been such an increase in traffic that many train crews are being added. In one district alone there the traffic is expected to be 300 percent more than for last year.

UTICA, N.Y., TEXTILE MILL INCREASES PAY ROLLS

UTICA, N.Y., September 30.—Pay rolls of the New York Mills Corporation, manufacturers of cotton goods, will be four times larger this month than they were in the summer, executives said today. About 2,000 persons are employed, and plants are working day and night.

ONE THOUSAND TO BE RECALLED

NEW YORK, September 29.—American Sheet & Tin Plate Co., a subsidiary of United States Steel Corporation, will resume operations Monday at the American Works, Elwood, Ind., an announcement here today said. More than 1,000 men who have been idle since last spring will get jobs.

FORTY-EIGHT-HOUR WEEK RESUMED IN RAILWAY SHOPS

BILLERICA, MASS., September 30.—George A. Silva, superintendent of the Boston & Maine car shops, said today a 48-hour weekly schedule of employment will be resumed next Monday, affecting 700 workers.

For several months employees have been on a stagger system, giving them only 11 days' employment each month.

STEEL PLANT REOPENS

PITTSBURGH, PA., October 2.—Officials of the A. M. Byers Co. tonight announced its steel plant at Ambridge will reopen Monday with a force of 500 men.

BUSINESS INCREASE IN ST. LOUIS AREA REPORTED BY RESERVE BANK; SHOE SALES UP 75 PERCENT IN MONTH—GAINS IN SOME LINES FOR AUGUST ARE MORE THAN SEASONAL, IT IS STATED—DECLINE IN BUILDING PERMITS

The trend of business activity in the Eighth Federal Reserve District during August was distinctly upward, according to the current monthly review of the Federal Reserve Bank of St. Louis, issued today. Last month's review, covering July, reported business at the lowest ebb reached in the depression.

CAR LOADINGS GAIN 8,444 IN WEEK TO SET YEAR'S RECORD—REVENUE FREIGHT TOTALS 595,746 FOR 7 DAYS ENDING SEPTEMBER 25, 1932

WASHINGTON, October 1.—Car loadings of revenue freight for the week ended September 25 established a new record for the year with a total of 595,746, an increase of 8,444 cars over the preceding week, the car-service division of the American Railway Association announced today.

The figure was 142,290 cars under the same week last year and 354,917 cars under the corresponding week in 1930.

TOY INDUSTRY HIRES 25,000

NEW YORK, October 1.—Twenty-five thousand additional workers have been taken on by the toy industry as a result of a September rush of orders, the Toy Association announced today.

Fewer banks were closed during September than in any month this year except March, the American Banker reported, with a September total of 56 suspensions. In March there were 55.

Business throughout the country, insofar as reflected in telegraph and cable receipts of the Postal Telegraph & Cable Co. has shown consistent upward trend in the last 11 weeks, officials said.

HAMILTON-BROWN CONTINUES RECENT GAINS

Hamilton-Brown Shoe Co. reported September shipments showed a larger gain over the corresponding month of 1931 than did its August shipments. Orders received so far, it was stated, indicated the early part of October, at least, will exceed the corresponding period of 1931 also.

This company recently reported a substantial gain in employment and pay roll over August and September of 1931.

CHILD LEADS PRAYER AS FACTORY REOPENS

CONNELLSVILLE, PA., October 2.—Husky workmen knelt while a child led them in a prayer of thanksgiving before she applied the torch which renews operations at a Dunbar glass plant here.

With bowed heads they followed the words lisped by Lulu Mancini, 12:

"We thank God for His goodness in presenting such a means of relief, and we pray Him to cause continuance of orders which will provide long production."

Then she applied the flame to one of the large tanks.

Dunbar has been hard hit, but the mill of the Pennsylvania Wire Glass Co. will resume October 17 and 150 men will have jobs.

WEEKLY PAY ROLLS IN ARKANSAS SHOW MARKED INCREASE—AUTO DEALERS, GRAIN MILLS, AND GLASS FACTORIES REPORT IMPROVEMENT

LITTLE ROCK, ARK., October 3.—The largest increase in total weekly pay rolls of Arkansas industries since 1930 was shown during September, according to figures compiled by the State labor department.

Compared with September of last year, the average weekly pay check showed an increase of $3.

Improvement was shown by automobile dealers, confectioneries, cotton compresses, grain mills, glass factories, lumber mills, petroleum products, and retail trade. Another upward improvement, although not shown in the labor department report, was in coal mines, which recently reopened.

MISSOURI PACIFIC TREND UPWARD

Revenue freight traffic handled by Missouri Pacific during September established a new high record for 1932, and was greater than any month since November 1931; 64,588 cars were loaded locally and 29,077 received from connections, a total of 93,665. This is an increase over August of 9,333 in local loadings and 2,348 in receipts from connections, a total increase of 11,681 cars, notwithstanding there were 2 less loading days in September than in the previous month.

The trend of Missouri Pacific traffic is indicated by the fact that September shows an increase over August of over 14 percent, while in September last year there was a decrease of nearly 10 percent, compared with the previous month.

TIN-PLATE PLANT REOPENS

PITTSBURGH, October 3.—The Creighton plant of the Pittsburgh Plate Glass Co. reopened today, giving employment to approximately 1,000 men and women. H. S. Wherrett, president, said $350,000 has been made available for plant improvements and deferred maintenance.

BUSINESS IMPROVING, CHARLES SKOURAS SAYS—SAYS THEATERS WILL SEE PROSPERITY IN 6 WEEKS WITH PRESENT TREND

LOS ANGELES, CALIF., October 5.—Charles P. Skouras, operator of one of the world's largest chain of theaters, said today there has been "an increase" in theater attendance in the last 8 weeks.

"With another 6 months, if business continues to gain at the present rate, the theater business will again enjoy prosperity", he said. "When people forget their fears and worries, they seek entertainment and amusement, and the theater business has picked up remarkably well."

BANK DEPOSITS GAIN FIRST TIME SINCE 1930—WALL STREET IMPROVEMENT DUE TO RETURN OF FRIGHTENED CURRENCY

NEW YORK, October 7.—The current crop of condition statements of leading Wall Street banks, which have correspondents in every large city of the country, are showing, with scarcely an exception, a gain in deposits.

Not since June 30, 1930, when deposits reached their peak levels in most banks, had the down trend been broken until the present. The statements which are now appearing cover the quarter ended September 30. They show that the banks have further strengthened their liquid condition. Moreover, the gains in deposits have resulted not from an expansion of loans, because there has not been any material change in these, but from what one banker described as "the return of frightened currency now that people are regaining their courage and confidence."

CLOTHING COMPANY TO RAISE WAGES 5 PERCENT—J. GREENSPOON ALSO TO AUGMENT FORCE DUE TO INCREASE IN BUSINESS

The Greenspoon Clothing Co., manufacturers of topcoats and overcoats, 1136 Washington Avenue, will increase wages 5 percent in the pay roll of October 19, and meanwhile will add about 10 persons to its staff, it was announced yesterday by J. Greenspoon, president.

The firm's September business, Greenspoon said, was approximately 25 percent in excess of that of the corresponding month a year ago.

TWENTY SIX THOUSAND THREE HUNDRED TWENTY-NINE INCREASE IN CAR LOADINGS, RECORD FOR 1932—FIGURE FOR WEEK ENDED OCTOBER 1 IS 622,075—THIRD CONSECUTIVE WEEKLY GAIN

WASHINGTON, D.C., October 8.—Revenue railroad freight loadings for the week ended October 1 established a new record for the year with a total of 622,075 cars, the car-service division of the American Railway Association reported today.

The figure represented an increase of 26,329 cars over the preceding week and was the third consecutive week to show a new record for the year. The figure was 155,637 cars under the corresponding week in 1931, and 349,180 cars under the corresponding week in 1930.

COTTON MILLS RECALL 50,000

NEW YORK, October 8.—At least 50,000 mill hands have been recalled to work by cotton-goods manufacturers on account of greater than seasonal activity in textile production, a report by Frazier Jelke & Co., said.

WORK FOR 2,000 PERSONS

FLINT, MICH., October 8.—Approximately 2,000 employees of the AC Spark Plug Co., division of General Motors, are being returned to their jobs.

TWO THOUSAND GET SUGAR-BEET JOBS

SCOTTSBLUFF, NEBR., October 8.—Two thousand men were put to work by the six North Platte Valley sugar-beet refineries, which opened for a 70-day period.

COLLIERIES REEMPLOY MEN

WEST SHENANDOAH, PA., October 8.—Nine hundred anthracite workers have been reemployed by the local colliery of the Philadelphia & Reading Coal & Iron Co. Earlier this week 1,300 went back to work at the Bast & Gilbertson collieries.

SEPTEMBER UPTURN IN STEEL EXCEEDED ALL EXPECTATIONS—INDICATIONS POINT TO SUBSTANTIAL GAINS DURING OCTOBER

CLEVELAND, OHIO, October 9.—Improvement in the steel industry exceeded all expectations in September and there are indications October also will record substantial gains, said Steel today.

NEW YORK FACTORY JOBS INCREASE 6.5 PERCENT

NEW YORK, October 10.—A distinct improvement in factory employment in New York State was reported today by State Industrial Commissioner Frances Perkins.

Her figures showed about 40,000 factory workers, or 6.5 percent, in the State were reemployed between August 15 and September 15.

The report, based on information provided by 1,571 industrial establishments, is the first to indicate an improvement in factory employment since September of last year. Factory pay rolls increased 9.3 percent in the month.

BUSINESS FAILURES DECREASE

Business failures in September dropped nearly 20 percent from August to the lowest number in more than a year, Bradstreet reports. Also, it was the first time in nearly a year that the number of failures was less than in the corresponding month a year ago. The total number of insolvencies was 1,262, compared with 1,645 in August and 1,347 in September 1931.

SEVEN HUNDRED AND FIFTY MEN RECALLED

PHILADELPHIA, PA., October 14.—The Philadelphia & Reading Coal & Iron Co. today ordered Alaska colliery, employing 750 men, to resume operations tomorrow morning.

Officials said because the company's central breakers at Locust Summit and St. Nicholas had reached peak production, orders had been issued to resume operations at the following mines: Bast, Reliance, Shenandoah City, West Shenandoah, and Gilberton. More than 4,500 anthracite workers resumed employment at these collieries.

BETTER THAN SEASONAL PICK-UP IN BUSINESS REPORTED LAST WEEK—FACTORY STEP-UP BRINGS EMPLOYMENT INCREASE IN SEVERAL LINES

NEW YORK, October 15.—A slightly better than seasonal improvement in business conditions occurred in most sections of the United States last week, with buying of clothing and articles for the home showing increased retail activity and stepping up factory operations and employment in many lines, denoting further gains in manufacturing, according to reports from all sections to the New York Times.

Textile, leather, building materials, ceramics, metal products, and wood-working industries showed the principal advances, reflecting the fundamental character of the recovery so far established.

AMERICAN RADIATOR PLANT TO START

The American Radiator Co. will resume operations at its largest plant, at Bayonne, N.J., next Monday, giving employment to between 1,000 and 1,500 men, it was announced today. The plant has been idle for several months.

REHIRING 1,200 EMPLOYEES

DETROIT, MICH., October 19.—C. David Widman, secretary and treasurer of the Murray Corporation of America, manufacturers of automobile bodies, announced today that the company this week is rehiring 1,200 employees, mostly toolmakers, and increasing its pay roll about $50,000 a week in preparation for the production of 1933 models by automobile factories.

"As soon as the preliminary details are completed, which means perhaps several months, we expect to be entering direct production", Widman said. "How many more employees that will mean, of course, is still uncertain."

GLASS PLANT TO REOPEN

CHARLEROI, PA., October 19.—N. L. Niece, superintendent of the Belle Vernon plant of the American Window Glass Co., announced today that the plant will reopen Monday, giving employment to 350 men. The works have been idle 8 months.

SPINDLES IN SEPTEMBER OPERATE AT 94.6-PERCENT CAPACITY

WASHINGTON, October 20.—The cotton spinning industry was reported today by the Census Bureau to have operated during September at 94.6-percent capacity, on a single-shift basis, compared with 72.4 in August this year and 88.1 percent in September last year.

Spinning spindles in place September 30 totaled 31,545,832, of which 23,883,948 were active at some time during the month, with the average on a single-shift basis being 29,856,205, compared with 31,643,898, 22,022,490, and 22,896,024 in August this year and 32,586,880, 25,236,916, and 28,722,089 in September last year.

Active spindle hours for September totaled 6,866,031,482, or an average of 218 hours per spindle in place, compared with 5,539,006,107 and 175 for August this year and 6,540,450,573 and 201 for September last year.

BUSINESS FAILURES OFF

Business insolvencies last week, as reported by Bradstreet's, fell to the lowest total since November 1931. They numbered 438, compared with 467 in the preceding week and 514 in the corresponding period of 1931.

SEPTEMBER INCREASE IN SHOE PRODUCTION—QUANTITY RECORD SINCE OCTOBER 1929 ESTABLISHED BY INDUSTRY

WASHINGTON, November 6.—September production of 33,688,461 pairs of boots and shoes, other than rubber, represented an increase of 9.4 percent over August 1932 (30,784,991 pairs), and 7.7 percent over September 1931, and was the quantity record since October 1929, when 37,191,000 pairs were manufactured, according to the Commerce Department's shoe division.

SHOE PRODUCTION UP

WASHINGTON, November 2.—Shoe production, with 33,688,461 pairs in September, showed a sizeable increase over both the preceding month and the same month for 1931, the Department of Commerce announced today.

GENERAL ELECTRIC INCREASES FORCE

SCHENECTADY, N.Y., November 2.—Production, sale, and installation of the new General Electric oil furnace and other air-conditioning products of the company have resulted in the employment of 2,500 men, officials announced today.

FEWER BANK SUSPENSIONS

CHICAGO, ILL., November 2.—Rand McNally & Co. report deposit tie-ups of closed banks show a big decrease. The amount tied up by suspensions in the week ended today is the lowest of any week since September 1929. The number of new suspensions is 22, whereas the corresponding week last year 79 banks suspended, with average deposits seven times as much as the current week.

EMPLOYS MORE MEN

CORNING, N.Y., November 29.—The Corning Glass Works announced today that due to an increase in orders 170 men had been called back to work. A reduction in prices resulted in more than 7,000 additional hours of labor during the second week.

PAPER PLANT RESUMES

SANDUSKY, OHIO, November 2.—The Hinde & Dauch Paper Co. today announced its no. 3 plant here will be placed in operation within 3 weeks, for the first time in 5 years. Its other two Sandusky plants are now in operation.

REGULATION OF SECURITIES EXCHANGES

The Senate resumed the consideration of the bill (S. 3420) 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.

Mr. ADAMS. I suggest the absence of a quorum, and ask for a roll call.

The PRESIDING OFFICER. The clerk will call the roll.

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

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

Mr. LEWIS. Mr. President, I wish to announce the absence of the Senator from California [Mr. MCADOO], occasioned by illness, and the absence of the Senator from Florida [Mr. TRAMMELL], on official business, and ask to have that announcement stand for the day.

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

The bill is open to amendment.

Mr. BULKLEY. Mr. President, I offer an amendment, which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 14, beginning with line 11, it is proposed to strike out through line 24, page 17, and to insert in lieu thereof the following:

RESTRICTIONS ON LOANS BY MEMBERS, BROKERS, AND DEALERS

SEC. 7. It shall be unlawful for any member of a national-securities exchange or any broker or dealer who transacts a business in securities through the medium of any such member, directly or indirectly, to extend or maintain credit or arrange for the extension or maintenance of credit to or for any customer for the purpose of carrying securities on margin.

Mr. BULKLEY. Mr. President, the effect of the amendment which I have just offered would be to strike from the bill that section which undertakes to regulate trading on margin account and substitute therefor a provision prohibiting margin trading.

One of the most difficult and controversial questions which the respective Senate and House committees have had to face in the drafting of the proposed Federal Securities Exchange Act of 1934 was the question of regulating so-called "margin accounts." The margin account is the technical name of that transaction by which the stock broker, having received from his customer a deposit in cash or securities known as a "margin", makes available to the customer credit for the purchase of stock-market securities. Ordinarily the customer signs an agreement authorizing the broker to rehypothecate whatever securities he may deposit and whatever may be purchased for his account, but he signs no note evidencing his obligation to the broker for that which is loaned to him. The account remains an open one, the customer's debit balance varying from day to day.

It follows from this simple arrangement that, on a rising market, when the value of securities goes up, the customer's equity is increased and he is able, if he so desires, to obtain additional credit for the purchase of more securities without being obligated to deposit any additional cash or securities. If, however, the market goes down, the broker calls upon the customer to put up more margin; that is, more cash or more securities, and if the customer permits his margin to be so nearly exhausted as to imperil the broker's security for the amount loaned, the broker has authority to sell the securities to protect himself, thus wiping out the customer's equity.

Of course, stock brokers do not have their own funds in sufficient amount to supply the vast volume of credit which is ordinarily loaned on margin, and, consequently, they become heavy borrowers from banks, rehypothecating the customers' collateral with banking institutions to obtain the funds to loan to the customers.

Margin trading is essentially a very impersonal transaction. It is not necessary that the broker have any personal acquaintance with the customer, or with his circumstances, nor is there any need for him to ask whether the customer can afford to take the risks which he necessarily assumes in purchasing stock-exchange securities. All that is necessary is that the customer shall deposit a margin, and the margin alone is the broker's protection. The bank from which the broker borrows is similarly protected because it knows the market price of the collateral deposited and knows that the broker is bound, in case of shrinkage of prices, to deposit additional collateral, or to force sales and pay off the loan. The broker, being under that obligation to the bank, is obliged to treat the customer's account with cold-blooded impersonality, and, in case of a falling market, must either exact from the customer additional cash or collateral, or, in the alternative, sell him out, whatever the loss may be.

The supplying of credit by a broker to a customer for the purpose of carrying speculative or investment securities creates a relationship which is fundamentally wrong, and

that is the reason why the committees have found it difficult to regulate that relationship.

This bill is founded upon the theory that in some way an injury is inflicted on our business and financial life by the too easy flow of credit into the stock market. The bill frankly attempts to correct that evil by various devices. One is to limit the loans which brokers may make to their customers on each individual transaction. Another is an attempt to control the flow of funds into the stock market when such flow tends to become excessive, regardless of margins.

This attempt to regulate the extent to which brokers may lend to their clients, and the conditions under which they may borrow from banks or others for the purpose of effecting such credit extensions, is a recognition by the committees in charge of this legislation that margin trading in the stock markets is an element of danger. Yet the committees have both reported bills under which margin trading is to be permitted and protected. As a matter of fact, there is no sound reason which can be advanced why speculation on margins should be encouraged or protected by the Government at all, or even permitted.

What do the committee reports say about margin accounts and speculation? The Senate committee says:

> By the development of the margin account, a great many people have been induced to embark upon speculative ventures in which they were doomed to certain loss.

And again:

> Margin transactions involve speculation in securities with borrowed money.

The House committee, referring to the arrangements by which loans are made on margin, says:

> A magnificently organized lending machinery which operates by wire, can, with an offer of call-loan safety and 1 percent higher interest, draw funds from local banks which would otherwise seek moderate investment in local business enterprise, to finance the pool of a far-away metropolitan speculator distributing through the stock exchanges the securities of a huge corporate merger designed ultimately to swallow and destroy local enterprise. And there is a demonstrable direct relationship between easy credit for the purchase of new securities in the stock market and the trend toward industrial monopolies so accentuated since the war.

Of the speculation made possible by this magnificently organized lending machinery, the Senate committee says:

> Excessive speculation has caused acute suffering and demoralization. It has brought in its train social and economic evils which have affected the security and prosperity of the entire country.

And again:

> There can be little question that stock-market speculation is among the most potent of the factors which have contributed to the prolonged depression.

And again:

> When the crash finally came, brokers' loans were called, causing greater depreciation in the value of securities, including those held in bank portfolios.

Mr. President, we ought to be clear as to what we mean by speculation in securities. The word is used very loosely. The gentlemen from the stock exchanges have come down to Washington and told us that this country was built by speculation. That is true, in a sense. But certainly it was not built by the kind of speculation which went on in Wall Street, and, for that matter, in plenty of little Wall Streets all over the country in 1929 and again, in a small way, in July of last year.

Certainly no one wants to discourage the pioneer who is ready to risk his time, his money, long years of his life and the possibility of failure to launch another industry, a new enterprise which will add to our standards of living, our material comforts and give employment to large numbers of men. That is not the speculation which is aimed at in this bill. There is a difference between the man who builds a railroad, gives his fortune and his talents to the construction of new enterprise, and the man who goes into a broker's office in the morning to buy a hundred shares of railroad stock at one price on borrowed money in the hope that he may be able to sell it at a little higher price in the afternoon or on the next day.

This bill is aimed at speculation in securities. And by speculation in securities is meant the buying of securities, and chiefly common stocks, with the aim of making a profit out of fluctuations in the market price of those stocks. That is gambling. And that ought not to be carried on, under any circumstances, with borrowed money.

Men may differ about the ethical and economic and social effects of gambling. But there is at least one point on which there is no difference of opinion. And that is that no man should ever gamble with borrowed funds.

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

Mr. BULKLEY. I yield.

Mr. LONG. The Senator is not objecting to a man's gambling with his own money, as I understand?

Mr. BULKLEY. That is precisely the point. I realize that when a man wants to gamble with his own money, that is beyond our province.

Mr. LONG. But he is gambling.

Mr. BULKLEY. What I am objecting to is the providing of these exceptional facilities for gambling with other people's money.

Mr. LONG. There is many a little man today who has lost his bank account because his money was gambled on margin on the stock exchange. The man whose money was taken did not even have a chance to make a gain. They are gambling with the little people's money; that is what they are doing.

Mr. BULKLEY. That is exactly what is going on.

Security speculation is practically the only gambling game which can be carried on on credit, and with bank credit at that. You cannot go to a race track and make a bet on a horse race unless you have your money in your hand. There is no money desk in the betting ring where loans can be negotiated for betting purposes. And there ought not be a money desk on the floor of the stock exchange where any man, without any reference to whether he can afford it or not, whether he knows what he is doing or not, can borrow up to the hilt to take a flyer in any stock on the board.

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

Mr. BULKLEY. I yield.

Mr. DILL. How much does the margin trading amount to in 1 year in this country?

Mr. BULKLEY. I do not know of any way of determining how many shares are dealt in in that way, but I can give the Senator information which will be helpful on that point. At the peak of the boom in 1929 there were approximately 1,300,000 active trading accounts on the books of members of the New York Stock Exchange. Of that number, approximately 550,000, or something less than 50 percent, were margin accounts.

Mr. DILL. I thought, perhaps, the Senator had found an estimate or some figures as to the total amount of money involved in margin trading.

Mr. BULKLEY. It is said that it would be impossible to compile such statistics, because trades on margin accounts are not separately recorded, but there is no reason to presume that the margin accounts are any more or less active than other accounts, and, therefore, we may say roughly that margin trading is between 40 and 50 percent of the amount of trading on the stock exchange. Of course that may vary according to the activities of the market.

Mr. DILL. Would the amendment, if adopted, go into effect in 1938?

Mr. BULKLEY. I was going to discuss that point a little later. If adopted in the exact form suggested, it would go into effect on October 1 of this year.

Mr. DILL. Does not the Senator think there ought to be more time than that to work it out?

Mr. BULKLEY. I have no firm opinion on that point. I would be perfectly willing to make it effective at a later date. I do not think that is so material as it is to make the regulation itself.

As a matter of sober fact, the form of credit speculation to which I have referred is far worse than playing the horses on credit. A man goes to a race track and makes bets of a dollar or two, or five or ten, and manages to lose, if he is foolish, his week's earnings. But, on the stock exchanges, he throws away the savings of a lifetime.

Now this bill undertakes to control this dangerous practice by limiting the loans which brokers may make. A far better way would be to take the business out of the hands of brokers altogether.

There is a great deal of difference in the mere technique of making loans between the broker and the bank.

This difference is well stated by Mr. Woodlief Thomas, of the research staff of the Federal Reserve Board, in the hearings before the House Committee on Interstate and Foreign Commerce. I quote from Mr. Thomas:

In the case of a bank loan the trader gives a note for certain specified amount. He signs the note. It is turned over to the bank. If he increases his commitments, he signs another note. As he makes payments on these loans, his note is credited by corresponding amounts and the debt is reduced. In the case of a trader operating through the brokerage house, all debits and credits are made on an open book account, under certain agreed-upon provisions, or rather certain requirements by the brokerage house as to what the customer shall do.

The customer may sign a slip covering these requirements, but he signs nothing showing the size of monetary obligation.

There is also a difference between a bank loan and a brokerage account in respect to title of the securities. In the case of a bank loan the individual borrower generally retains title in the security and simply pledges it as collateral for the note. In the case of a brokerage account the broker generally holds title to the security and has the right to hypothecate it in turn as security for his own loans at a bank. Generally, that right is given expressly by a little statement, which the customer must sign and which also appears in the broker's monthly statement, to the effect that the broker retains that right to hypothecate securities held on margin.

There is another distinction between bank loans and brokerage accounts, one which is rather important. In general, it may be stated that banks are a little more particular about whom they make loans to than a brokerage house. A bank will ordinarily make some credit investigation and find out about the credit standing of the individual. As a matter of fact, a bank will generally not make a loan to anyone who is not a customer of the bank, maintaining a deposit.

In the past, certainly in case of some brokerage houses and perhaps to a certain extent at present, it has been relatively simple to open up an account with a broker. The chief requirement was that the account should be adequately margined. If a man came in with $10,000 worth of securities and an order to buy or to sell, he generally found it relatively easy to open up an account.

Mr. President, we all know that the bank will not make a loan without requiring some credit information about the applicant. It does not make any difference whether the collateral offered is sound or not. A bank wants to know who is making the loan, something of the purpose of the loan, and whether the borrower is a good risk fundamentally.

The broker asks no questions. Anybody is a good risk who has the minimum margin required by settled market practice. In fact, brokerage firms have offices all over the country, issue market letters, carry on an incessant campaign of enticement to bring customers in. Their willingness to gamble is the first and chief requisite. If they have that, then the supplies of credit are practically inexhaustible.

Certainly if loans are going to be made for speculative purposes, the loans ought to be made by some agency which will be guided by sound lending principles and by sound banking practice, and it is certain that a stockbroker is not such an agency.

The subject of the technical operation of the margin account is so well discussed in a letter I have recently received from a constituent living in Cincinnati, that I am going to digress for a moment or two to read from that letter:

Now, extravagant speculation can only be fostered through the use of tremendous sums of borrowed money. First, millions of gamblers buy stock on margin. Then the brokers lend them the balance of the purchase price. The next operation is that the brokers borrow this money from the banks to cover their extension of credit to their customers, and thus brokers' loans are created. Now Congress is attempting to regulate the margin, whereas the margin is not the dangerous factor, except that 98 percent of the public lose their margins. The dangerous fact is the creation of brokers' loans that can never be liquidated except through the forced sale of the stocks in a panic, that always wipe out the margin.

This is too important a subject to gloss over, or to compromise.

I know that the brokers are bringing great pressure on Congress to continue marginal accounts, but the danger is not in the margins, it is in the brokers' loans that are created by the margins. Congress must understand that brokers' loans are the most unusual class of loan. Unlike any other commercial credit, brokers' loans have no element of self-liquidation. A non-self-liquidating loan is a permanent loan that can only be paid off through the forced sale of assets. Now brokers' loans can only be paid off at the end of a speculative era through the forced sale of the collateral stocks, which causes or accentuates a stock-market panic. Now, the stock-market panic on October 23, 1929: The first spasm ended on November 13 of the same year, but periodically, through a period to June of 1932, these brokers' loans were continually under forced liquidation until stocks were forced to 0.1 of their former prices. These loans were liquidated from eight and one half billion dollars down to $250,000,000.

Now you can see that the forced liquidation of brokers' loans caused everybody that had stocks on margin to lose their margin, and in this case the public took losses estimated between nine and ten billion dollars. There were no original margins big enough to withstand the shrinkage. No country can take these staggering losses without feeling the effect, and the effect was a terrific curtailment of the buying power of the public through these staggering losses, plus fear and the loss of confidence. The next effect was the terrific curtailment of business. We know this happened, and we know that this curtailment of business threw 12,000,000 people out of work, whose buying power was destroyed to the tune of $60,000,000,000 in the past 4 years. Nobody can dispute this fact.

But the disasters did not stop here, because with the curtailment of business to 25 percent of normal, the profits which normally used to pay interest charges disappeared, and thus there were billions of defaults in bank loans, mortgages, and bonds. This destroyed confidence in most credit and froze billions of credit. Now you begin to understand why the banks were affected, because they had much of the credit that was involved, either because it was in default or frozen. But in addition, since confidence in credit was destroyed, it demoralized the bond market, so that the bonds held by the banks had terrifically declined. Thus confidence in banks was shaken, and hoarding came in waves. Deposits declined from fifty-six billions to under forty billions, which caused the banks to liquidate their assets. But this was impossible to do, so 5,000 or 6,000 of them failed, many through no fault of their own. Thus confidence in the remaining banks was destroyed until President Roosevelt declared the bank holiday. England and Canada do not have wholesale bank failures, because they do not permit marginal accounts and brokers loans as we do.

In recounting the above I want to bring out the fact it was not the margins that caused the trouble in the first place. It was the liquidation of these brokers loans, which was the result of margins. Of course, the loss of margins started the lack of buying power. Therefore, don't you see, as a counselor, it is very dangerous for Congress to recognize margin accounts. You are legalizing the biggest gambling game in the world, of which the public know nothing, wherein 98 percent of them always lose.

Why should Congress get into hot water by recognizing marginal accounts and try to standardize them. You are simply standardizing the borrowing capacity of millions of gamblers who are not entitled to credit, who are able to put up their life savings as margin, thus they are gambling on a shoe string.

The economic conditions call for a discontinuance of margin accounts. Prevent the brokers from accepting marginal accounts wherein they have to borrow money on brokers' loans with their customers' stock as collateral. Prevent the banks from making these dangerous brokers' loans that have no element of self-liquidation. When a panic starts the banks and brokers liquidate brokers' loans by selling the collateral; that accentuates and continues the panic until it spreads to all lines where all values are liquidated, because economic pressure is exerted in every direction. This is too dangerous a subject to temporize with. It has always caused the period of distress to millions of people that starts a chain of disastrous events.

If Congress would adopt the process that I have suggested, it would force everyone desiring to gamble in stocks to go to their local banks for their speculative accommodations.

The banks would not lend money to their local customers unless they disclosed their financial statement, which would show that 80 percent of those desiring speculative accommodations were not entitled to them. It would establish an educational campaign against speculation where there is no possibility to win, because of brokers' loans, whereas the brokers always encourage the worst type and never look into the financial status of anyone.

Don't you see that the brokers should not be considered in this law, because the havoc they wrought in commerce, in banking, was terrific? The public and the United States should be given first consideration.

The proposed law is good in everything except the recognition of marginal accounts; and if you recognize marginal accounts, you have not corrected the weakness in our speculative system and the same conditions we had in 1927 to 1929 will be reenacted. It does not matter whether the Federal Reserve Board or the Federal Trade Commission is given authority to regulate margins; public

pressure will be brought to bear against them when they endeavor to raise margin requirements, but, no matter what percentage of margin they establish, it will be too late to stop the public when they become overconfident and when the easy facilities of gambling in stocks are ever present to them from every angle.

It is foolish to regulate margins. You must regulate the public, and this regulation can only be done by forcing them to go to their local banks for speculative accommodations, where they can be advised and cautioned against this hazardous game, where they can be refused speculative accommodations when they are not entitled to them. Think of the ribbon clerks, the janitors, the workingmen, small business men, and millions of employees who got into the market in 1929 because they had enough margin to buy two or three times the amount of stock they should have purchased, through the ease with which they borrowed the remainder of the purchase price, whereas if they had had to go to their local bank they would have been refused and thus they could not have speculated, which would have saved the United States of America from our present debacle.

The marginal system is all wrong wherein the individual who is not entitled to this class of credit borrows the remainder from the broker. Then he goes to the bank and borrows money without disclosing the fact that he has borrowed on stocks, but still considers his margins as cash or stocks, and so states it at the bank.

Furthermore, he goes to his merchandiser and gets credit for goods purchased. The merchandiser thinks he is O.K. In all cases his margin eventually will be lost, because 98 percent of those who buy stocks on margin lose their money. As a matter of fact, the granting of credit on securities should be concentrated in banks. Then the banks would actually know the financial condition of each individual. Take the case of the big men in New York City. Their company borrows money, they personally borrow money at the bank, in addition to which they borrow money on margin at the brokers, but they do not disclose this last fact. As a matter of fact, the individual very rarely knows he borrowed money from the brokers, because he thinks his margin is his only commitment. He does not have to sign notes with the broker for this borrowed money, and hence is not impressed with this fact, and eight and one half billion was borrowed this way in 1929.

If you compromise, the old speculative system is still as bad as ever.

Mr. President, the lending of money is the proper business of the banker and not of the stock broker, and it is important to keep all phases of the banking business in the banks. It is true that banks have been criticized for having in the past loaned excessively to support speculation, and it is true that the Congress felt impelled to write into the Banking Act of 1933 additional safeguards to prevent the excessive use of bank funds for speculative purposes. These safeguards are already in the law, regardless of what is written in the bill we are now about to pass.

But, after all, experience does show that the banker is much more to be trusted than the broker in the matter of loans on speculative securities. Back in the 1920's we saw the rise of the bootleg loan market, and we saw also the terrible consequences visited on us by that. In September 1926, $3,219,000,000 was loaned in the stock market on loans to brokers. Three years later, in September 1929, this had grown to the enormous total of $8,549,000,000. But the significant thing about this is that these loans, while handled largely through New York banks, were not all made with New York bank money. In September 1926, the New York banks had loaned $1,010,000,000 to brokers. That was only one third of the whole total. By September 1929, when the market was at its height, the total of loans by the New York banks of their own funds was practically the same—only $1,071,000,000.

It will perhaps surprise many to be told that these vast lendings in the stock market were not made by the New York bands, which we have grown to think are so wicked. Is it not plain that, if the banks had been in control of this situation, the extreme expansion of bank credit in the stock market would not have taken place?

In 1926 the New York banks' street loans were only one third of the total. In 1929 they were less than one eighth of the total. The reason why we had this expansion was that the brokers could go to all sorts of people for money, and that all sorts of persons and agencies could lend their money in the stock market.

We had before the Senate Banking and Currency Committee reports from corporations which used the stock market as a convenient and profitable place to lend their surplus cash reserves. For instance, there is in the record of the committee's hearings a report from one corporation—the Standard Oil Co. of New Jersey—that it made loans every day ranging from $75,000,000 to over $97,000,000 in the month of September 1929. (See part 14, Senate hearings, p. 6365.) Another corporation, the Cities Service Co., made loans every month in the market, on one day as high as $40,000,000, and not one dollar of this money went through a bank. It was loaned directly to brokers and to customers. The Electric Bond & Share Co. in 1929 loaned one hundred millions daily.

Corporations, foreign lenders, institutions, investment trusts, wealthy persons, placed their funds in the market. A great deal of this money was loaned through the banks. That is to say, the banks were directed by the depositor to lend so many dollars in the call market. The bank had no discretion. If the bank refused, the depositor would take his deposits over to another bank. In 1929, $3,907,000,000 was loaned in the market by such lenders through their banks, and another $1,472,000,000 was loaned by them without the interposition of any bank—a total of $5,379,000,000 flooding into the stock market from corporations, institutions, and so forth, which are not in the banking business at all and have no business engaging in that kind of credit activity.

The way to put an end to this sort of thing is to prohibit the broker from making loans to his customers or from getting loans for speculative purposes on customers' stocks from banks. Then the man who wants to speculate will have to have something with which to speculate. There is no use trying to stop people from speculating or gambling. The pending bill does not attempt to do this. We have a right to say to people, however, "Speculate as much as you wish; but if you do so, you will have to do it with your own money."

Then, if a citizen wishes to try his luck in the stock market, he will have to use his own resources. Of course, if he has credit and can satisfy sound credit requirements, he will be able to borrow money to speculate; but we may be sure that he will have to have the basic requisites of bank credit before he can get money. He will not be able to go into a broker's office and get a thousand, ten thousand, a hundred thousand dollars without so much as making out a note. He will have to go to a bank to do his borrowing, and there he will be subject to the scrutiny which a bank gives to any loan. Now, we may say as much as we please about the foolishness of the banks in 1929, but here is the plain fact that the New York banks, which are supposed to extend this credit in Wall Street, called a halt on their own loans in 1926 and thereafter never expanded them until after the crash, when they attempted to save the situation. The banks that restricted market loans in that mad era can be depended on to do it again, and the brokers who expanded loans to the bursting point in that era can be depended on to do that again. They should be kept out of the banking business.

The loan which the broker makes to the customer for carrying a speculative account is in its nature not a legitimate loan, because it is not motivated primarily by the desire to receive a reasonable return on the amount loaned, although it is usual that the broker does charge the borrowing customer a higher rate of interest that he in turn pays to the bank from which he borrows the funds. The real motive of the loan is the stimulation of speculation, to the end that the broker may earn his commissions on the operations in the customer's trading account.

The great facility with which the lenders of money for speculative purposes may be protected by promptly closing out the borrower's accounts creates a situation of minimum risk for the lender and maximum risk for the borrower. It is at least impolitic, if not unconscionable, that we should protect a system by which the lender is induced by other reasons than the merit of the loan to extend credit in the first place and then is induced by self-interest and even compelled, for self-preservation, to use this extraordinary facility for collecting the loan by selling out the borrower's securities, even though it be to the great loss, or even the destruction, of the borrower.

An entirely different situation is created if the customer is required to bring in his own funds for speculative purposes.

If he must borrow he should be required to borrow from someone interested only in the loan and not in some other profit, and without such a one-sided advantage with respect to being able to destroy the equity of the borrower.

There is another aspect to this problem which ought not to be overlooked. When a broker buys stock for a client, he usually has the stock transferred to his own name on the books of the corporation. The result is that a large percent of the shares of many corporations will be found registered in brokers' names. The clients care nothing about this, but the brokers do. Back in 1929 it was common to see as high as 30 to 60 percent of all the common shares of a large corporation standing in the name of stockbrokers. The reports submitted to the Senate committee by corporations in response to our questionnaire give the facts. In the case of one of our big automobile corporations—Chrysler—64.52 percent of all the shares were registered in brokers' names in 1929. In the case of American Can, 39.49 percent of all shares were in the possession of brokers. We cannot overlook the seriousness of these facts. We have to ask ourselves whether it is a wise thing for American industry to have so immense a part of control over its affairs in the hands of men who make a living out of stock-market gambling and speculation. Is it any wonder that American corporations lent themselves to so many curious devices for the purpose of whipping up speculation?

The Senate committee has evidence in its reports from brokers that in 1929, throughout the whole year, the number of persons who operated on Wall Street on margin accounts was only a little over 550,000. It is difficult for many to believe this, in view of all we have heard about the millions of people who speculated in securities. Some five to seven million people bought securities and owned them, invested their savings in them, paid cash for them, and put them away because they were told these were the safest repositories for their life's earnings; but only a little over half a million people did the wild speculating we have heard about. But they visited their evil effects upon the five to seven million American investors who took no part in this wild game.

The investor comes into the market when he has surplus earnings to place. Obviously, he has surplus savings only in periods of prosperity. At such times these half million gamblers, big and little, professional and amateur, playing their game with stocks, instead of with dice or cards, and doing it with the money of the people which they borrow from brokers, but much of which comes out of banks and institutions belonging to investors, drive the prices of shares up to unreasonable heights. Uninformed and trusting investors are lured into buying shares at 2 and 3 and 5 times their true value; and when the bubble breaks, and the game blows up, it is these investors who are left with their losses. Such people have not shown that they can protect themselves.

We need not worry about protecting the speculators from each other; but we do have the duty of guarding the great mass of thrifty people who are made the victims of this game. The surest way to do it is to stop brokers from lending money to customers.

I quote from the committee report:

> It is estimated that more than 10,000,000 individual men and women in the United States are the direct possessors of stocks and bonds; that over one fifth of all the corporate stock outstanding in the country is held by individuals with net incomes of less than $5,000 a year. Over 15,000,000 individuals hold insurance policies, the value of which is dependent upon the security holdings of insurance companies. Over 13,000,000 men and women have savings accounts in mutual savings banks, and at least 25,000,000 have deposits in National and State banks and trust companies—which are in turn large holders of corporate stocks and bonds.

These are the investors who are maintaining the stability of American investments and of American business. These are the investors who are making possible the growth and development of our commerce, industry, and transportation. These investors need protection against a recurrence of the disastrous effect of the wild speculation engaged in by some half million margin traders; and it is far more important that these legitimate investors have that protection than that the gamblers on margin accounts should be protected against themselves.

In view of the importance of the elimination of margin trading, the committee's reason for failing to put such a provision in the bill seems wholly inadequate.

What is that reason? I quote from the report:

> The committee has deemed it unwise at this juncture to adopt a measure calculated to abolish margin trading because of the deflationary consequences which might follow. Nevertheless, it feels that the time has arrived to remove the control of credit in margin transactions from the hands of those who, by reason of their self-interest, are least qualified to administer such control—the stock exchanges and their members.

If the pending amendment should be adopted, it would, according to the terms of the bill, become effective on October 1, 1934, thus allowing more than 4 months for adjustments to be made, and to mitigate whatever of deflationary effect it might have. If it be seriously contended that this period is not sufficient, we may adopt another amendment to give this provision a later effective date. But we should not, through fear of a temporary effect upon stock-exchange prices, fail to take this opportunity to write into law a reform so much needed as the elimination of margin trading. There is always pressure for legislation coming from many different interests. It is not often that Congress gives its attention to the stock exchange, and while we are giving that attention, we should make our reform completely effective. The opportunity to do so may not soon come again.

There is another aspect to the question of legislation with respect to margin trading. This is the first time that Congress has undertaken any regulation of stock-exchange practices. Margin trading has therefore grown up and been tolerated, but has never been definitely sanctioned by act of Congress. Section 7 in the bill, as reported by the committee, is an official sanction to margin trading under regulation. It gives Federal protection to a device which experience has shown as not justified by any economic need, and which has been an important factor in bringing about the most disastrous consequences ever known in our financial history.

Mr. President, I hope the Senate will not approve writing into the law an official recognition and sanction of a provision protecting the device of margin trading.

Mr. FLETCHER. Mr. President, I have listened with pleasure to the admirable address of the Senator from Ohio, who has presented his case quite impressively. I must say, however, that I do not think we have reached the point when we can do away with marginal trading.

The Senator from Washington [Mr. DILL] asked what is the annual volume of marginal trading. I do not believe the figures have been segregated, but on page 50 of the very excellent report entitled "Stock Market Control", by the Century Fund, Inc., there appear statistics as to the amount of business done on the New York Stock Exchange.

It is shown that on January 1, 1934, the date of the statement, there were outstanding 1,209 issues of stock, and 1,293,299,937 shares had been traded in the year previous, having a market value of $33,094,757,244. That was the extent of the trading in stocks. During the same year bonds were traded in of the market value of $34,861,000,000.

The testimony before our committee was to the effect that about 40 percent of the business done on the New York Stock Exchange is marginal trading. Therefore, an amendment such as that pending would have a very drastic and a very serious effect.

Mr. DILL. The margin trading amounts to probably $25,000,000,000 annually.

Mr. FLETCHER. Yes; something like that annually, the total being $33,000,000,000 of stocks in market value, and about $34,000,000,000 of bonds.

Mr. BULKLEY. Mr. President, I take it the Senator will admit that the adoption of my amendment would not necessarily put to an end all of the business which is now done on margin, because some of the customers who trade on margin would be entitled to credit and might borrow the money from their banks; so that it is impossible to say

exactly how much business might be prevented if this amendment were the law.

Mr. FLETCHER. I cannot favor the amendment.

Mr. GLASS. Mr. President, I am reminded by the Senator from Ohio [Mr. BULKLEY] that in the committee I voted for the proposal contained in his amendment, or a kindred proposal; which may be so. Unhappily, however, I did not vote for it with any expectation that it would be adopted. Congress is not opposed to stock gambling. That has been demonstrated over and over again. The Senate was not even interested in one of the most impressive speeches I have ever heard on the floor of this Chamber, the one just delivered by the Senator from Ohio [Mr. BULKLEY]. At a liberal estimate, he had not a dozen Senators hearing what he was saying.

If I voted for the proposal in committee, it was with little expectation or hope that it might prevail but merely to emphasize my consistent attitude toward stock gambling. I do not think Monte Carlo is comparable with the New York Stock Exchange when it comes to outright gambling.

Mr. BULKLEY. Mr. President, will the Senator permit me to suggest the absence of a quorum?

Mr. GLASS. Oh, no.

The PRESIDING OFFICER. The Senator declines to yield for that purpose.

Mr. GLASS. Mr. President, it would be futile to suggest the absence of a quorum for me, just as it would have been had I suggested the absence of a quorum for the Senator from Ohio, and not more Senators would listen to me on this problem than listened to the Senator from Ohio, if as many.

Four years ago I undertook in some measure to correct this frightful evil. I presented an amendment to a revenue bill which came over from the House, in which I undertook to define the difference between an investment and a plain, outright gamble on the stock exchange. I had one of the most competent actuaries in this country prepare for me the statistics and make a chart, from which it was shown that 12 years theretofore the average period a stock on the New York Stock Exchange was held was 67 days, and at the time the chart was prepared the average already had been reduced to 22 days. Yet they called that investment.

The only way to define the difference between a gamble and an investment is to introduce the time element. Nobody invests his money and then stands at a ticker to learn what the price of the stock will be 10 minutes, or 2 hours, or 2 weeks thereafter. Nobody invests his money for a month or for 2 months. He speculates, and in 95 percent of the cases, he gambles with the money.

I proposed, therefore, to impose a tax on all transfers of stock on the stock exchanges generally where the seller of the stock had not held the property for at least 60 days, and I could not get a member of the Finance Committee, even of my own party, to begin to sanction the proposal to assess a tax against these gamblers who periodically destroy the business of this country. Therefore I did not press the amendment. I attempted thereafter in some measure through banking legislation to abate the evil.

Had a tax of that sort prevailed in 1929 it would have put $6,000,000,000 into the Federal Treasury. We could have afforded to have abolished all other forms of taxation. Either that, or it would have tremendously abated this miserable gambling on stocks.

The Senator from Washington [Mr. DILL] a while ago asked the Senator from Ohio [Mr. BULKLEY] a question as to the extent of this form of stock gambling. One of the great New York newspapers which prides itself—yes, actually prides itself, and perhaps properly so—upon being an organ of the vested interests, stated in 1929, when brokers' loans exceeded eight and one half billions of dollars, that 90 percent of the transactions on the stock exchange for that week had been as much gambling as betting on the arrow at a roulette table. And that is true. It is not anything but gambling.

Mr. LONG. Mr. President——

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

Mr. GLASS. I yield.

Mr. LONG. I have always understood that the results from roulette betting are a little less drastic; that, at least, a man does not lose any more money than he puts up; in other words, he does not have a deficiency judgment against him.

Mr. GLASS. I have no doubt that the distinguished Senator from Louisiana can enlighten the Senate better upon that subject than I can. [Laughter.]

Mr. President, we have made some progress in trying to control this evil. In the first place, the Banking Act of 1933 penalizes the use of Federal Reserve banking facilities and member banking facilities for this purpose. The prohibition had been in the law since it was first enacted, but no penalty attached, and therefore little attention was paid to the prohibition; so little attention, indeed, that when the Federal Reserve authorities here in Washington undertook a mild admonition against the use of Federal Reserve facilities in New York for stock speculative purposes, the president of the then greatest bank in America practically told the Board to go to hell, and announced that on the next day, despite the textual prohibition of the law, he intended to rediscount at the Federal Reserve bank in New York to the extent of $25,000,000 and loan the amount to brokers at a specified interest rate. He ought to have been put off the executive board of the Federal Reserve bank before the lunch hour the next day, and yet he was permitted to serve out his term—and came pretty near serving another term.

On the New York Stock Exchange, as pointed out by the distinguished Senator from Ohio, the loans were not all made by the New York banks, as most people suspect. There were more loans—yes; three times the amount of loans—made on account "for others", meaning out-of-town banks, country banks, and, particularly, corporations, than were made by the New York banks to stockbrokers. I wish that the amendment offered by the Senator from Ohio might receive serious and favorable attention.

An hour ago in a session of the subcommittee of the Committee on Banking and Currency a business man was complaining bitterly about the great tax upon industry under the Securities Act; that a corporation in his State of Kentucky had been compelled to expend $75,000 in order to make the report required under one of the provisions of the Securities Act.

Thereupon ensued a brief discussion of investment securities, as they are called—some call them speculative securities; I call them outright gambling—and I asked this gentleman if he would indicate, in his judgment, what percentage of persons who engaged in stock speculation on the exchanges had the remotest idea of the condition of the companies there represented by their stocks, as to whether they were paying dividends, or losing money, or anything about them, and it will surprise the Senate to have me state that his answer was that less than 5 percent, outside the professional speculators and brokers, had the remotest idea of the condition of the companies in whose stock they were buying and speculating.

That being so, it made me wonder how much good is to be accomplished by the provision in the pending bill to require detailed reports, and how many people who speculate in stocks, as the more polite call it, or who gamble in stocks, as I insist upon calling it, will know the meaning conveyed by such reports, or how many of them will take the time to look at one of the reports. Speculating in stocks is going on from one end of the country to the other.

One of my colleagues not now here present took the liberty of indicating to the gentleman I just mentioned that I was in favor of abolishing gambling on margin, and asked what effect it would have. His answer was that it would create chaos. I said, "My heavens, could it create any more chaos than was created in 1929, and that exists today in consequence of the chaos which was created in 1929 on account of marginal gambling?"

I have yet to receive his answer to that inquiry.

But I shall not longer detain the Senate. It is futile to try to convince Congress that a stop ought to be put to stock gambling.

Mr. NORRIS obtained the floor.

Mr. BULKLEY. Mr. President, will the Senator permit me to suggest the absence of a quorum?

Mr. NORRIS. I prefer not.

Mr. President, in my judgment, we are about to vote on the most important provision in this bill, one which is more important than the bill itself. We have now an opportunity, by the adoption of this amendment, to do for the business world something which we have not had an opportunity to do for years, and which we will probably, as the Senator from Ohio says, not have another opportunity to do for years to come.

I have followed the activities of the Banking and Currency Committee as well as I could during the many months it has toiled on this question, and I want to say, Mr. President, that I think that committee are entitled to an unlimited amount of credit for the good work they have accomplished. They had a very difficult task, technical somewhat in its nature, one in which the country was vitally interested. As a partial result of that committee's work, we have this bill before us. However, what surprises me more than anything else is that the committee, laboring as it has for these many months, and having brought forth this bill, have left out of it what, in my judgment, is the most vital thing of all. We can entirely rectify that omission by adopting the amendment offered by the Senator from Ohio [Mr. BULKLEY]. I wish every Member of the Senate, without anything else to bother him or to think about, could sit down quietly and read the speech just delivered by the Senator from Ohio, as well as the speech delivered by the Senator from Virginia [Mr. GLASS]. It seems to me that every student who wants to help bring our country out of the dilemma in which it now is cannot help but reach the conclusion that this amendment is one of the most just and is the fairest of any proposition of legislation that has come before the Congress in many a year.

It deals with a subject of which the whole country has knowledge. In every hamlet in the United States men are buying on margin on the stock market in New York City; every man, woman, and child in the country knows that practice is going on daily and has been going on for years.

Mr. GLASS. Mr. President, may I say to the Senator that they are not buying at all; they are betting on margin.

Mr. NORRIS. Yes; that is a great deal better. Everyone knows the evil which is involved in that practice; we all understand it; but when the report of this great committee comes before us the chairman, in his brief opposition to the adoption of the amendment, says it is not time to do it now; that the wisdom of adopting this amendment at the particular moment is doubted. Nobody denies that it is right; no question is raised about its being just; no question is raised about its being aimed at the greatest gambling institution on earth; and yet it is said, "Do not do it now; let them gamble awhile longer and then we will remedy it." The Senator stated that a witness told him that chaos would come if such an amendment were adopted. Chaos did come in 1929, and chaos is yet with us. One of the reasons why it came—perhaps not the only one, but one of the reasons—is conceded by everybody to have been the gambling that was going on on the New York Stock Exchange on margin. Why should stockbrokers loan money to keep the institution going? If it be right to gamble on the stock exchange, then one ought to be able to play poker for money and still remain in good standing in the church.

Mr. BARKLEY. Should not one also have a right to borrow in order to play poker?

Mr. NORRIS. Yes.

Mr. President, if this amendment shall be adopted, the man who wants to gamble on the stock exchange will have to go to his bank or some other place to borrow his money. He cannot borrow through the instrumentality of the stockbrokers, who require him to put up a security and who look into nothing except the margin, who make no investigation of his character or of his financial standing.

Mr. LONG rose.

Mr. NORRIS. In just a moment I will yield to the Senator from Louisiana. If he goes to his banker to borrow the money, if it is for a legitimate purpose and he has got a good cause for borrowing, he may get it, but otherwise he could not do so. Suppose one were to go to this banker to borrow $10,000, and the banker asks, "What do you want the money for?" and the borrower replies, "There is a great poker game going on across the street and I am going over to play poker with the money", unless one were perfectly sound otherwise, and probably not even then, he would not get the money of any banker under those circumstances. If one should go to his banker and say, "I want to borrow $10,000 to gamble on margin on the stock exchange of New York", he would not get anything; the banker would not lend it to him. It would not be a legitimate loan; it would not be respectable, because it would be gambling.

I have no objection, if a man wants to gamble, to his taking his own money and going out and gambling, but a poker game is respectable compared to betting on margin; and, as I said awhile ago, when one engages in a poker game he uses his own money or he puts up his own security right on the table in the presence of everybody and they can see what it is.

Now I yield to the Senator from Louisiana.

Mr. LONG. I should like to suggest to the Senator from Nebraska that this amendment does not purport to do the terrible thing of stopping gambling. It merely applies the same ethics that obtain in a colored crap game or a poker game. It does not stop gambling; it simply prevents it from wrecking the other man who is not even sitting in the game.

Mr. NORRIS. The effect will be to stop gambling; at any rate, it will decrease it very much, because people will not be able to obtain the money with which to gamble on margin.

Mr. GLASS. Mr. President, may I suggest to the Senator that it is not even the broker's money which they borrow? The broker borrows from the bank.

Mr. NORRIS. Yes.

Mr. GLASS. And the whole banking system of the country is involved in the vicious practice.

Mr. NORRIS. Absolutely. I thank the Senator for that suggestion. It is our money with which they are gambling—the depositors' money.

Mr. GLASS. Not much of it is mine. [Laughter.] But, at any rate, it is not the brokers' money. The brokers themselves borrowed $8,500,000,000 in 1929 from the banks and from the corporations to loan to people with which to gamble on margins. It was not even the brokers' money.

Mr. BARKLEY. Mr. President, will the Senator yield there?

Mr. NORRIS. I yield.

Mr. BARKLEY. This amendment does not prevent a bank from loaning money on a security. Therefore, if a man had enough money to put up a thousand dollars with a broker with which to buy a hundred shares of some stock upon which a thousand dollars was the margin requirement, the broker would take that stock and borrow from a bank the additional amount of money necessary to pay for it. That same man could take his thousand dollars and go to a bank and put up the thousand dollars with the bank, and the bank would buy the stock and loan him the balance sufficient to pay for the stock on the New York Stock Exchange.

Mr. NORRIS. To pay the margin?

Mr. BARKLEY. No; the difference.

Mr. NORRIS. If he is buying the stock, that is a different proposition.

Mr. BARKLEY. The difference between the margin that he puts up with the broker or the banker and the total cost of the stock he would borrow from the banker, just as the broker borrows it from the banker and lends it to the investor or the speculator or the gambler, whichever he may be. I am wondering, therefore, so long as the banks are allowed to loan money upon collateral to an individual who, instead of going to his broker, goes to his bank and borrows the money, whether the amendment which is now under consideration would very largely curtail the speculation of individuals who had enough money to put up for margin either with a bank or with a broker.

Mr. GLASS. May I say to the Senator from Kentucky, although it is not particularly informing to him because he is well aware of the fact, but to the Senate, that we have gone a long way in the Banking Act of 1933 to prevent a bank from loaning its funds on speculative securities.

Mr. BARKLEY. That is true, but in the very bill we are now considering, we provide that a broker may not borrow any money on a listed security except from a member bank of the Federal Reserve System, so as to concentrate all their borrowings on securities with the Federal Reserve System.

Mr. GLASS. Yes; but, as if to apprehend that some such thing as that would be done, fortunately in the Banking Act of 1933 we gave the Federal Reserve authorities for the first time complete supervision over bank loans for investment and speculative purposes, and we denied, under penalty the Federal Reserve banks the right to make speculative loans.

Mr. NORRIS. Mr. President, as I understand it, the suggestion of the Senator from Kentucky affords no reason why we should vote against this amendment. If the suggestion means anything it means that when we adopt this amendment there is still an opportunity to gamble on stocks. I admit that, but that it will very materially cut down the opportunity is admitted by everyone.

If I have money of my own, or if the Senator has money and he wants to buy on margin, he or I can put up the margin and buy. This will only prohibit the common practice of the stockbroker when the price goes down and more margin is required from borrowing it from a bank.

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

Mr. NORRIS. Yes.

Mr. BARKLEY. I am not very expert in these matters, and I know less about speculating in commodities than I do about speculating in securities, because I am not on the committee that deals with that subject, but suppose that a similar amendment were offered and adopted preventing the purchase of wheat or corn, or any other commodity, upon an exchange except for cash, what effect would that have on the price? I am asking the question purely for information.

Mr. NORRIS. Very well; I think I can answer the Senator's question. When we come to wheat there are two sides to the question. The same thing is true with reference to any commodity similar to wheat, such as corn or oats or any other product sold for future delivery. There we have what is known as hedging. A great many dealers and millers claim that it is necessary for their own protection to have the right to hedge. If they want to operate their mill they buy 50,000 bushels of wheat to be delivered 3 months from the date of purchase, when they think they will need it. If they did nothing else but buy at a certain price, and wheat went down and they had to pay the stipulated price, they would have to sell the flour made from the wheat in a lower market, and hence they would lose lots of money. To protect himself, the miller, the day he buys the 50,000 bushels of wheat, goes on the board of trade and sells 50,000 bushels of wheat, so one hand washes the other. If wheat goes up he loses on one purchase and gains on the other, and vice versa.

But there is no such element involved here. Let us take the stock of an automobile company. It is bought on margin. The stock goes down. The broker borrows the money or arranges so that the buyer can borrow the money to get some more of the stock, and it goes further down. The result of such practices is that thousands of clerks, workmen, business men, professional men, are started on the road to ruin by virtue of the fact that they think they know the stock is going up. They borrow some money and lose it. A bank clerk takes money out of the bank and gambles with it, with the honest intention of putting it back, and believing that he will, but he does not, because the stock goes down and he does not get the money he expected. He either commits suicide or goes to the penitentiary. The gambling goes on just the same.

Mr. BARKLEY. Mr. President——

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

Mr. NORRIS. I yield.

Mr. BARKLEY. I did not have in mind in my question the practice of hedging in the purchase of wheat or corn or cotton. I realize where a man makes large commitments for cotton or corn or wheat or any other commodity traded in on the commodity exchange for future delivery he must protect himself against an adverse market at the time when he would be required to fulfill his contract. I had in mind especially, not the man who is engaged in business of that sort but the man who speculates in cotton or wheat or corn, just as a man goes to some broker's office and speculates in stocks.

It is a fact that the securities of the country represent about one half of our total wealth. I was amazed the other night, reading an authoritative book on the subject, to learn that one half of our total wealth is represented by securities. Those securities are held by banks, insurance companies, endowed colleges and universities of all kinds.

Mr. NORRIS. Yes; and everyone of them suffers by reason of the fact that somebody else is gambling in their stocks.

Mr. BARKLEY. Perhaps so, and perhaps not always. What I have in mind is that they have invested in those stocks and bonds because they regard them as safe investments and because in an emergency they have a market for obtaining immediate cash because of the liquid condition of the stocks and bonds in the stock market. Admitting all the evils, which I do admit, in the promiscuous gambling or speculation in stocks just on a hunch that a stock is going up or its sale on a hunch that it is going down—admitting all that, the question that bothers me is, if we curtail transactions in stocks and bonds rather suddenly so as to destroy the liquidity of the market for those stocks and bonds which are held to the extent of hundreds of millions of dollars by the banks, the insurance companies, colleges, and hospitals, and private individuals in the country, whether we have not created a greater evil for the time being than the one we are trying to correct.

Mr. NORRIS. I think I finally get the idea at which the Senator is driving. There are some evils on the board of trade which this measure will not remedy. Various committees of Congress and various State legislatures have for years been wrestling with some of those evils, but they have not yet solved them. That is no reason why we should not solve the riddle while we have it before us. The colleges and other organizations to which the Senator refers are not gambling in stocks. They are not buying stocks on margin. If they have to sell, they sell their stock. They can do that even though there is not a gambler who is buying on margin.

Mr. BARKLEY. I appreciate that they have invested their money, but if something is done that drives down the price of the stock they hold as a part of their investment, because we have crippled the liquidity of the market for it, they have been injured, although they, themselves, are not gambling.

Mr. NORRIS. That may occur, but we must remember if the value of any stock has been raised above its real worth—I do not admit that it has been, but just assuming that it has been—and if gambling in a stock has lowered its price on the market below its real worth and a dealer has to sell as a result of that fact, or if he has bought when it was forced up by virtue of gambling and sells on a lower market, he will lose money, of course. That is probably true at any time, no matter when we should put the provisions of the bill into effect. But that is no reason why we should not stop stock gambling if we can. That is no defense against our protecting millions of our people who are being robbed daily and yearly by gambling in futures and on margin. It is no defense against that protection to say that if we afford such protection stock may go down. If some stock has been artificially raised in price by virtue of gambling and we stop stock gambling, the stock will go down where it ought to be, and where it ought to have been all the time. If a man buys on a rising market and sells in a lower market, he may lose money, of course.

Mr. GLASS. Mr. President——

Mr. NORRIS. I yield to the Senator from Virginia.

Mr. GLASS. May I suggest to the Senator that we did not interfere with the liquidity of the market in 1928 and 1929. We did not curtail market operations in 1928 and 1929. The insurance companies, the estates, the banks, the business institutions are suffering today for the very reason that we did not do it.

Mr. NORRIS. Exactly.

Mr. GLASS. Insurance companies and railroads and thousands of banks are coming here to Washington every day borrowing the taxpayers' money from the United States Government because we did not interfere with the liquidity and curtail the activities of the stock gamblers at that time.

Mr. NORRIS. Exactly. Let me go a little further with that thought. By virtue of the gambling and manipulation that went on, every one knows that stocks and bonds in 1929 were higher than they should have been. There were artificial prices brought about in those years. Stocks and bonds had an artificial value far beyond their real value. That was brought on by virtue of this gambling. There came a time, as it will always come, when the bubble bursts. When the bubble bursts then the honest man and the honest investor, who have the stocks and bonds commented on by the Senator from Kentucky [Mr. BARKLEY], lose money.

Stocks and bonds went probably away below what they were really worth. But no man has a right to ask that the stock market be kept above what it really should be, and kept there by artificial means, merely in order to save his money. No man has a right to ask that it be crushed and put down below what it ought to be under normal business conditions, in order that he may make money.

Take away the gambling and to a very great extent we have found a remedy. I think the amendment on which we are about to vote has more essence in it and more good in it for the country and the people of the United States than the entire bill has without it, although I am going to vote for the bill whether the amendment is adopted or not, because I think it contains many valuable provisions.

Mr. LONG. Mr. President, I shall detain the Senate for only a few minutes.

I know of many communities that have been wrecked as a result of loans made upon margins. I know of a bank or two that was wrecked as a result of loans made upon margins.

As I said the other day, we had in New Orleans a splendid bank known as the "Canal Bank & Trust Co." The stock of the bank was worth perhaps about 100 cents on the dollar. A rumor got around the community that the Canal Bank was to be taken over by the Giannini syndicate. The rumor was started by stock manipulators. Margins began to be played against the bank's stock until it was run up to some $397 per share when it ought to have been valued at $100. The bank was not participating in the manipulation, but as a result an inflated value was created for the stock of the bank; and when the bubble burst, as it was bound to do, and the bank stock began to come down to somewhere near its normal value the community was excited, because it thought there must be something wrong with a bank whose stock would fall off 295 points out of 397 points. A run was begun on the bank, and very soon the bank was in such a condition that it could not go any further, because no bank's loans can be liquid.

Mr. President, this amendment is worth a great deal more than the whole bill. In all kindness to the Senator from Florida, I predict that he will be disappointed in the bill. I predict that within a year's time it will be circumvented or certain parts of it perhaps will be found to be unworkable, so that between the two he will be very much disappointed in the result of the enactment of the bill.

We might as well stop right now if we are not willing to prevent this measure from being used as a bucketshop and a market-rigging gambling contact. Then no other legislation that we enact here will amount to anything. A way will be found to get around it.

I have looked at some of the provisions of the bill. I guess they are as well written as they could be unless we prevent loans being made so that marginal gambling may be prohibited on the exchange.

Nothing is purchased in marginal trading. The man who goes in and buys 10 points on United States Steel does not buy any stock. He does not intend to buy any stock. He is gambling that the stock may go up, as against the other man who is gambling that the stock may go down, each paying a certain percentage of his gambling to some broker and to the stock exchange. Stopping marginal trading does not mean that we are stopping the sale of stock. If a man wants to buy 10 shares of United States Steel, under this amendment he can still borrow the money from the broker and buy it. This amendment does not prevent a man from buying any amount of stock and borrowing the money with which to do it; but it does prevent him from engaging in a marginal gambling transaction and using the money of the people with which to do it.

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

The PRESIDING OFFICER (Mr. MURPHY in the chair). The clerk will call the roll.

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

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

The VICE PRESIDENT. Eighty-two Senators have answered to their names. A quorum is present. The question is on the amendment offered by the Senator from Ohio [Mr. BULKLEY].

Mr. BULKLEY. Mr. President, before the Senate votes on this amendment I desire to call attention to the fact that not a single word has been said in opposition to the merits of the amendment. Not a single reason has been advanced why it should be voted down, except the fear that it may have some adverse effect on prices on the stock market.

Mr. COSTIGAN. Mr. President——

The VICE PRESIDENT. Does the Senator from Ohio yield to the Senator from Colorado?

Mr. BULKLEY. I do.

Mr. COSTIGAN. Is it not further true that when the subject came before the Committee on Banking and Currency, the vote was taken without any thorough discussion such as the Senate has heard today?

Mr. BULKLEY. Of course, that is true.

Even under the bill as drafted and reported by the committee, if the Commission shall do its duty, there will be some restriction and some diminution of margin trading; and so part of that alleged deflationary effect will come anyway, whether or not this amendment shall be adopted.

It is a question whether the adoption of this amendment will cause any very great amount of deflation; but in response to requests which I have had from friends of the amendment who have suggested that perhaps the effective date is a little too early, I now ask to modify the amendment so as to insert, after the word "unlawful", the words "after April 1, 1935." That will allow nearly a year in which to adjust matters to the situation which will exist.

The VICE PRESIDENT. Without objection, the amendment is modified as requested by the Senator from Ohio.

Mr. LONG. Let us have the yeas and nays on the amendment.

Mr. BARKLEY. Mr. President, I have no desire to take more than a very few moments, and I have no personal interest in this subject one way or the other so far as it

affects me; but I do wish to call the attention of the Senate to the fact that this question was very carefully considered by both the House and the Senate Committees on Banking and Currency.

As the Senate knows and as the country knows, the Senate Committee on Banking and Currency has been engaged for more than 2 years in an investigation of the practices of the stock market. The investigation was inaugurated by a resolution offered, I believe, by the junior Senator from Delaware [Mr. TOWNSEND], and his colleague, the senior Senator from Delaware [Mr. HASTINGS], primarily for the purpose of investigating short sales on the stock market. The investigation went from one phase of the stock market to another, until within the 2 years since the adoption of the resolution we have gone intimately into every phase and every practice of dealing in stocks on the stock exchanges of the country.

After 2 years of investigation of the general subject of stock exchanges, and after several weeks or even months of hearings and consideration of this particular measure, both Committees on Banking and Currency decided that it was not wise at this time, at least, if at all, to prohibit the purchase of stocks on the exchanges of the country by what is known as the margin process. By that, of course, is meant part payment for a stock that is bought, whether it is bought for speculation or for investment, and borrowing on the New York Stock Exchange the balance of the amount necessary to pay for the stock.

I concede that there is a difference between the use of credit for the purchase of stocks for speculative purposes and the purchase of real estate by putting up a part payment and paying so much a month, or the purchase of consumers' goods generally on the installment plan.

There may be a line of demarcation, and there is a legitimate difference, between the purchase of stock on part payment and the purchase of a piece of real estate on part payment, or the purchase of an automobile on part payment, or the purchase of any other piece of physical property by putting up a portion of the amount required and obtaining credit for the balance; but in some respects the difference is more in the imagination than in reality.

One half of all the wealth of our country is represented by securities.

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

Mr. BARKLEY. I yield.

Mr. NORRIS. The Senator does not mean to imply by his argument that stocks could not be purchased on margin even if this amendment should be adopted?

Mr. BARKLEY. Oh, no; not at all.

Mr. NORRIS. That would still be permissible; but the money could not be borrowed in this particular way.

Mr. BARKLEY. I indicated a moment ago, in an interruption of the Senator from Nebraska, that even though this amendment should be adopted, anyone who had any money to put up as part payment on a given number of shares of stock might go to a bank and have the bank buy the stock, and put up his partial payment and borrow the balance from the bank, provided the bank was willing to loan it, and that the bank, of course, would hold the stock until the balance was paid.

Mr. NORRIS. The purchaser could do that without the intervention of a bank.

Mr. BARKLEY. I do not know how a purchaser would be able to do it. If he could not buy on the stock exchange by putting up a partial payment, and could not get the money from a bank, the only other place to which he could go would be the home office of the company where the stock was issued. He could go there and say that he wanted to buy some stock.

Mr. NORRIS. But could not the purchaser go directly to a broker and buy the stock in the same way, without the intervention of a bank or anyone else?

Mr. BARKLEY. He could buy it if he had the cash with which to pay for it.

Mr. NORRIS. The amendment merely provides that the broker shall not loan the speculator money on margin, and shall not help him to get the money on margin.

Mr. BARKLEY. Of course that means that the broker cannot sell any stock unless the purchaser has the cash with which to pay for it in full.

Mr. NORRIS. Oh, no.

Mr. BARKLEY. Oh, yes. If I wanted to buy a hundred shares of stock and had $2,000 in cash which I wanted to use to make a partial payment, under this amendment I could not go to any broker and buy that hundred shares of stock and put up my $2,000, and have the broker lend me the difference between my $2,000 and the price of the stock. I could not do that.

Mr. NORRIS. I admit that; but the Senator must concede that if I wanted to buy stock, or, as in the case the Senator puts, if the Senator wanted to buy it on a margin, he would put up the margin with the broker. If another margin became necessary, he would have to put that up with the broker.

Mr. BARKLEY. Under the amendment I could not buy it on margin. I could not buy it from the broker by having him lend me a single dollar in order to enable me to pay for it.

Mr. NORRIS. That is true.

Mr. BARKLEY. So that I could not even buy it from him unless I had the cash to pay the entire amount.

Mr. GLASS. Mr. President, will the Senator permit an interruption?

Mr. BARKLEY. Certainly.

Mr. GLASS. There is no use undertaking to fool ourselves. The Senator knows perfectly well that in most cases, I would not say in nine cases out of ten, but in pretty nearly that proportion, the Senator would not want to buy the stock.

Mr. BARKLEY. I admit that in nine cases out of ten I would not want to buy it, but in the one case out of the ten, if I wanted to buy the stock, I could not buy it as an investment through a broker, although he might be willing to lend me the difference between what I had and what the stock might cost.

Mr. GLASS. That might be a hardship on the Senator, but to permit nine other fellows to gamble in the same stock, and bring disaster to the country as they did in 1928 and 1929 certainly would not be for the benefit of the country.

Mr. BARKLEY. Mr. President, I do not intend to go into a lengthy discussion of this matter. I did not intend to discuss it at all. But I think it might be well for the Senate to consider the conclusions reached by a very distinguished organization known as the Twentieth Century Fund, Inc., the trustees of which are Mr. Edward A. Filene, of Boston; Hon. Newton D. Baker, of Cleveland; Mr. Bruce Bliven, who is a regulator contributor, and has been, to the New Republic, a rather progressive magazine of this country; Mr. Henry S. Dennison; Mr. John H. Fahey, who is now the head of the Home Owners' Loan Corporation, and was before us this morning on some legislation; Mr. John G. McDonald; Mr. Roscoe Pound, who is dean of the law school of Harvard University; and Mr. Owen D. Young.

Their conclusions, which are contained in the book I hold in my hand, present an impartial, detached, viewpoint of the whole stock-exchange situation and its control. After discussing the question of margin transactions on stock exchanges, this distinguished committee has reached the conclusion which I am going to read it to the Senate, because it expresses the views which I entertain at this time even more forcefully than I myself could express them:

We are opposed to measures designed to eliminate margin trading, and our reasons for this, briefly stated, are as follows:

1. Speculators would borrow on collateral directly from banks and other financial institutions if they were forbidden to borrow from brokers. This might be advantageous from some points of view, but it could scarcely be expected to reduce the volume of speculation materially.

2. If, in an extreme effort to stop speculation on borrowed funds, all collateral loans were made illegal, there would be grave danger, in our opinion, that a bootleg loan market of tremendous proportions would come into being. This would aggravate whatever evils now exist in the system of granting loans against security collateral and of buying and selling securities on margin.

3. Furthermore, if all collateral loans were forbidden, injury would result to many owners of securities, both individuals and

institutions, who at times find it necessary or advantageous to make collateral loans for purposes other than speculating in the security markets. Lenders could scarcely be expected to exert effective control over the use borrowers made of the funds advanced to them.

4. It does not seem economically sound or wise to prohibit the purchase of securities on credit as long as credit is permitted in the purchase of commodities and real estate, and in connection with ordinary business transactions of all kinds, including installment buying by consumers. This statement is made with the full realization that the purchase of securities on margin presents several fundamental differences from transactions involving the use of credit in other fields.

5. Corporate financing would be impeded if corporate securities were made ineligible for loans.

6. Above all, perhaps, the elimination of an overwhelming proportion of speculative activity would seriously hamper the important functions of security markets.

It seems to me that the six conclusions outlined in this little publication afford sufficient reason to cause us to hesitate at this time to adopt the pending amendment, which I believe and fear would materially, without warning, reduce the liquidity of stocks which are listed on the stock exchanges, to the great damage and injury of legitimate institutions and legitimate business in the United States.

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

Mr. BARKLEY. I yield.

Mr. BULKLEY. As I heard those reasons advanced, most of them relate to a proposition to limit loans on collateral security, which is not at all the proposal contained in my amendment. But if the able committee from whom the Senator is quoting do not appreciate the difference between a loan by a banker and a loan by a broker to establish a margin account, I suggest one very fundamental difference. I do not think the Senator ever heard of a banker calling up a customer and suggesting to him to go and gamble on the stock market, and that he would lend him the money with which to do it, whereas the customer's man in the broker's office is engaged today—in this year 1934—in calling up on the telephone to ask domestic servants, and others who should not be engaged in stock-market transactions, to go in and make investments.

Mr. BARKLEY. It would be much easier, and I think much wiser, probably, to adopt an amendment preventing any customer's man from calling anybody up on the telephone to suggest that he buy a stock.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Ohio.

Mr. LA FOLLETTE. I ask for the yeas and nays

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

Mr. FLETCHER (when his name was called). I have a general pair with the Senator from West Virginia [Mr. HATFIELD], which I transfer to the Senator from Georgia [Mr. RUSSELL], and vote "nay."

Mr. McGILL (when his name was called). On this vote I am paired with the Senator from Missouri [Mr. CLARK], who is unavoidably absent. If he were present, he would vote "nay." If I were permitted to vote, I should vote "yea."

Mr. STEPHENS (when his name was called). I have a general pair with the senior Senator from Indiana [Mr. ROBINSON]. I transfer that pair to the junior Senator from Florida [Mr. TRAMMELL], who is necessarily detained, and vote "nay."

Mr. WALCOTT (when his name was called). I have a general pair with the junior Senator from California [Mr. McADOO], who is detained from the Chamber on account of illness. Not knowing how he would vote, I withhold my vote. If permitted to vote, I should vote "nay."

The roll call was concluded.

Mr. LEWIS. I beg to reannounce the absence of certain Senators as previously announced, and add the absence of my colleague [Mr. DIETERICH]. If he were present and voting, he would vote "nay."

I also beg to announce that the senior Senator from Mississippi [Mr. HARRISON] and the senior Senator from Maryland [Mr. TYDINGS] are detained from the Senate on official business. I further beg to announce that the junior Senator from Georgia [Mr. RUSSELL] is detained on account of a death in his family.

Mr. COPELAND. I have a general pair with the junior Senator from Maine [Mr. WHITE]. Not knowing how he would vote, I withhold my vote.

Mr. METCALF. I have a general pair with the senior Senator from Maryland [Mr. TYDINGS]. Not knowing how he would vote, I withhold my vote.

Mr. HEBERT. The senior Senator from Idaho [Mr. BORAH] has a pair on this question with the senior Senator from Mississippi [Mr. HARRISON]. I am advised that if the Senator from Idaho were present he would vote "yea", and that the Senator from Mississippi, if present, would vote "nay."

Mr. ROBINSON of Arkansas (after having voted in the negative). I have a general pair with the senior Senator from Pennsylvania [Mr. REED]. Not knowing how he would vote, I transfer my pair to the junior Senator from Illinois [Mr. DIETERICH], and let my vote stand.

The result was announced—yeas 30, nays 48, as follows:

YEAS—30

Ashurst	Costigan	Hatch	O'Mahoney
Black	Couzens	Hayden	Pope
Bone	Cutting	La Follette	Shipstead
Bulkley	Davis	Logan	Thompson
Bulow	Dill	Long	Van Nuys
Capper	Frazier	McCarran	Wheeler
Caraway	George	Norris	
Connally	Glass	Nye	

NAYS—48

Adams	Dickinson	Keyes	Robinson, Ark.
Austin	Duffy	King	Schall
Bachman	Erickson	Lewis	Sheppard
Bailey	Fess	Lonergan	Smith
Bankhead	Fletcher	McKellar	Steiwer
Barbour	Gibson	McNary	Stephens
Barkley	Goldsborough	Murphy	Thomas, Okla.
Brown	Gore	Neely	Thomas, Utah
Byrd	Hale	Overton	Townsend
Byrnes	Hastings	Patterson	Vandenberg
Carey	Hebert	Pittman	Wagner
Coolidge	Kean	Reynolds	Walsh

NOT VOTING—18

Borah	Hatfield	Norbeck	Tydings
Clark	Johnson	Reed	Walcott
Copeland	McAdoo	Robinson, Ind.	White
Dieterich	McGill	Russell	
Harrison	Metcalf	Trammell	

So Mr. BULKLEY's amendment as modified was rejected.

MESSAGES FROM THE PRESIDENT

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

REGULATION OF SECURITIES EXCHANGES

The Senate resumed the consideration of the bill (S. 3420) 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.

Mr. COSTIGAN. Mr. President, I offer certain amendments, which I send to the desk and ask to have stated.

The VICE PRESIDENT. The amendments will be stated.

The LEGISLATIVE CLERK. It is proposed, on page 8, to strike out lines 1 to 3, both inclusive, and to insert in lieu thereof the following:

(15) The term "Commission" means the Federal Trade Commission.

On page 8, beginning with line 21, to strike out through line 21, on page 9, and to insert in lieu thereof:

PROVISIONS RELATING TO FEDERAL TRADE COMMISSION

On page 9, line 22, to strike out "(b)" and insert in lieu thereof "SEC. 4. (a)".

On page 10, line 5, to strike out "(c) The Commission" and insert in lieu thereof "(b) For the purposes of this act and of the Securities Act of 1933, the Commission".

On page 10, line 8, to strike out "this act" and insert in lieu thereof "such acts".

On page 10, line 11, to strike out "(d)" and insert in lieu thereof "(c)".

On page 11, after line 4, to insert the following new paragraph:

(d) The Commission shall hereafter be composed of seven commissioners who shall be appointed by the President, by and with the advice and consent of the Senate, and not more than four of whom shall be members of the same political party. The two additional commissioners who shall be appointed pursuant to this act shall continue in office through September 25, 1936, and September 25, 1937, respectively, the term of each to be designated by the President; but their successors shall be appointed for terms of 7 years, except that any person chosen to fill a vacancy shall be appointed only for the unexpired term of the commissioner whom he shall succeed. No commissioner shall engage in any other business, vocation, or employment, or hereafter effect any transaction in any security (other than an exempted security) unless 10 days prior to such transaction he shall notify in writing the other members of the Commission of his intention to effect such transaction, and shall also notify in writing the Commission that such transaction has been effected, which later notice shall immediately be made a matter of public record by the Commission.

Mr. COSTIGAN. Mr. President, the purpose of this group of amendments is to substitute the Federal Trade Commission for the special commission planned in the Senate bill. The amendments would add to the present Federal Trade Commission two new commissioners to be appointed by the President and confirmed by the Senate. In so doing the theory of the House bill is adopted.

May I say before speaking on the merits of the amendments, that they all relate to the same subject, and, if practicable, I should like to have the consent of Members of the Senate to vote on them en bloc.

The PRESIDING OFFICER (Mr. MURPHY in the chair). Without objection, the request of the Senator will be granted.

Mr. COSTIGAN. For the information of Senators who have a copy before them, I perhaps should add that lines 11 and 12, on page 2, of the Senate print have been stricken from the proposed amendments. It is believed that the question there presented may properly go to conference and be determined hereafter. The elimination of those lines serves to simplify the end in view in offering the amendments.

Mr. President, I desire to say that, so far as I am aware, this is the only important remaining proposed change in the stock-exchange regulation bill which now needs the attentive consideration of the Senate. Other subjects in dispute, including the highly significant question whether the control of credit, as distinguished from the supervision of stock exchanges, is to be regulated by the Commission specified in the bill or by the Federal Reserve Board, will, or at least can, be determined in conference, as the administration may desire.

Here, however, is a chance—and perhaps a last chance—for the Senate to express its independent judgment on a vital feature of the pending legislation, thus declaring its convictions or preferences.

The House definitely favored the Federal Trade Commission as the body to administer this act.

The Committee on Banking and Currency, when it came to pass on this question, was closely divided, as stated by the able chairman in his opening address 2 days ago. Indeed, the chairman of the committee, as he frankly declared, was one of those who preferred the Federal Trade Commission to a separate commission.

There are only a few phases of the subject which call for discussion at this time. Perhaps I should emphasize at the outset that the Federal Trade Commission, as all Senators know, during the last year has been charged with the administration of the securities law. The Federal Trade Commission, which was created to curb unfair practices, for some years has had jurisdiction over, and has been conducting an exhaustive investigation, particularly of electric-power and gas-utility companies in the United States. During that time it has acquired, deservedly, a high reputation for its efficient analysis of financial management and various problems connected with corporate structures and practices of many leading corporations of this country. It is therefore safe to say that there is in the Government at this hour no Federal agency so well equipped as the Federal Trade Commission to assume the public responsibilities with which the bill now before us deals.

It may further be asserted with confidence that if a new commission be now created that commission will start handicapped by the lack of the important facilities already available in the Federal Trade Commission. Indeed, a reasonable estimate of the period which must elapse before a new commission could begin to function efficiently would probably be about 6 months. In contrast, the Federal Trade Commission could instantly be effective if entrusted with the administration of this bill.

One merit, then, of these amendments springs from the fact that under them command may at once be taken of a situation which, if postponed, and left to the handling of a commission not now in existence, may develop dangerous results. It is entirely conceivable that within the next few months before a new Federal agency could begin to operate effectively there might be stimulated an otherwise preventable return of one or more of those forced stock inflations or depressions which in recent years have so seriously affected the business life of America.

The second point I wish to make with respect to the value of the use of the Federal Trade Commission is that it represents a more economical method of meeting our legislative issues. I publicly mentioned this feature the other day, and subsequently the distinguished Senator from Virginia [Mr. GLASS], referring to the discussion then had, stressed the fact that the cost of the administration of this proposed law under provisions both of the House bill and the Senate bill is to be imposed upon the stock exchanges, not the Treasury, of the country. That is true. However, regardless of the wisdom or unwisdom of such a legislative provision or practice, the clause does not impair the fact that the Federal Trade Commission will be a more economical agency, whether judged from the viewpoint of taxpayers or from the angle of the cost to stock exchanges.

A conservative estimate of the cost of setting up a new Federal agency, as proposed in the Senate bill, with five commissioners, each with a salary of $12,000 a year, required to equip itself with office staffs, including experts, shows approximately $500,000 annually in excess of the cost of utilizing, with the additions provided in the pending amendments, the present facilities of the Federal Trade Commission. Members of the Senate are, therefore, earnestly urged to weigh this aspect of the value of amendments which reasonably correspond to similar provisions of the bill as it passed the House of Representatives.

Turning from economy to efficiency, the Senate will surely take into account the fact that the Federal Trade Commission has for years in notable investigations built up such an expert organization that the Commission is prepared to move immediately into the efficient performance of its tasks if authorized to act and this bill becomes law.

How different will the situation be if a new commission is created. How long will it take the members of such an untried agency to orient themselves in relation to problems already familiar to the Federal Trade Commission and its staff? On each of these grounds, therefore, the argument for these amendments may well be thought unanswerable.

Another feature of the Senate bill deserves attention. The history of the development of the proposal of a new and independent commission is worth noting. So far as I know—and I trust that nothing I shall say will be misunderstood or regarded as a reflection on anyone here—the first suggestion of an independent commission came to the Banking and Currency Committee from Mr. Richard Whitney, president of the New York Stock Exchange, on February 28, 1934. On that day, long after he first appeared before the Banking and Currency Committee and was subjected to searching cross-examination, during which he endeavored to paint a picture of innocence with respect to stock-exchange practices, Mr. Whitney suddenly advanced his new proposal, somewhat different, to be sure, from the proposal incorporated in the Senate draft, but, nevertheless, so similar in some respects that it deserves attention.

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

Mr. COSTIGAN. I yield to the Senator with pleasure.

Mr. BARKLEY. I think it ought to be stated that when Mr. Whitney appeared as a witness before the committee in the early stage of its hearings on this particular bill he suggested an independent commission, but he suggested an entirely different kind of independent commission from that which we have set up in the bill. He wanted a commission composed, in part, at least, of men who had had experience on the stock exchange, and he went so far as to suggest that the stock exchange be allowed to submit a list of names from which the President might make the appointments. Of course, we have nothing of that kind in this bill.

Mr. COSTIGAN. The Senator from Kentucky has correctly stated the facts. I was about to read Mr. Whitney's proposal.

Mr. GLASS. Mr. President, will the Senator permit an interruption?

Mr. COSTIGAN. Certainly.

Mr. GLASS. In addition to what the Senator from Kentucky [Mr. BARKLEY] has said, I assume that the Senator from Colorado knows perfectly well that Mr. Whitney did not stand hitched to his own proposition, which he made in February, because he came down here with an entirely different proposition, submitted on the 27th of March, in which he proposed to commit the whole matter to the Federal Reserve Board.

Mr. COSTIGAN. To follow the figure of speech of the able Senator from Virginia, Mr. Whitney was always running away from the traces; he stood hitched to nothing, so far as I was able to discover.

Mr. GLASS. That being so, it does not seem exactly appropriate for the Senator from Colorado to keep him hitched to the traces out of which he has broken. [Laughter.]

Mr. COSTIGAN. My sole purpose in referring to the origin of the independent-commission proposal was to bring clearly home to the Senate the fact that behind that original proposal was a sinister purpose, not, of course, reflected in any action taken by the Banking and Currency Committee.

Mr. GLASS. Mr. President, may I say that owing to illness I did not hear a word of Mr. Whitney's testimony nor have I read a word of it since, so when the Senator speaks of the origin of the proposal, which was made by me in committee after conference with the President and with the Federal Reserve authorities, and which was drafted by the expert draftsmen of the Federal Reserve authorities, I reply that I offered the proposal without knowing or caring what Mr. Whitney's attitude was on the subject. Consequently there is nothing sinister in the proposal submitted by me.

Mr. COSTIGAN. Mr. President, the Senator from Virginia evidently misunderstood my statement, which was definitely to the effect that there was nothing sinister in the action of the Committee on Banking and Currency. No one in the Senate entertains higher respect for the independence, ability, and integrity of the able Senator from Virginia than do I. I am sure that anyone who has listened to me with care will acquit me of any charge of the slightest suggestion which could be taken as reflecting on the Senator from Virginia.

Mr. GLASS. I had not supposed the Senator intended any reflection upon me, but it is quite evident that the Senator wants to prejudice this particular provision of the bill by assuming that only Mr. Whitney, of the New York Stock Exchange, had sense enough to originate a proposal of the sort. As a matter of fact, as pointed out by the Senator from Kentucky [Mr. BARKLEY], Mr. Whitney's proposed independent commission was to contain at least two members of the New York Stock Exchange in its membership. It was to contain the Secretary of the Treasury and one other ex-officio Cabinet member. It was entirely a different proposition from the one which the committee embodied in the bill.

Mr. FLETCHER. Mr. President, may I correct the Senator from Virginia?

Mr. COSTIGAN. I yield to the Senator from Florida.

Mr. FLETCHER. My recollection is that Mr. Whitney's proposal was that there should be one member of the commission named by the New York Stock Exchange——

Mr. GLASS. No; two.

Mr. FLETCHER. And one member named by the other exchanges of the country.

Mr. GLASS. Two stock-exchange members.

Mr. FLETCHER. One from the New York Stock Exchange and one from the other exchanges, and three Cabinet members.

Mr. GLASS. And Mr. Whitney did not adhere to that proposition. He came down a month later and proposed something else.

Mr. BARKLEY. Mr. President, will the Senator from Colorado yield?

Mr. COSTIGAN. I yield to the Senator with the understanding that I expect to place in the RECORD Mr. Whitney's statement so there cannot be any doubt about his proposal.

Mr. BARKLEY. I wish to call attention to the fact that the interdepartmental committee, which was appointed by the President to inquire into and make recommendations with reference to control of the stock market, on January 23, 1934, made its report to the President, in which it suggested an independent commission for the purpose of administering any law Congress might enact on the subject.

Mr. GLASS. The only point I wanted to make was that Mr. Whitney was not solely responsible for the suggestion.

Mr. COSTIGAN. With utmost respect for members of the Banking and Currency Committee, with which I am associated, I now venture to proceed to say that the proposal of an independent commission was dramatized by the president of the New York Stock Exchange when he appeared before the committee in February of this year. I ought to add that about the time of his statement, to the best of my recollection, a petition was sent to Congress by employees of stock-exchange houses urging the same sort of legislative supervision.

I am now particularly anxious to refer to what Mr. Whitney had to say on February 28, so there can be no misunderstanding. The Senate proposal is an independent commission, appointed by the President and confirmed by the Senate, consisting of five members, with salaries of $12,000 per year.

Mr. Whitney's proposal was somewhat different. This is what he said, and at the conclusion of his remarks he indicated that what he spoke was considered the view of the New York Stock Exchange, adopted by its governing committee, which had given him authority to present it to the Banking and Currency Committee. I quote Mr. Whitney:

> It is the purpose of the New York Stock Exchange to assist in every possible way in the prevention of fraudulent practices affecting stock-exchange transactions, excessive speculation, and manipulation of security prices. We should be glad to see a regulatory body, constituted under Federal law, supervise the solution of these grave problems. We suggest in principle, and subject to the requirements of law and the constitutional power of Congress, an authority or board to consist of 7 members, 2 of whom are to be appointed by the President, 2 to be Cabinet members—who may well be the Secretary of the Treasury and the Secretary of Commerce—and 1 to be appointed by the open-market committee of the Federal Reserve System. The two remaining members—

This is the language to which the Senators from Kentucky [Mr. BARKLEY] and Florida [Mr. FLETCHER] and Virginia [Mr. GLASS] expressly called attention—

> The two remaining members to be representatives of the stock exchanges, one to be designated by the New York Stock Exchange and the other to be elected by members of the exchanges in the United States other than the New York Stock Exchange.

Reverting to what I said a moment ago——

Mr. CLARK. Mr. President, will the Senator yield at that point?

Mr. COSTIGAN. I am glad to yield to the able Senator from Missouri.

Mr. CLARK. The Senator does not mean to leave the impression, I am sure, that the Committee on Banking and Currency reported the bill embodying the suggestion of the president of the New York Stock Exchange?

Mr. COSTIGAN. On the contrary, I think I have twice disclaimed any such intention, and I repeat the disclaimer lest there be any remaining doubt in anyone's mind. What I am endeavoring to do, I will say to the able Senator from Missouri, is to indicate part of the history of the development of the suggestion of an independent commission—that, and that alone.

Mr. President, I return to my earlier suggestion, which is that there was something sinister about the proposal by the New York Stock Exchange of a commission to regulate the business of the stock exchanges of this country, in the face of an investigation of stock exchanges which shook the country from shore to shore. No taint, of course, attaches to the proposal of the committee responsible for the pending bill. I speak of these developments to emphasize the great gravity as well as the history of the problem which is presented to the Senate in the amendments I have tendered and to emphasize the importance of utilizing the most efficient agency now serving our Federal Government available for this highly important purpose.

It is a fair inference, I think, that in recommending the use of technically equipped representatives of the stock exchanges of the country in a Federal supervising body it was the purpose of the New York Stock Exchange to go as far as it could to gain a firm foothold to regulate the official regulators to be established by law.

No one here needs to be told that there are hundreds of millions of dollars involved in refunding issues due to be offered by public-utility companies during the next 12 months; and the desire to have the registration of these offerings under other supervision than that of the Federal Trade Commission, with its voluminous records of the financial practices of power companies and with its staff of experts intimately informed on these and allied matters is easy to be understood.

For these among many unassigned reasons I urge the adoption of the amendments which I have sent to the desk. Perhaps it will be serviceable briefly to restate some major specifications.

First. There will be hazardous delay and substantial organization difficulties if we adopt the proposal in the Senate bill.

Second. Economy and efficiency will be promoted by using the Federal Trade Commission, which has an expert staff, already experienced in matters closely related to many of the duties that will inevitably devolve on the administrative agency to be provided.

Third. The registration of new issues under the Securities Act of 1933 and the pending legislation would involve much duplication of work which would be eliminated if we use the Federal Trade Commission as the agency for both.

Fourth. If we employ the Federal Trade Commission's assistance, there will be cooperation in other divisions of that Commission's work of experts who have gained familiarity with many aspects of corporation finance relating to the security business in connection with such duties as the enforcement of the antitrust laws, and the investigation of many important corporate structures; notably, those of the electric power and gas utilities.

Mr. President, from the beginning of the discussion of this bill until the present moment nothing has been said on this floor with respect to the Federal Trade Commission except in praise. It is unnecessary at this hour or in this body to enumerate the remarkable services that governmental agency has performed during certain periods of its existence. Ten or more years ago that Commission effectively demonstrated in services of the most noteworthy character the legislative needs of the meat-packing industry. In more recent days, the investigation of the utility corporations has justly attracted the attention of public-spirited people everywhere.

It certainly now seems in the interest of the proper handling of the public business of the country to use the Federal Trade Commission in the present emergency; and if there be those here who believe that additions to its membership should be made, in the amendments, which correspond in substance to the House bill, will be found provision for the selection of two additional members of the Federal Trade Commission, who can help lighten the multiplied burdens now resting on that body. To mention a minor matter, in view of the circumstances that members of the Federal Trade Commission have salaries of $10,000 a year, while the proposal in the Senate bill is to appoint commissioners with salaries of $12,000 a year, it will be seen under the amendments now offered we are, so far as expense goes, in effect merely adding the equivalent of one commissioner with a salary of $10,000 a year.

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

The PRESIDING OFFICER (Mr. MURPHY in the chair). Does the Senator from Colorado yield to the Senator from Delaware?

Mr. COSTIGAN. I yield.

Mr. HASTINGS. Is there not this difference in the two bills? As I understand the bill now before the Senate, reported by the Banking and Currency Committee, the expense involved is borne entirely by the stock exchanges through a tax levied by the Commission, and therefore the new commission will not be an expense upon the Federal Government. Is that correct, and does the Senator take that into consideration in discussing the subject?

Mr. COSTIGAN. The provision of the House bill as passed—section 30, on page 56 of the draft, which I have here—reads as follows:

> Every national securities exchange shall pay to the Commission on or before March 15 of each calendar year a registration fee for the privilege of doing business as a national securities exchange during the preceding calendar year or any part thereof. Such fee shall be in an amount equal to one five hundredths of 1 percent of the aggregate dollar amount of the sales of securities transacted on such national securities exchange during the preceding calendar year.

Mr. HASTINGS. Does the Senator's amendment substitute any of that language in the Senate bill?

Mr. COSTIGAN. Let me say in answer to the able Senator from Delaware that what I have read is the language of the House bill. The language of the Senate bill differs somewhat, and I shall now read its provisions, to be found on page 10, subdivision (d) of section 4 of the bill. That language is:

> The amount of all expenses incurred by the Commission in connection with the administration of this act shall be assessed by the Commission against exchanges subject to regulation under this act in such manner and in such amounts as the Commission deems to be fair and equitable. The Commission shall levy semiannually upon such exchanges an assessment sufficient to pay its estimated expenses and the salaries of its members and employees for the half year succeeding the levying of such assessment, together with any deficit carried forward from the preceding half year.

In other words, the House bill calls for a definite assessment. The Senate bill calls for an assessment based upon estimated expenses. That language is not touched by the amendment I have offered.

Mr. HASTINGS. That is what I wished to inquire.

Mr. COSTIGAN. I will further say to the Senator from Delaware that one reason it was not touched was that this subject can perhaps be dealt with in conference as well as if handled by amendment on the floor. Perhaps I am in error about this conclusion, but that is the judgment I formed.

TARIFF ON SUGAR

Mr. VANDENBERG. Mr. President, we are advised in the afternoon newspapers that the President, exercising his existing flexible tariff powers, has reduced by one half cent the tariff on Cuban sugar, and upon other sugars in proportion. I desire to read his precise language:

> Acting upon the unanimous recommendations of the United States Tariff Commission, I have today signed a proclamation, under the so-called "flexible tariff provisions" of the Tariff Act of 1930, reducing the rate of duty on sugar.
>
> Using 96-degree Cuban sugar as the unit of measure, this results in a reduction of the duty from 2 cents to 1½ cents a pound on that sugar.

Mr. President, today is the first time that any of us have been able to see the report of the Tariff Commission upon

which this action is based. Today is the first moment that any of us who are interested in the problem of the maintenance of the domestic-sugar industry and the tariff on sugar, and particularly the Cuban phase of it, have been able to know what it is that the Tariff Commission has been recommending to the President in this connection. We were left to guess regarding the contents of this significant document all through the recent debates on the sugar control bill, although the report of the Commission is dated February 8, the day the President sent us his original sugar message.

I have had the report for a few hours, I repeat, for the first time; and I assert without fear of successful contradiction that the report does not justify any reduction whatsoever in the sugar tariff. I think that becomes textually plain on the face of the report of the Commission. I assert that the President's action is not justified by the exhibit upon which it is based.

I refer first to page 1 of the Commission's report, which clearly indicates that in ascertaining the differences in cost of production at home and abroad in respect to sugar the Tariff Commission has depended upon the 3-year period 1929–30 to 1931–32. In other words, its survey of the cost of producing sugar stopped with 1932. That becomes a controlling fact, as I shall presently indicate.

Mr. President, let us turn over now to page 7 of the report, which indicates the costs and the differentials in costs of production at home and abroad which were found in this period preceding 1933.

We find a calculation which shows that the average differential between the cost of producing sugar in the United States and in Cuba is reported at 1.495 cents per pound of raw sugar. That is the weighted average. It is an average cost which is secured by averaging not only the cane costs in the United States and the beet costs in the United States, but also the cane costs in Hawaii. In other words, it would be impossible to bring this figure down to approximately 1½ cents—that being the figure which is used to justify the tariff reduction—except as the Hawaiian costs of production are joined with the domestic costs. I do not believe it is fair to include Hawaiian costs in a computation which is presumed to reflect production costs in continental United States, where practically all conditions are substantially different and substantially higher. This inevitably jeopardizes the protective rights of American industry and agriculture. But this is not in any sense the major basis of my protest. My real protest rests upon incontrovertible grounds which do not admit of argument.

But I particularly call attention, in passing, to the fact that when this average differential is brought down to 1½ cents, it is nearly 1 cent less than the admitted differential in respect to the cost of producing Louisiana cane sugar. The Commission admits that the differential between Louisiana cane and Cuban cane sugar is 2.723 cents per pound. Yet the tariff is reduced on the theory that the differential is only 1.495 cents per pound.

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

Mr. VANDENBERG. I yield.

Mr. LONG. From what page is the Senator reading?

Mr. VANDENBERG. From page 7.

Mr. LONG. That is where they have our Louisiana cost at 2.7 cents?

Mr. VANDENBERG. That is correct.

Mr. LONG. As I understand, they have added in Hawaii and Louisiana?

Mr. VANDENBERG. That is correct.

Mr. LONG. I wonder why they did not get the Fiji Islands and bring it down three eighths of a cent more. They might as well have done that.

Mr. VANDENBERG. They might as well have included the Philippine costs and decrease the tariff to 1 cent.

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

Mr. VANDENBERG. I yield.

Mr. HASTINGS. I might call the Senator's attention to the record made in the Finance Committee on the question of a tariff by the Chairman of the Tariff Commission, who stated boldly, and to the world, that the Tariff Commission in these matters did what the President wanted done, and did not exercise any independent judgment. Bearing that in mind, it seems to me there is some explanation as to why the Senator did not know about it before.

Mr. VANDENBERG. I thank the Senator for his observation. I read the report of the Senate committee hearing today very carefully, to see whether or not the Chairman of the Tariff Commission had been direct and categorical in that quoted statement. If he had been direct and categorical, I would have been in favor of impeaching him. It would have been a violation of his responsibility under the law. He was not categorical and he was not direct, but he left the obvious inference that the Commission is quite willing to do anything the President wants it to do. The able Senator from Delaware is justified in his interpretation. It is an amazing thing. But I revert to the sugar report.

Mr. President, the worst vice in respect to the use of this report of the Tariff Commission to justify this reduction today in a tariff on sugar is not the matter of the average. That is incidental. I remind the Senate again that the Commission admits, on page 1 of its report, that its study of production costs is based on a 3-year average, which ends in 1932, and that there is not a single production cost surveyed or canvassed or contemplated after 1932.

Mr. ROBINSON of Arkansas. Mr. President, may I ask the Senator a question?

Mr. VANDENBERG. I yield.

Mr. ROBINSON of Arkansas. What inference does the Senator draw from that?

Mr. VANDENBERG. I am proceeding not to an inference from it but to a direct conclusion which I think even the Senator from Arkansas will gladly concede proves an unfair deduction on the part of the President.

Mr. ROBINSON of Arkansas. I thank the Senator for putting me in the class that even I may be able to understand a statement made by himself.

Mr. VANDENBERG. I did not say that, but I will make that concession to the Senator from Arkansas.

Let me state again that these production-cost surveys ended in 1932, and every penny of the differential which the Tariff Commission found at the end of 1932 on the basis of those costs has been used to justify this reduction in the tariff on sugar. There is no margin of safety left even on these 1930–32 figures. But what has happened to sugar-production costs since this survey ended? What has happened since 1932? That is the important point which I am bringing to the floor of the Senate to justify the initial statement which I made this afternoon, namely, that the report does not warrant a reduction in the sugar tariff.

Since 1932 all sugar processing has gone under the N.R.A. That is exhibit A. I have seen the certified accountant's analysis of the result of the N.R.A. upon sugar-processing costs, and the average increased cost of processing is 40 percent. There is an increased processing cost of 40 percent, which must be added to the figures upon which the Tariff Commission bases its report. But that is not all.

Under the sugar control bill, a minimum-wage provision is provided, which we are told is calculated to increase the labor costs per sugar-beet acre from $13 to $20. That is an increase of 54 percent in labor costs.

There is a 40-percent increase in processing costs as a result of the N.R.A. We face a contemplated labor increase of 54 percent. I do not complain. I simply state a fact. Those are rather staggering percentages. Yet not one single penny of those already existing and immediately contemplated increased costs of production is included within the base which the United States Tariff Commission has submitted to the President as a justification for this reduction in the tariff on sugar. It is against this unfairness, this distortion, that I complain.

I think the exhibit upon its face demonstrates the justification for the statement which I made, that the report of the Commission itself does not justify the proclamation which the President has issued. The report goes back entirely to precode days and is as antiquated as if it were

50 years old. It is utterly irrevelant. But even that is not all.

In this report, at page 25, I find a rather ominous further communication from the chairman of the Tariff Commission to the President, dated April 11, 1933, in which he says:

In view of the possibility of early action by our Government in regard to tariff bargaining, I venture to send you certain conclusions that have been reached by the Tariff Commission from our study of the sugar industry.

This would indicate clearly that the preliminary discussion of the use of the tariff bargaining power has related directly and specifically to the possible further reduction of the tariff on sugar, in spite of this challenging exhibit which is contained in the report of the Commission. In other words, our jeopardy has only just started. There may be more of it if and when the President gets the bargaining powers for which he is reaching in the new tariff bill.

Mr. President, all I want to say is that I think the report of the Commission clearly demonstrates that the President's proclamation is not justified, that the reduction in the sugar tariff is not justified, and I desire to state that this type of tariff thinking and this type of tariff tinkering will ruin what is left of American agriculture if it is persisted in. I wish to take my stand with the President, not on May 9, 1934, but on October 25, 1932, when he was speaking in Baltimore 1 month before his election, when he said:

It is absurd to talk of lowering tariff duties on farm products.

It continues to be absurd, and especially when based on an outmoded report of the Tariff Commission.

Mr. LONG. Mr. President, I hope the leaders of both parties will at least deal with us along honest lines of fact, not only in Congress but in the departments. If they cannot juggle us out of a tariff on honest figures, at least I hope we will not sit here and be a party to a dishonest calculation. I do not mean by that to intimate an ill motive on the part of the Commission, but it is a farcical statement which has been used as a justification for reducing the tariff on sugar by one half cent a pound, to the detriment of the people of Louisiana.

It is only a few lines contained on page 7 of this report that have been used as a basis of computing the cost of producing sugar in Louisiana as compared with the cost in Cuba. Let me read these three lines to the Senate found in paragraph 13:

Combined average excess of domestic costs.

Listen to this:

The three figures of the excess of domestic over foreign costs shown in paragraphs 11 and 12, namely, 2.723 cents for Louisiana sugar, 1.363 cents for Hawaiian sugar, and 1.407 cents (raw basis) for beet sugar, taken together, give a weighted average excess of domestic over Cuban costs amounting to 1.495 cents per pound of raw sugar.

Mr. President, on its face that is a fraud on the law, that is a positive forgery in the face of the facts. Computing the cost of producing Louisiana sugar under the law, and comparing it with Cuban sugar, making the Louisiana cost 2.7 cents plus, and then weighting it down by loading in the cost of producing sugar in Hawaii, and reaching a common average, is a fraud against the people of the State of Louisiana, and the people of Florida, and the domestic sugar interests of the United States in General.

What we were entitled to was a consideration of the difference in costs, under the law, of producing sugar in Cuba and producing sugar in the State of Louisiana. On the facts contained in the report the cost in Louisiana is given as 2.7 cents a pound, and instead of giving us anything like what the law calls for, we are given what our average is when compared with sugar produced by the slave labor of Hawaii.

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

Mr. LONG. I yield.

Mr. ROBINSON of Arkansas. The cost of producing sugar in Louisiana, I believe, is higher than it is anywhere else in the United States.

Mr. LONG. It is a little higher.

Mr. ROBINSON of Arkansas. Can the Senator state how much higher?

Mr. LONG. According to this report, it is about a cent and a quarter a pound higher.

Mr. ROBINSON of Arkansas. Does the Senator understand that in arriving at the cost of production of an American commodity the Tariff Commission necessarily takes the highest cost?

Mr. LONG. I think we are entitled to our Louisiana cost.

Mr. ROBINSON of Arkansas. I merely wanted to point out to both Senators that the logic of the position they take, as I understand it, is to contend that it is the obligation of the Commission in ascertaining the cost of production to fix the figure at the highest cost in any part of the United States.

Mr. LONG. Unless the sugar business is going to be put out of Louisiana.

Mr. ROBINSON of Arkansas. I am not talking about what is going to be done with the sugar business, if the Senator will pardon me. I am speaking about the standard or the tests prescribed in the flexible-tariff provision and in other provisions of the tariff law which authorize and require the Commission in certain cases to find the cost of production. There have been a good many different methods resorted to, but I do not know of a single instance in which it has been held that the highest cost is the true standard. Of course, it is necessary to find some kind of an average. For instance, let us say an inefficient concern operating to produce a commodity will produce it at a much higher cost than the well-managed and well-operated competitor; manifestly it is not the intention of the law to put a premium upon inefficiency and incompetency. So, necessarily, there arises the duty on the part of the Commission to find a standard with respect to the cost of production that would be fairly reflective of some average.

Mr. LONG. Let me ask the Senator a question. If we are going to reach that sort of average—I do not agree with that—but let us say that we take the basis which the Senator suggests; is it, then, fair to put Hawaii in with Louisiana?

Mr. ROBINSON of Arkansas. I am not certain that if I were a tariff commissioner charged with this responsibility, I should proceed in that way, but certainly we should take the cost of producing beet sugar——

Mr. LONG. We will take that.

Mr. ROBINSON of Arkansas. And the cost of producing cane sugar, and I am not certain that under the statute the Commission was not entirely authorized to put in Hawaii, being a part of the United States. The quotas limit the amount of sugar that may be imported.

Mr. LONG. If they can put in Hawaii they can put in the Philippines and bring the cost down to 1 cent.

Mr. ROBINSON of Arkansas. I do not think they would be prohibited from putting in Hawaii. I do not understand that the law prohibits that. I think there must be, necessarily, some method of arriving at the average cost of production.

Mr. LONG. I know, but the Senator will admit that we should not put in the Philippine Islands, and I know that we should not put in the colonial possessions, because if we do, we would have no tariff on sugar. The cost of raising sugar in the Philippine Islands is probably less than the cost of raising sugar in Cuba.

Mr. ROBINSON of Arkansas. I think there is some force in the Senator's statement, because we have assumed from the beginning that the costs of production there—the labor charges particularly—are much less than in the United States.

Mr. LONG. Much less. And if they had followed, as the Senator from Arkansas very graciously says, the average cost of production of beet sugar and cane sugar, Mr. President, the average of the two being 2.5 cents plus above the cost of Cuban sugar—on that basis referred to by my friend from Arkansas they had no right to issue this order. They have gone in the teeth of their own findings with respect to this—and God knows they have never been too liberal in their fact findings, so far as we are concerned—but on the basis

of the facts which they have been able to find for themselves, they have given the average cost of production of beet and cane sugar in this country as 2.1 cents above the cost of Cuban sugar, and now they put Hawaii in and slice off a half a cent.

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

Mr. LONG. I yield.

Mr. VANDENBERG. I desire to call the attention of the Senator from Arkansas to the fact that I was complaining less about the use of an average cost. I quite concur that some sort of average is necessary. I was complaining less about that than I was about the fact that the entire survey of the cost of production ended in 1932, and that the cost of production in the United States, under the N.R.A., and under the contemplated increased wage scales required by the sugar control, is an added factor to the extent of an average of 50-percent increase in cost of production, which is totally excluded from contemplation in the Tariff Commission's report upon which the President has acted.

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

Mr. LONG. I yield.

Mr. ROBINSON of Arkansas. In connection with the statement just made by the Senator from Michigan, it is well known that the investigation of the cost of production of sugar is a very difficult and complicated subject matter.

Mr. VANDENBERG. That is correct.

Mr. ROBINSON of Arkansas. I recall that some years ago, when an investigation was made, it extended over so long a period that I felt justified in doubting the value of the information, because it seemed to me that much of it might have in the meantime become obsolete.

Mr. VANDENBERG. Which is what happened here.

Mr. ROBINSON of Arkansas. That may be worthy of consideration. I merely wish to point out that it is difficult, almost impossible, to have cost-of-production data up to date or to keep it up to date. The reduction in this tariff offsets the processing tax and thus prevents increase of cost to consumers.

Mr. LONG. Mr. President, I agree with what the Senator from Michigan says, and we would be perfectly willing to be penalized and be brought down to the average cost of the domestic beet-sugar crop and the domestic cane-sugar crop. Of course, there would be no sugar business in the United States today if were not for the cane-sugar industry. Cane sugar, Mr. President, was the pioneer sugar industry in this country. Sugarcane was planted in this country long before there was ever any thought of such a thing as a beet-sugar industry. If we had not been faced with the necessity of taking care of foreign investments which have been made in Cuba—or rather the domestic investments made in a foreign country—we would never have had this question raised to trouble us. But now they begin talking about tinkering with the tariff.

We had a commitment from the President of the United States that he did not intend to reduce the tariffs on any agricultural commodities. That was the declaration made by President Roosevelt in the last campaign. I remember when Mr. Hyde, a member of Mr. Hoover's Cabinet, attacked Mr. Roosevelt for having made that statement, claiming it was inconsistent with the previous statements made by him, that Mr. Roosevelt made the statement that he had thoroughly made up his mind, and that all agriculturists might know that there was no intention on his part at any time to interfere with the tariffs which were being maintained on agricultural products.

We in the State of Louisiana have tried to comply with the law. Though it has discriminated against us at every turn, we have tried to place ourselves in keeping with the law. We had a law which we did not want, which permitted flexible tariff rates to be made with regard to sugar. The Tariff Commission investigated and finally found that the cost of producing the Louisiana sugar is 2.7 cents, and then they said—

> We have got to average that with the balance of the sugar which is being produced in the United States, which brings the difference in the cost of production down to 2.1 cents a pound.

Then they said—

> No; that is not low enough. We will go out 3,000 miles away from this country, and we will bring in Hawaii, and add the cost of producing sugar in Hawaii, and divide the cost of producing domestic cane and beet sugar and Hawaiian sugar, which brings the cost down to 1.4 cents, and therefore we will lop off one half a cent.

There is no reason on God's earth why they did not put in the Philippine Islands. The next thing they will do is to bring in the Philippine Islands. Then the next thing they will do, if that is not enough, is to bring in Puerto Rico; and when they bring in the Philippine Islands and when they bring in Puerto Rico, they will find out that the Cubans have been penalized, because it costs more to produce sugar in the island of Cuba than it costs to produce it in the colonial possessions of the United States of America.

Is that the kind of political and bureaucratic situation we have gotten ourselves into? Are we going to permit such chicanery? Is the Senate going to stand for that sort of manipulation against the interests of the people who are born under this country's flag, and who are just as much citizens of this country as anyone else? Are we going to stand for actions which are said to be taken under the law as a result of which the Louisianian will be brought down to the same status as the Hawaiian? Is that what this tariff-tinkering process means to our country? Are we planning to extend this process in order to negotiate some trade agreement with Cuba?

If that is what we are going to do, then the next thing we will do will be to have a trade agreement with Cuba by which we will give Cuba the same advantage with respect to importations into the United States as the Philippine Islands have.

I do not care whether my friend from Michigan agrees with the Senator from Arkansas or not. According to the Senator from Arkansas and according to the Senator from Michigan, the authorities have cheated the people of Louisiana, on their own figures, out of six tenths of 1 cent a pound on sugar which is raised in this country. That is what has been done.

Up to the year 1898, before we got into a war which we never had any business to get into, following which time the National City Bank and the financiers of the East became interested in Hawaii and in Cuba, there never had been any thought of imposing anything like this on the people of Louisiana or on the people of the West; but now, on the admitted facts, if the Tariff Commission cannot find one thing which will bring down the average cost, they will find something else to bring it down. That is why the people of this country have lost all confidence in boards and commissions. That is why the people have lost all respect for Congress because of its abdicating its functions and placing them in the hands of bureaucrats. That is why the people of Louisiana and the other people of the country are insisting on a legislative form of government; that the taxing be done by Congress; that laws be enacted in the ordinary way, in a constitutional manner, rather than to delegate authority to boards to ascertain differences in costs, and so forth. Especially is that true in view of the fact that this particular board, when it cannot find, according to its own tabulations and statistics, that there is sufficient difference in cost to justify its recommendation, will go 3,000 miles away and bring in costs under coolie labor in order to average the people of Louisiana and the people of the West with that coolie labor so as to bring down the price sufficiently to justify such a proclamation as the one in question.

This is just what is wrong with agriculture in the United States today. In order to take care of the Cubans, in order to take care of the Filipinos, we constantly neglect the agriculture of this country. If we shall go forward with the flexible tariff bill and shall not at least except agricultural commodities, we will commit an absolute violation of the promises and of the party pledges that were made by Mr. Roosevelt to the farmers of the country. This report goes to show the necessity for protecting the farmers in line with what has been the constitutional law with reference to tariff making.

Mr. ROBINSON of Arkansas. Mr. President, I do not wish to prolong the discussion. The President today issued a statement for the press when he signed the so-called "sugar bill", H.R. 8861. I shall ask that the statement be printed in the RECORD. There is a paragraph in the statement as follows:

Under the terms of the act, the rate of the processing tax shall not exceed the amount of the reduction on a pound of sugar, raw value, of the rate of duty in effect on January 1, 1934, as adjusted, by our commercial treaty with Cuba.

I ask that the statement be printed in the RECORD.

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

STATEMENT MADE BY PRESIDENT UPON SIGNING H.R. 8861 PERTAINING TO THE SUGAR INDUSTRY

MAY 9, 1934.

On February 8 last, I sent to the Congress a message setting forth certain facts and problems pertaining to the sugar industry. I said then that "the problem is difficult but can be solved if met squarely and if small temporary gains are sacrificed to the ultimate general advantage."

I have today signed H.R. 8861, which I am advised will permit a rapid approach to the solution of the many vexing and difficult problems within the industry. I hope that this act will contribute to the economic improvement in Hawaii, Puerto Rico, the Virgin Islands, the Philippines, Cuba, and among continental sugar producers. These are the objectives outlined in my message to the Congress last February.

Under the terms of the act, the rate of the processing tax shall not exceed the amount of the reduction on a pound of sugar, raw value, of the rate of duty in effect on January 1, 1934, as adjusted, by our commercial treaty with Cuba.

Acting upon the unanimous recommendations of the United States Tariff Commission, I have today signed a proclamation, under the so-called "flexible tariff provisions" of the Tariff Act of 1930, reducing the rate of duty on sugar. Using 96° Cuban sugar as the unit of measure, this results in a reduction of the duty from 2 cents to 1½ cents a pound on that sugar. The rate of the processing tax must not exceed the amount of the reduction as adjusted to this unit of measure.

This means that the processing or compensatory taxes will not increase, in themselves, the price to be paid by the ultimate consumers and at the same time our own sugar producers will have the opportunity to obtain in the form of benefit payments, a fairer return from their product.

To cooperate with the Secretary of Agriculture in carrying out the provisions of this act, I have designated an informal committee from the Cabinet. This committee includes the Secretary of Agriculture; the Secretary of the Interior, who is charged with the administration of Hawaii and the Virgin Islands; the Secretary of War, who is charged with the administration of Puerto Rico and the Philippine Islands; and the Secretary of State, who is charged with the conduct of our negotiations with Cuba.

Those engaged in this industry have an opportunity to improve their economic status through operation of this act. I urge their cooperation in carrying out its provisions.

Mr. ROBINSON of Arkansas. There was released also a statement by the United States Tariff Commission on the subject of sugar which supplies some information pertinent to the discussion that has just been in progress in the Senate. It appears from that statement that the sugar-cane production of the State of Louisiana is 4 percent of the total consumption of sugar in the United States. I ask that the press release of the Tariff Commission be also printed in the RECORD.

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

SUGAR

The Tariff Commission announces today that the President has approved the findings of the Commission with respect to sugar, and has reduced the rate on 96° raw sugar from Cuba to 1.5 cents per pound, and on sugar from other countries to 1.875 cents per pound. Rates on other degrees are changed in proportion. The new duties become effective June 8. Today's action marks the close of a comprehensive and careful study by the Tariff Commission. The President at the same time signed the Jones-Costigan Sugar Bill which makes sugar a basic commodity under control of the Agricultural Adjustment Administration and subject to a processing tax "not greater than" the reductions in the tariff rates.

Sugar, under the Tariff Act of 1930, paragraph 501, is dutiable at 2½ cents per pound for 96° raw sugar full duty, and 2 cents per pound for Cuban.

The action reducing those rates is based on a comparison of the costs of production of cane and beet sugar in continental United States and of cane sugar in Hawaii with the costs of production of cane sugar in Cuba, the principal competing country. This means a reduction in the rate on Cuban sugar, testing not over 75°, from 1.37 to 1.0275 cents per pound, and in the differential for each additional sugar degree from 0.03 to 0.0225 cent per pound. The rate on 96° sugar from Cuba will thus be reduced from 2.0 to 1.5 cents per pound. Since the United States imports of Cuban sugar are entitled (under the Cuban convention of 1902) to a reduction of 20 percent from the general rate on sugar, the general or world rate under this proclamation will be 25 percent higher than those specified above on Cuban sugar.

The findings of the Commission, with respect to refined sugar, state that the differences in cost of production between that produced in the United States and that produced in Cuba, during the cost period 1929–31, do not warrant any change in the relationship in the duty on refined (100°) sugar to the duty on raw sugar prescribed in the act of 1930, and that, consequently, any reduction in the duty on raw sugar should be accompanied by the same percentage reduction in the rate on refined sugar. The rate on 109° sugar imported from Cuba, therefore, by the proclamation, is reduced from 2.12 to 1.59 cents per pound. The Commission, however, calls attention to a new situation which is developing during later years which may call for a new relationship. This is the building of refining facilities in connection with raw-sugar mills.

The Commission, in connection with its investigation of the difference of costs between domestic and Cuban sugar conducted for the purpose of section 336, made a general investigation under section 332, and its report to the President calls attention to certain facts ascertained therein which have a major bearing on public policy with respect to sugar. These include a comparison of the costs of production of raw sugar in Puerto Rico and the Philippines with costs in Cuba, together with an analysis of data concerning the supply and demand for sugar, the trend of prices, and other pertinent facts.

It finds, in this connection, that a change in duty rates alone would not settle the chaotic condition in the sugar industry since the supply of sugar available for the American market is so great, and the competition to supply the American market is so keen as to depress the market price far below costs. Thus, while the 3-year-average costs of 96° raw sugar in Cuba delivered to Atlantic and Gulf seaport refineries was 1.923 cents per pound, the average price delivered at New York was only 1.49 cents per pound in 1930, 1.38 cents per pound in 1931, and 0.925 cent per pound in 1932.

And, further, that the most effective way, based on the information ascertained by investigations of the Commission, to improve the situation, both in Cuba and in the United States, is to lower the Cuban duty and at the same time adjust to market demand deliveries of sugar, not only from Cuba but from all other areas contributing to the American supply.

The consumption of sugar in continental United States is supplied almost entirely from three major sources, namely, the continental United States itself, shipments from the insular areas of Hawaii, Puerto Rico, and the Philippine Islands, and imports from Cuba at a duty of 20 percent below the general rate prescribed by statute. Of the continental production the great bulk has for many years consisted of beet sugar, which is produced chiefly in the Western States, with a limited output in certain North Central States. The remainder of the domestic production is cane sugar produced chiefly in Louisiana, which in no year since 1923 has represented as much as 4 percent of the total consumption. In the last few years Hawaii, Puerto Rico, and the Philippine Islands have been not far from equal to each other in importance as sources of supply of sugar to continental United States.

The relative importance of the three major sources of supply above specified remained roughly unchanged from about 1910 to about 1925. Since that time the share supplied by Cuba has fallen greatly, and the share furnished by the insular areas has risen greatly. The proportion furnished by the production in continental United States averaged about 23.5 percent of the total for 1912 to 1921, but declined to about 18.5 percent for the period 1927–30, and again increased to slightly above 23.5 percent for 1931–32.

Of the total quantity of domestic sugar consumed in 1932, 1,232,000 tons was beet sugar and 150,000 tons chiefly Louisiana cane sugar. Of the total quantity supplied by the insular areas that year 957,000 tons came from Hawaii, 851,000 tons from Puerto Rico, and 974,000 tons from the Philippines. Imports from Cuba in that year amounted to 1,647,000 tons, over 30 percent less than that imported during the 3 years immediately preceding.

The total cost of production and of transportation and other delivery charges to the principal market regions for the period 1929–30 to 1931–32 as reported by the Commission was 4.424 cents per pound for domestic beet sugar and 2.918 cents per pound for refined sugar produced from Cuban raw sugar, the excess of domestic over foreign costs thus being 1.506 cents per pound of refined sugar. This is equal to 1.407 cents per pound of raw sugar, 107 pounds of raw sugar being required to produce 100 pounds of refined sugar. The total delivered costs for raw cane sugar produced in Louisiana was 4.646 cents per pound, 3.286 cents per pound for that produced in Hawaii, and 1.923 cents per pound for that produced in Cuba. The excess of the domestic over the Cuban costs was 2.723 cents per pound for sugar produced in Louisiana and 1.363 cents per pound for sugar produced in Hawaii. The weighted average excess of the cost of the two domestic cane areas and the beet costs, raw basis, over Cuban costs amounted to 1.495 cents per pound of raw sugar.

A supplemental statement submitted by Commissioner Edgar B. Brossard is included in the report. He approves a limitation of imports by quotas to bring about a reasonable price for sugar and shows by cost comparisons calculated by three different methods that the difference between United States and Cuban costs ranges

from less than 1½ cents to more than 2 cents a pound for raw sugar, depending upon the method of cost comparison chosen.

MOLASSES AND SUGAR SIRUPS DUTIABLE UNDER PARAGRAPH 502

The Commission made no findings with respect to the costs of molasses and sugar sirups under paragraph 502 of the Tariff Act of 1930 in its report to the President. Subsequently, he requested further information on the relationship of the duty on sugar to the duty on molasses and sugar sirups.

In response to this request the Commission reported that in view of the different types of molasses and sirups imported and the great variety of domestically produced sirup it would not only be difficult to select imported and domestic molasses and sirups which were comparable but any cost differences which could be determined would not be significant in determining the proper relation between the duty on sugar and the one upon molasses and sirups.

Of the imports in 1933, about 9,600,000 gallons, or 85 percent, were imported from Cuba. Of the Cuban imports, about 3,150,000 gallons were molasses used for the extraction of sugar in refineries of the United States, and the remainder, about 5,822,000 gallons, was invert cane sirup made from raw sugar in Cuba and imported under the provisions of paragraph 502.

Imports of edible molasses and sirups from countries other than Cuba were 1,687,157 gallons in 1933. Of this amount, about 770,000 gallons were invert sirups made from raw sugars similar to the product imported from Cuba, and the remainder, about 918,000 gallons, was a highly colored and flavored edible product of the type known as Barbados molasses.

The Barbados type of molasses is used largely for blending purposes in the making of table sirups. The relatively large imports of the inverted cane sirups made from sugar are utilized in this country principally as a sweetening material in industry.

Mr. LONG. Mr. President, as the Senator from Arkansas well knows, the penalties which are prescribed against domestic peoples of all kinds, particularly the agriculturists, do not apply against the foreigners who are producing sugar. Therefore they do not have to take into account, in computing their cost of producing sugar, the same things the American farmer has to take into account in computing his cost of production, which the Senator from Michigan [Mr. VANDENBERG] said in some instances run as high as 50 percent.

Mr. ROBINSON of Arkansas. Of course, the processing tax was added to the Philippines.

REGULATION OF SECURITIES EXCHANGES

The Senate resumed the consideration of the bill (S. 3420) 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 PRESIDING OFFICER (Mr. THOMAS of Utah in the chair). The question is on the adoption of the amendments offered by the Senator from Colorado [Mr. COSTIGAN].

Mr. FLETCHER. Mr. President, with regard to the pending amendments submitted by the Senator from Colorado [Mr. COSTIGAN], I do not disagree at all with all the Senator from Colorado has so well said on the subject. I cannot, however, follow him and vote for his amendments because the Committee on Banking and Currency, by a vote, as I recall, of 11 to 8, voted for the provision for the establishment of a special commission. Of course, I am standing by the bill as reported by the committee.

I am all the more inclined to do that because if the Senate shall accept the Senate bill and create the special commission of five, which will have jurisdiction of the administration of the measure, the matter will go to conference.

The adoption of the amendment of the Senator from Colorado would mean that the Senate agrees to the proposal of the House bill, which provides for the administration of the measure through the Federal Trade Commission, and there would be nothing in conference on the subject. The Senate bill now provides for the establishment of a special commission. The House bill provides for jurisdiction to be lodged in the Federal Trade Commission. If the Senate agrees to the committee provision and disagrees to the amendment offered by the Senator from Colorado, our purpose is to move to substitute the Senate bill for the House bill, and therefore the whole matter will be in conference, the provisions of the Senate bill and the provisions of the House bill, too, and then we may thrash out the question and determine which is more desirable, whether to have the measure administered by the Federal Trade Commission or by a special commission. The conferees no doubt can get together on the matter.

There are many people who think there ought to be a special commission, and there are various arguments submitted in favor of that plan. In the first place, it would be an independent commission appointed by the President, who will have in mind the particular qualifications for service in connection with the work involved. Members of the commission will be confirmed by the Senate. I think we would get a good commission, beyond all question.

Many people, Members of Congress and others elsewhere, feel that a special commission ought to be provided to administer the measure because the provisions are largely technical, and we ought to have men experienced in business of the kind involved. We can find them, I am sure. Some feel that the Federal Trade Commission has not had the kind of experience that would be required for an efficient administration of the provisions of the measure. It is felt that we would get better results at the hands of a special commission.

There is one thing about which I am quite clear, and that is that whether we place the work in the hands of the Federal Trade Commission or in the hands of a special commission, the Securities Act and this measure ought to be administered by the same authority, because they are so intimately related and the provisions of the one correspond so closely to the provisions of the other, particularly those provisions with reference to reports and that sort of thing required of issuers and corporations. It will prevent much duplication of work and save some burden on the industries if we require only the one report in each instance. That report would be made to whichever authority has charge of both of the measures. I think that is highly desirable.

In an amendment which I have had printed and which I shall offer I propose to amend the Securities Act and then to transfer all the functions of the Federal Trade Commission in reference to that act to the special commission provided for in this bill, so as to carry out the ideas of the committee with reference to the establishment of a new commission. That amendment will be submitted at a later time.

If the Senate shall vote down the Costigan amendment and then shall agree to the Senate provision for a special commission, the question will go to conference, because the provision of the House bill is along the lines of the amendment of the Senator from Colorado. If we should adopt the amendment of the Senator from Colorado, we would practically agree to the House provision with reference to the Federal Trade Commission having jurisdiction over the administration of the bill, and then there would be nothing in conference on that subject. If we shall pass the Senate bill, disagreeing to the pending amendment of the Senator from Colorado, the whole question will be in conference, because the House bill gives jurisdiction to the Federal Trade Commission, while the Senate bill provides for a special commission. So, my judgment is that it would be wiser for us to leave this question to be settled in conference between the House and the Senate.

While agreeing entirely with what the Senator from Colorado [Mr. COSTIGAN] has so well said about the Federal Trade Commission and its work up to this time, and other features of his amendment, I think it wiser for us to pass the Senate bill, and thereby have the whole matter go to conference. If we should agree to his amendment, there would be nothing in conference with regard to the administration of the act. For that reason I feel that we should stand by the Senate bill as it is, and reject the amendment.

It is getting late, Mr. President, and there are other Senators who desire to discuss this matter before we vote upon it, and who cannot do so this afternoon. I think, therefore, that at this time we had better lay aside the bill until tomorrow.

ORDER FOR CONSIDERATION OF CALENDAR TOMORROW

Mr. ROBINSON of Arkansas. Mr. President, during the present session the Senate has been able to give such consideration to its calendar that comparatively few bills remain on it; and many of those bills have been called so often as to indicate that they cannot be acted upon under the usual agreement for the consideration of bills by unanimous consent.

Since we last considered the calendar, quite a number of bills have been reported from the various standing committees of the Senate, and a number of Senators have expressed a desire for an opportunity to consider the calendar for unobjected bills.

I, therefore, desire to submit a unanimous-consent request, which, I understand, is agreeable to the Senator from Oregon [Mr. McNARY], and to the Senator from Florida [Mr. FLETCHER], the latter being in charge of the unfinished business. I ask unanimous consent that when the Senate completes its labors today, it adjourn until 11 o'clock tomorrow morning, and that at the conclusion of the routine morning business, the Senate proceed to the consideration of unobjected bills on the calendar.

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

RECONSTRUCTION FINANCE CORPORATION LOANS TO INDUSTRY

Mr. BLACK. Mr. President, I send to the desk and ask to have read an amendment, which I shall offer whenever Senate bill 3520, authorizing the Reconstruction Finance Corporation to make loans to industry, may be brought up in the Senate.

The amendment is only seven or eight lines long, and I ask that it be read at this time.

The PRESIDING OFFICER. The amendment will be read for the information of the Senate.

The LEGISLATIVE CLERK. At the proper place in the bill, it is proposed to insert the following:

Provided, That it shall be unlawful for any Federal, State, county, or municipal official, any member of any national, State, or county committee of any political party, or any other person except a bona fide and regularly employed officer, agent, or employee of the person or corporation seeking a loan under the provisions of this section, to seek to influence in any way any agent, officer, or employee of the Reconstruction Finance Corporation in connection with a loan or any application therefor, under the provisions of this section; and if such unlawful influence is used, the person or corporation seeking such loan shall be disqualified.

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

EXECUTIVE SESSION

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

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE MESSAGES REFERRED

The PRESIDING OFFICER (Mr. THOMAS of Utah in the chair) laid before the Senate messages from the President of the United States submitting sundry nominations, which were referred to the appropriate committees.

(For nominations this day received see the end of Senate proceedings.)

EXECUTIVE REPORTS OF A COMMITTEE

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, reported favorably the nominations of sundry postmasters, which were ordered to be placed on the calendar.

WILLIAM A. ROBERTS

The PRESIDING OFFICER. The calendar is in order.

Mr. McCARRAN. Mr. President, with reference to the nomination of Mr. William A. Roberts to be additional people's counsel for the District of Columbia, in fairness to the nominee I desire to say that on several occasions I asked that the nomination go over for the purpose of making a thorough investigation to satisfy myself as to certain records. I now withdraw all objections that I had to the nominee. I desire to speak in the very highest terms of the nomination, and ask that it be confirmed.

The PRESIDING OFFICER. The nomination will be read.

The legislative clerk read the nomination of William A. Roberts to be additional counsel of the Public Utilities Commission of the District of Columbia, to be known as the "people's counsel."

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

DANIEL D. MOORE

The legislative clerk read the nomination of Daniel D. Moore to the collector of internal revenue, district of Louisiana.

Mr. ROBINSON of Arkansas. Let that go over.

The PRESIDING OFFICER. The nomination will be passed over.

POSTMASTERS

The legislative clerk proceeded to read the nominations of sundry postmasters.

Mr. ROBINSON of Arkansas. I ask that the nominations of postmasters on the calendar be confirmed en bloc.

The PRESIDING OFFICER. Without objection, the nominations of postmasters are confirmed en bloc.

That completes the calendar.

ADJOURNMENT

The Senate resumed legislative session.

Mr. ROBINSON of Arkansas. I move that the Senate, under the unanimous-consent agreement, adjourn.

The motion was agreed to; and (at 5 o'clock and 20 minutes p.m.) the Senate adjourned, the adjournment being, under the order previously entered, until tomorrow, Thursday, May 10, 1934, at 11 o'clock a.m.

NOMINATIONS

Executive nominations received by the Senate May 9 (legislative day of Apr. 26), 1934

COAST GUARD

The following-named officers in the Coast Guard of the United States, to rank as such from the dates set opposite their names:

TO BE LIEUTENANTS (JUNIOR GRADE)

Ensign Harold A. T. Bernson, May 15, 1933.

Ensign George W. Dick, May 15, 1933.

Ensign Russell J. Roberts, June 7, 1933.

The above-named officers have passed the examinations for which they are recommended.

POSTMASTERS

ARKANSAS

Nannie L. Connevey to be postmaster at Bauxite, Ark., in place of N. L. Connevey. Incumbent's commission expired May 9, 1934.

Frank B. Ortman to be postmaster at Cotter, Ark., in place of H. H. Goodman. Incumbent's commission expired April 28, 1934.

CALIFORNIA

John G. Carroll to be postmaster at Calexico, Calif., in place of C. A. Ritter, transferred.

Harry A. Hall to be postmaster at Bigpine, Calif., in place of H. A. Hall. Incumbent's commission expired April 2, 1934.

Frank Emerson to be postmaster at Corona, Calif., in place of R. J. Johnson, transferred.

Lewis J. Renshaw to be postmaster at Hilmar, Calif. Office became Presidential July 1, 1932.

DELAWARE

George I. Bendler to be postmaster at Delaware City, Del., in place of S. S. Stevens, retired.

FLORIDA

William D. Jones to be postmaster at Jacksonville, Fla., in place of H. E. Ross, transferred.

Robert B. Terrell to be postmaster at North Miami, Fla., in place of Henriette Lynott, removed.

GEORGIA

Burgess Y. Dickey to be postmaster at Calhoun, Ga., in place of E. B. Miller, removed.

Ralph W. Baker to be postmaster at Chickamauga, Ga., in place of J. H. Hicks, removed.

William M. Denton to be postmaster at Dalton, Ga., in place of J. M. Crawford. Incumbent's commission expired February 9, 1933.

Nathaniel M. Hawley to be postmaster at Douglasville, Ga., in place of J. L. Dorris. Incumbent's commission expired February 28, 1933.

William E. Wimberly to be postmaster at Rome, Ga., in place of M. W. Barclay, removed.

James S. Alsobrook to be postmaster at Rossville, Ga., in place of G. W. Bryan, removed.

Robert R. Lee to be postmaster at Dallas, Ga., in place of M. W. Hudson, retired.

Joseph T. Bohannon to be postmaster at Grantville, Ga., in place of R. L. O'Kelley. Incumbent's commission expired September 30, 1933.

Charles D. Bruce to be postmaster at Sea Island Beach, Ga. Office became Presidential July 1, 1930.

IDAHO

George P. Smith to be postmaster at Wendell, Idaho, in place of A. N. MacQuivey. Incumbent's commission expired December 10, 1932.

ILLINOIS

Joseph D. Cotter to be postmaster at Stockton, Ill., in place of A. M. Smith, resigned.

Rose H. Jennings to be postmaster at Beecher City, Ill., in place of Raymond Phillips, removed.

Juanita H. Greene to be postmaster at Coffeen, Ill., in place of H. D. Short, removed.

Richard L. Lauwerens to be postmaster at Kincaid, Ill., in place of J. L. Sullivan. Incumbent's commission expired May 27, 1933.

Mary Reardon to be postmaster at La Salle, Ill., in place of W. T. Bedford, removed.

Walter D. Wacaser to be postmaster at Mount Pulaski, Ill., in place of R. F. Tribbett, resigned.

John R. Sheehan to be postmaster at Ohio, Ill., in place of M. A. Hannan. Incumbent's commission expired June 7, 1933.

Helen G. McCarthy to be postmaster at St. Charles, Ill., in place of L. S. Paschal, removed.

Leon J. Walsh to be postmaster at South Beloit, Ill. Office became Presidential October 1, 1932.

John W. Foster to be postmaster at Toluca, Ill., in place of P. J. Aimone. Incumbent's commission expired January 11, 1933.

George L. Hausmann to be postmaster at Vandalia, Ill., in place of I. D. Lakin, removed.

INDIANA

Orville R. Nethercutt to be postmaster at Logansport, Ind., in place of W. H. Jones, transferred.

Willis E. Payne to be postmaster at Borden, Ind., in place of Carl McKinley. Incumbent's commission expired December 18, 1933.

Ervin Sell to be postmaster at Columbia City, Ind., in place of J. C. Burnworth. Incumbent's commission expired January 10, 1932.

Ellis B. Cates to be postmaster at Greentown, Ind., in place of J. J. Speck. Incumbent's commission expired January 19, 1933.

Maurice L. Cory to be postmaster at Kingman, Ind., in place of Lenna Robinson. Incumbent's commission expired December 19, 1933.

Lyman Thomas to be postmaster at Pennville, Ind., in place of A. R. Horn. Incumbent's commission expired December 13, 1932.

IOWA

John A. Davis to be postmaster at Colfax, Iowa, in place of B. A. Brown, resigned.

Auzman H. Blackmore to be postmaster at Alden, Iowa, in place of C. C. Sheaffer. Incumbent's commission expired May 14, 1932.

Willard L. Street to be postmaster at Center Point, Iowa, in place of E. E. Silver. Incumbent's commission expired December 13, 1932.

Mary Doris Carroll to be postmaster at Clear Lake, Iowa, in place of Matt Olson. Incumbent's commission expired February 8, 1933.

Gordon J. Mosby to be postmaster at Elgin, Iowa, in place of G. H. Falb. Incumbent's commission expired January 21, 1933.

Jacob A. Schwartz to be postmaster at Fenton, Iowa, in place of E. C. Weisbrod. Incumbent's commission expired January 16, 1934.

Vestie L. O'Connor to be postmaster at Graettinger, Iowa, in place of O. H. Raleigh. Incumbent's commission expired January 31, 1934.

Benjamin Roy Bogenrief to be postmaster at Hinton, Iowa, in place of F. D. Winter, removed.

Russell E. Whipple to be postmaster at Lehigh, Iowa, in place of Irene Goodrich. Incumbent's commission expired December 18, 1933.

Paul M. Molleston to be postmaster at Lineville, Iowa, in place of C. G. Austin. Incumbent's commission expired January 31, 1934.

James B. Bellamy to be postmaster at Nashua, Iowa, in place of E. E. Simpson, resigned.

Edna Pearl Feuling to be postmaster at New Hampton, Iowa, in place of H. W. Tank. Incumbent's commission expired January 19, 1933.

Harry E. Chichester to be postmaster at New London, Iowa, in place of J. M. Crawford, removed.

Alice A. Higgins to be postmaster at Orient, Iowa, in place of J. T. Bargenholt. Incumbent's commission expired December 20, 1932.

Oscar C. Watts to be postmaster at Pisgah, Iowa, in place of F. H. Seabury. Incumbent's commission expired December 18, 1933.

Charles E. Horning to be postmaster at Richland, Iowa, in place of P. H. Harlan. Incumbent's commission expired January 31, 1934.

Joseph C. Kinney to be postmaster at Stacyville, Iowa, in place of G. H. Kinney, deceased.

Leander A. Klisart to be postmaster at Strawberry Point, Iowa, in place of C. B. Moser. Incumbent's commission expired February 28, 1933.

Dudley A. Reid to be postmaster at Valley Junction, Iowa, in place of C. C. Clardy. Incumbent's commission expired December 18, 1933.

KANSAS

Cyrus H. Wadsworth to be postmaster at Cottonwood Falls, Kans., in place of M. T. Breese, removed.

Ralph L. Hinnen to be postmaster at Potwin, Kans., in place of E. M. Hosman. Incumbent's commission expired December 16, 1933.

Harold Goble to be postmaster at Riley, Kans., in place of J. R. Robison. Incumbent's commission expired December 18, 1933.

Leigh D. Dowling to be postmaster at St. Francis, Kans., in place of W. F. Greer. Incumbent's commission expired April 16, 1934.

James M. Michaels to be postmaster at Scranton, Kans., in place of O. G. Canfield, resigned.

KENTUCKY

Gertrude Owens to be postmaster at Brodhead, Ky., in place of Walter Robins, removed.

Donald B. Hughes to be postmaster at Hardin, Ky., in place of L. C. Starks, removed.

Vego E. Barnes to be postmaster at Hopkinsville, Ky., in place of Edgar Renshaw, resigned.

MAINE

Thomas L. Pineau to be postmaster at Chisholm, Maine, in place of Anatole L'Heureux. Incumbent's commission expired January 31, 1934.

Adelard J. Dumais to be postmaster at Livermore Falls, Maine, in place of E. A. Fogg. Incumbent's commission expired January 15, 1933.

Hildred M. Rider to be postmaster at Rockport, Maine, in place of L. T. Spear. Incumbent's commission expired April 2, 1934.

Wesley E. Spear to be postmaster at Warren, Maine, in place of H. M. Robinson, deceased.

MARYLAND

Charles T. Kreigh to be postmaster at Clear Spring, Md., in place of C. G. Tedrick. Incumbent's commission expired March 18, 1934.

Henry J. Paul to be postmaster at Linthicum Heights, Md. Office became Presidential July 1, 1932.

Howard Griffith to be postmaster at Silver Spring, Md., in place of P. M. Coughlan. Incumbent's commission expired February 17, 1934.

MASSACHUSETTS

William F. O'Toole to be postmaster at South Barre, Mass., in place of W. F. O'Toole. Incumbent's commission expired May 2, 1934.

John H. Fletcher to be postmaster at Westford, Mass., in place of J. H. Fletcher. Incumbent's commission expires June 17, 1934.

MICHIGAN

Clayton J. Hart to be postmaster at Gwinn, Mich., in place of John Anderson. Incumbent's commission expired December 8, 1932.

William J. Field to be postmaster at Hastings, Mich., in place of W. L. Shulters, transferred.

John M. Maloney to be postmaster at Hopkins, Mich., in place of C. B. Hoffmaster. Incumbent's commission expired January 31, 1933.

Sidney Reynolds to be postmaster at Howard City, Mich., in place of J. B. Haskins, removed.

Patrick J. Scanlan to be postmaster at Hubbell, Mich., in place of Frank Leonard. Incumbent's commission expired February 9, 1933.

Eugene E. Hubbard to be postmaster at Hudsonville, Mich., in place of E. E. Hubbard. Incumbent's commission expires May 9, 1934.

Charles M. Dillon to be postmaster at Iron Mountain, Mich., in place of Charles Hallman. Incumbent's commission expired December 16, 1933.

Harry A. Saur to be postmaster at Kent City, Mich., in place of N. E. Weston. Incumbent's commission expired December 8, 1932.

John E. Hogan to be postmaster at Linden, Mich., in place of C. E. Hyatt. Incumbent's commission expired March 22, 1934.

Frederick J. Erwin to be postmaster at Marlette, Mich., in place of D. J. Doherty. Incumbent's commission expired December 8, 1932.

Floyd T. King to be postmaster at Marysville, Mich., in place of M. W. Mills. Incumbent's commission expired October 10, 1933.

Edwin Boyle to be postmaster at Milford, Mich., in place of C. L. Kenney. Incumbent's commission expired December 12, 1932.

Anna C. Kulish to be postmaster at Minden City, Mich., in place of G. E. Meredith. Incumbent's commission expired December 16, 1933.

William D. Leach to be postmaster at Montrose, Mich., in place of A. H. Stevens. Incumbent's commission expired March 8, 1934.

John G. Buerker to be postmaster at Pigeon, Mich., in place of H. B. Harder. Incumbent's commission expired September 18, 1933.

George A. Ruddy to be postmaster at Plainwell, Mich., in place of F. E. Heath, resigned.

George Arthur Blanchard to be postmaster at Sand Lake, Mich., in place of A. D. Thorp, resigned.

Robert Miller, Sr. to be postmaster at Sawyer, Mich., in place of J. H. Wester. Incumbent's commission expired December 7, 1932.

James W. Henry to be postmaster at Sturgis, Mich., in place of H. L. Allard, removed.

Joseph R. Haferkorn to be postmaster at Vulcan, Mich., in place of Fred Alford, Sr. Incumbent's commission expired December 8, 1932.

Samuel J. Davison to be postmaster at Alpena, Mich., in place of W. H. Reynolds, deceased.

Thomas Earl Barry to be postmaster at Baraga, Mich,, in place of H. W. Raymond. Incumbent's commission expired January 31, 1933.

Alice M. Woldohan to be postmaster at Birch Run, Mich., in place of Thomas Watson. Incumbent's commission expired December 11, 1932.

Eva A. Starback to be postmaster at Breedsville, Mich., in place of C. G. Chamberlain, deceased.

Robert J. McCormick to be postmaster Carleton, Mich., in place of H. G. Buck. Incumbent's commission expired January 15, 1933.

Robert C. Jacoby to be postmaster at Caro, Mich., in place of H. S. Myers. Incumbent's commission expired January 22, 1934.

Frank D. McCaren to be postmaster at Carsonville, Mich., in place of A. B. Ruttle. Incumbent's commission expired January 8, 1933.

Mortimer W. Olds to be postmaster at Coldwater, Mich., in place of James Swain. Incumbent's commission expired December 16, 1933.

Charles S. Carland to be postmaster at Corunna, Mich., in place of J. Y. Martin. Incumbent's commission expired March 2, 1933.

John P. Kelley to be postmaster at Deckerville, Mich., in place of A. P. Decker. Incumbent's commission expired December 8, 1932.

Charles L. Burns to be postmaster at Eau Claire, Mich., in place of Reva Runnels. Incumbent's commission expired December 11, 1933.

Lea M. Griffith to be postmaster at Flat Rock, Mich., in place of Henry Bristow, deceased.

Ray J. Halfmann to be postmaster at Fowler, Mich., in place of E. M. Meyer. Incumbent's commission expired January 22, 1934.

Philip O. Embury to be postmaster at Grand Blanc, Mich., in place of L. R. Perry, removed.

John E. Rengo to be postmaster at Kaleva, Mich., in place of Edgar Hilliard. Incumbent's commission expired December 16, 1933.

Lyle M. Wheeler to be postmaster at Mackinaw, Mich., in place of T. I. Barrett, removed.

Earl M. LaFreniere to be postmaster at Norway, Mich., in place of Samuel Perkins. Incumbent's commission expired December 14, 1932.

Merrill Hillock to be postmaster at Pickford, Mich., in place of F. J. Smith, removed.

Fred Cavill to be postmaster at Rapid River, Mich., in place of F. J. Gravelle, resigned.

William F. Cunningham to be postmaster at Rockwood, Mich., in place of Napoleon Valrance, removed.

Percy Cecil Carr to be postmaster at Rudyard, Mich., in place of E. C. Edgerly, removed.

Mary A. Ripley to be postmaster at Sault Sainte Marie, Mich., in place of W. M. Snell, deceased.

MINNESOTA

Elmer L. Berg to be postmaster at Kennedy, Minn., in place of C. F. Peterson, removed.

George A. Boyd to be postmaster at Le Roy, Minn., in place of G. E. Van Buren, resigned.

Joseph Smuk, Jr., to be postmaster at Marble, Minn., in place of J. L. Scalise. Incumbent's commission expired December 20, 1932.

James H. Pelham to be postmaster at Menahga, Minn., in place of J. H. Pelham. Incumbent's commission expired December 20, 1932.

Joseph W. Kreuzer to be postmaster at New Richland, Minn., in place of W. E. Johnson, removed.

Nicholas D. Schons to be postmaster at Nicollet, Minn., in place of L. E. Olson. Incumbent's commission expired January 22, 1934.

Oliver W. Alvin to be postmaster at North Branch, Minn., in place of L. E. Holmberg, removed.

Rosyne M. Gosch to be postmaster at Randall, Minn., in place of Anna Barnes, resigned.

George Glotzbach to be postmaster at Sleepy Eye, Minn., in place of H. C. F. Rasmussen. Incumbent's commission expired December 20, 1932.

Hjalmer A. Johnson to be postmaster at Soudan, Minn., in place of Adele Arola. Incumbent's commission expired September 30, 1933.

Andrew T. Sanvik to be postmaster at Starbuck, Minn., in place of B. H. Holte, removed.

Paul F. Preice to be postmaster at Calumet, Minn., in place of W. B. Heick, resigned.

Howard H. Gunz to be postmaster at Center City, Minn., in place of J. A. Johnson, resigned.

John M. Augustin to be postmaster at Comfrey, Minn., in place of F. H. Nichols, retired.

William J. Conner to be postmaster at Dunnell, Minn., in place of F. A. Sandin, removed.

Aloysius I. Donahue to be postmaster at Elk River, Minn., in place of C. A. Morse. Incumbent's commission expired March 29, 1932.

Edward C. Feely to be postmaster at Farmington, Minn., in place of C. A. Qvale, removed.

Gladys M. Freeman to be postmaster at Franklin, Minn., in place of R. P. Erickson, resigned.

Flora P. Lowry to be postmaster at Hollandale, Minn., in place of O. C. Hall, resigned.

MISSISSIPPI

Henry R. Park to be postmaster at Merigold, Miss., in place of W. L. Malley. Incumbent's commission expired October 2, 1933.

MISSOURI

Mary E. Chambers to be postmaster at Appleton City, Mo., in place of W. N. Langford, removed.

Pearl Herndon to be postmaster at Blackburn, Mo., in place of S. F. Wegener. Incumbent's commission expired December 18, 1933.

Robert E. Chaffin to be postmaster at Breckenridge, Mo., in place of G. C. Blackwell. Incumbent's commission expired December 10, 1932.

Lee Dickson to be postmaster at Carrollton, Mo., in place of J. T. Garner, retired.

Gideon W. Miller to be postmaster at Edgerton, Mo., in place of Charles Gustin, deceased.

Parker G. Wingo to be postmaster at Ellsinore, Mo., in place of H. D. Condray. Incumbent's commission expired March 18, 1934.

Opal C. Ray to be postmaster at Gilman City, Mo., in place of H. A. Scott. Incumbent's commission expired December 18, 1933.

Robert E. McCue to be postmaster at Jamesport, Mo., in place of Hugh Terry, removed.

Harold F. Hopkins to be postmaster at Polo, Mo., in place of C. A. Bathgate, resigned.

Almon A. Gracey to be postmaster at Reeds Spring, Mo., in place of R. E. McCormick. Incumbent's commission expired February 6, 1934.

Charles F. Halligan to be postmaster at Union, Mo., in place of Hattie Stierberger, removed.

Sadocia B. Herndon to be postmaster at Fulton, Mo., in place of F. D. Williams, resigned.

Leslie L. Travis to be postmaster at Joplin, Mo., in place of C. L. Martin, removed.

Thomas C. Vaughan to be postmaster at Linn, Mo., in place of Edward Baumgartner, deceased.

James E. Ferguson to be postmaster at Williamsville, Mo., in place of W. N. Osborne. Incumbent's commission expired April 16, 1934.

MONTANA

Oscar L. Henry to be postmaster at Belfry, Mont., in place of E. A. Anderson, resigned.

Eugene T. Kirchner to be postmaster at Circle, Mont., in place of Joseph Rorvik. Incumbent's commission expired October 31, 1933.

J. Charles Johnson to be postmaster at Fairview, Mont., in place of R. D. Collins. Incumbent's commission expired June 19, 1933.

Roy W. Dorwin to be postmaster at Flaxville, Mont., in place of M. J. Tasa, deceased.

Francis P. Bartley to be postmaster at Fort Benton, Mont., in place of W. H. Jenkinson. Incumbent's commission expired December 18, 1933.

Frederick L. Coughlin to be postmaster at Geyser, Mont., in place of N. M. Kelley. Incumbent's commission expired January 8, 1933.

Edward F. O'Neil to be postmaster at Glendive, Mont., in place of C. E. Griffin. Incumbent's commission expired January 31, 1934.

Joseph M. Astle to be postmaster at Hardin, Mont., in place of S. A. Yergey. Incumbent's commission expired January 8, 1933.

Myrtle C. DeMers to be postmaster at Hot Springs, Mont., in place of M. C. DeMers. Incumbent's commission expired December 12, 1932.

Jessie G. Rolph to be postmaster at Joplin, Mont., in place of C. B. Wymond. Incumbent's commission expired September 30, 1933.

Cletus J. Walsh to be postmaster at Polytechnic, Mont., in place of A. O. Kline, resigned.

Halsey E. Brickley to be postmaster at Rapelje, Mont., in place of H. J. Waters, removed.

Lucile D. Knight to be postmaster at Twin Bridges, Mont., in place of L. D. Knight. Incumbent's commission expired May 14, 1932.

Sterling C. West to be postmaster at Jordan, Mont., in place of P. E. Winfield, resigned.

NEBRASKA

Arthur G. Miller to be postmaster at Atkinson, Nebr., in place of E. V. Hickok, resigned.

Urv V. Dobbs to be postmaster at Grant, Nebr., in place of E. G. Hall. Incumbent's commission expired February 6, 1934.

Henry T. Dunn to be postmaster at Harrison, Nebr., in place of Maude Pontius. Incumbent's commission expired December 13, 1932.

Tim N. Cannon to be postmaster at Juniata, Nebr., in place of H. L. Sergeant. Incumbent's commission expired April 16, 1934.

Charles L. Schunk to be postmaster at Kenesaw, Nebr., in place of F. C. Armitage. Incumbent's commission expired December 16, 1933.

Asa H. Homer to be postmaster at Madrid, Nebr., in place of B. C. Pifer. Incumbent's commission expired October 31, 1933.

John Monahon to be postmaster at Valley, Nebr., in place of H. P. Cato, removed.

Alfred E. Watkins to be postmaster at Venango, Nebr., in place of E. A. Broughton. Incumbent's commission expired December 16, 1933.

Mary May Holley to be postmaster at Waverly, Nebr., in place of M. K. Holley, resigned.

Floyd A. Garrett to be postmaster at Whitman, Nebr., in place of C. E. Waite. Incumbent's commission expired December 17, 1932.

Tobie H. Wilken to be postmaster at Bruning, Nebr., in place of W. L. Hallman. Incumbent's commission expired December 16, 1933.

Earl B. Hardeman to be postmaster at Crete, Nebr., in place of C. E. Beals. Incumbent's commission expired April 2, 1934.

Amos Frieden to be postmaster at Shickley, Nebr., in place of O. H. Larson. Incumbent's commission expired January 9, 1933.

Walter P. Flynn to be postmaster at Ulysses, Nebr., in place of M. E. Bigelow. Incumbent's commission expired December 17, 1932.

NEVADA

Mary C. McNamara to be postmaster at Elko, Nev., in place of H. L. Brown. Incumbent's commission expired December 16, 1933.

Pauline H. Hjul to be postmaster at Eureka, Nev., in place L. A. Gates, deceased.

Juanita M. Johnson to be postmaster at Gardnerville, Nev., in place of F. R. Howard. Incumbent's commission expired September 30, 1933.

Karl C. Berg to be poastmaster at Round Mountain, Nev. Office became Presidential July 1, 1932.

Edward D. Gladding to be postmaster at Virginia City, Nev., in place of Katie O'Connor. Incumbent's commission expired February 9, 1933.

NEW HAMPSHIRE

Willis E. Herbert to be postmaster at Franconia, N.H., in place of A. W. Sawyer. Incumbent's commission expired December 16, 1933.

Jeremiah D. Hallisey to be postmaster at Nashua, N.H., in place of G. E. Danforth, retired.

Edward S. Perkins to be postmaster at Sunapee, N.H., in place of H. C. Young. Incumbent's commission expired December 11, 1932.

NEW JERSEY

Frank Mastrangelo to be postmaster at Iselin, N.J., in place of A. L. Hassey. Incumbent's commission expired December 13, 1932.

Edith B. Brooks to be postmaster at Kingston, N.J. Office became Presidential July 1, 1932.

Martin E. Carroll to be postmaster at Lawrenceville, N.J., in place of Frank Pierson, removed.

Harry F. Reder to be postmaster at Lincoln Park, N.J., in place of A. J. Crane. Incumbent's commission expired January 26, 1933.

Katherine A. Cooney to be postmaster at Pedricktown, N.J., in place of Preston Pedrick. Incumbent's commission expired January 19, 1933.

Frederick G. Brochu to be postmaster at Pompton Plains, N.J., in place of R. J. Stell. Incumbent's commission expired December 13, 1932.

Allen J. Thomas to be postmaster at Scotch Plains, N.J., in place of E. A. Clawson, deceased.

Anna A. Mullen to be postmaster at Sewaren, N.J., in place of M. M. Giroud. Incumbent's commission expired December 14, 1932.

Andrew D. Wilson to be postmaster at Stockton, N. J., in place of P. E. Rockafellow, removed.

Helen S. Elbert to be postmaster at Vincentown, N.J., in place of H. K. Colkitt, removed.

Rose B. Sokolowski to be postmaster at Alpha, N.J., in place of Edna Rhen. Incumbent's commission expired January 19, 1933.

William A. Lambert to be postmaster at Bivalve, N.J., in place of J. R. Yates. Incumbent's commission expired January 10, 1933.

Daniel T. Hagans to be postmaster at Blackwood, N.J., in place of C. E. Glover, removed.

Frank F. Burd to be postmaster at Califon, N.J., in place of E. L. Regan. Incumbent's commission expired June 19, 1933.

Thomas R. Boyle to be postmaster at Florence, N.J., in place of W. G. Wallis. Incumbent's commission expired February 14, 1933.

Arthur B. Williams to be postmaster at Grenloch, N.J., in place of C. W. Foster, deceased.

Charles Orth to be postmaster at Hackensack, N.J., in place of William Jeffers, removed.

NEW MEXICO

Beatrice C. Melton to be postmaster at Mountainair, N.Mex., in place of J. H. Doyle, Jr. Incumbent's commission expired February 16, 1931.

NEW YORK

Edward J. Seagert to be postmaster at Attica, N.Y., in place of F. W. Hettler, removed.

Luke E. Burns to be postmaster at Black River, N.Y., in place of W. J. Scott, resigned.

Charles Bruno to be postmaster at East Williamson, N.Y. Office became Presidential July 1, 1932.

Jennie W. Jewell to be postmaster at Fishkill, N.Y., in place of C. D. White, removed.

George S. Hart to be postmaster at Freeville, N.Y., in place of V. M. Simons. Incumbent's commission expired December 16, 1933.

Flora A. M. Humes to be postmaster at Great Bend, N.Y., in place of M. J. Pfister. Incumbent's commission expired May 26, 1932.

Katherine A. Colligan to be postmaster at Halesite, N.Y., in place of H. A. Roselle. Incumbent's commission expired December 12, 1932.

Frederick B. Pulling to be postmaster at Lagrangeville, N.Y. Office became Presidential July 1, 1932.

John W. Clark to be postmaster at Mahopac, N.Y., in place of H. M. Barrett, resigned.

Marion A. Carroll to be postmaster at Montrose, N.Y. Office became Presidential July 1, 1932.

Joseph J. Cruse to be postmaster at Poland, N.Y., in place of J. B. Read, deceased.

George Eaton Dean to be postmaster at Highland, N.Y., in place of A. B. Merritt. Incumbent's commission expired September 19, 1933.

Joseph N. Peck to be postmaster at Honeoye Falls, N.Y., in place of G. A. Case, deceased.

Frank J. Baltzel to be postmaster at Newark, N.Y., in place of A. N. Christy. Incumbent's commission expired December 16, 1933.

Henry H. Gaff to be postmaster at Niagara University, N.Y., in place of D. J. Duggan, resigned.

William F. McNichol to be postmaster at Nyack, N.Y., in place of James Kilby. Incumbent's commission expired January 8, 1934.

Clarence A. Chamberlain to be postmaster at Orangeburg, N.Y., in place of Matthew McManus, Jr. Incumbent's commission expired December 16, 1933.

John F. Maher to be postmaster at Woodridge, N.Y., in place of August Abt. Incumbent's commission expired February 14, 1934.

NORTH CAROLINA

Wilburn E. Berry to be postmaster at Drexel, N.C., in place of F. L. Smith, resigned.

Robert S. Doak to be poastmaster at Guilford College, N.C., in place of R. E. Hodgin. Incumbent's commission expired February 28, 1933.

NORTH DAKOTA

Francis Oscar Johnson to be postmaster at Hillsboro, N.Dak., in place of T. S. Farr. Incumbent's commission expired December 16, 1933.

Clinton C. Howell to be postmaster at Sheldon, N.Dak., in place of W. M. Shaw. Incumbent's commission expired December 16, 1933.

OHIO

Joseph Davidson to be postmaster at Chagrin Falls, Ohio, in place of H. E. Foster, transferred.

John B. Neth to be postmaster at Covington, Ohio, in place of G. M. Simes. Incumbent's commission expired April 15, 1934.

Henry D. Coate to be postmaster at Coldwater, Ohio, in place of C. E. Schindler. Incumbent's commission expired March 8, 1934.

OKLAHOMA

Pearle F. Yates to be postmaster at Avant, Okla., in place of Zeb King. Incumbent's commission expired June 7, 1933.

Beulah Brown to be postmaster at Red Oak, Okla., in place of J. D. Morrison. Incumbent's commission expired March 22, 1934.

Charles F. Rogers to be postmaster at Wagoner, Okla., in place of E. B. Foster. Incumbent's commission expired February 10, 1931.

PENNSYLVANIA

Katharine Olive McCoy to be postmaster at Grove City, Pa., in place of O. H. Firm, removed.

Lawrence B. Fink to be postmaster at Littlestown, Pa., in place of R. H. Wilson. Incumbent's commission expired May 10, 1932.

Harry E. Trout to be postmaster at Mercersburg, Pa., in place of L. L. Steiger. Incumbent's commission expired March 18, 1934.

John W. Klepper to be postmaster at Montoursville, Pa., in place of J. M. Hayes, removed.

Orie A. Nary to be postmaster at Biglerville, Pa., in place of H. U. Walter, removed.

Rosanna McGee to be postmaster at Towanda, Pa., in place of H. M. Turner. Incumbent's commission expired February 23, 1933.

RHODE ISLAND

William H. Follett to be postmaster at Howard, R.I., in place of W. H. Follett. Incumbent's commission expired January 22, 1934.

John J. Ahern to be postmaster at Jamestown, R.I., in place of W. F. Caswell. Incumbent's commission expired December 13, 1932.

Elton L. Clark to be postmaster at North Scituate, R.I., in place of A. W. Bartlett. Incumbent's commission expired January 16, 1933.

SOUTH CAROLINA

Paul F. W. Waller to be postmaster at Myers, S.C., in place of P. F. W. Waller. Incumbent's commission expired May 9, 1934.

Edward O. Reynolds to be postmaster at Summerville, S.C., in place of J. C. Luke. Incumbent's commission expired January 8, 1933.

SOUTH DAKOTA

John Evans to be postmaster at Agar, S.Dak., in place of C. F. Barber, removed.

Mary A. Hornstra to be postmaster at Avon, S.Dak., in place of E. J. F. Lamkee. Incumbent's commission expired December 12, 1932.

George B. Brown to be postmaster at Clark, S.Dak., in place of A. H. Siem. Incumbent's commission expired April 28, 1934.

Edward L. Fisher to be postmaster at Eureka, S.Dak., in place of I. H. Olsen. Incumbent's commission expired February 9, 1933.

Edwin H. Bruemmer to be postmaster at Huron, S.Dak., in place of A. B. Blake. Incumbent's commission expired June 8, 1933.

Ena C. Erling to be postmaster at Raymond, S.Dak., in place of F. W. Hink. Incumbent's commission expired December 12, 1932.

Philip McMahon to be postmaster at Salem, S.Dak., in place of J. W. Gibson. Incumbent's commission expired December 12, 1932.

William P. Smith to be postmaster at Stickney, S.Dak., in place of A. P. Monell, deceased.

Joseph S. Petrik to be postmaster at Tabor, S.Dak., in place of J. J. Kostel, Jr., resigned.

Matt McCormick to be postmaster at Tyndall, S.Dak., in place of A. A. Bryan. Incumbent's commission expired April 28, 1934.

TEXAS

John M. Diggs to be postmaster at Haskell, Tex., in place of H. C. Foote, removed.

Oscar J. Halm to be postmaster at Kingsbury, Tex., in place of A. O. Fricke. Incumbent's commission expired January 8, 1933.

George T. Elliott to be postmaster at Kress, Tex., in place of E. G. Wright. Incumbent's commission expired October 10, 1933.

William D. T. Storey to be postmaster at Littlefield, Tex., in place of J. E. Brannen, resigned.

Mamie Milam to be postmaster at Prairie View, Tex., in place of Mamie Milam. Incumbent's commission expires May 9, 1934.

Alva Spencer to be postmaster at Crowell, Tex., in place of R. G. Gribble. Incumbent's commission expired December 7, 1932.

Thomas A. Bynum to be postmaster at Texas City, Tex., in place of A. E. Newman, removed.

VERMONT

Daniel P. Healy to be postmaster at White River Junction, Vt., in place of C. W. Cameron. Incumbent's commission expired December 16, 1933.

Albert S. Juneau to be postmaster at St. Johnsbury, Vt., in place of J. H. Brooks, resigned.

VIRGINIA

John T. Trevey to be postmaster at Big Island, Va., in place of O. L. Mason. Incumbent's commission expired January 16, 1934.

Elijah S. Slate to be postmaster at South Boston, Va., in place of L. S. Wolfe, deceased.

William A. Miller, to be postmaster at Washington, Va., in place of J. H. Cox. Incumbent's commission expired April 28, 1934.

WEST VIRGINIA

Whiting C. Faulkner to be postmaster at Martinsburg, W.Va., in place of J. W. Kastle, Jr., removed.

WISCONSIN

Walter J. Hyland to be postmaster at Madison, Wis., in place of W. A. Devine, retired.

Raymond A. Whitehead to be postmaster at Phelps, Wis., in place of E. W. Zimmerman, removed.

Solon A. McCollow to be postmaster at River Falls, Wis., in place of S. R. Morse, removed.

George A. Harding to be postmaster at Cornell, Wis., in place of S. L. Prentice, removed.

CONFIRMATIONS

Executive nominations confirmed by the Senate May 9 (legislative day of Apr. 26), 1934

ADDITIONAL COUNSEL, PUBLIC UTILITIES COMMISSION, DISTRICT OF COLUMBIA

William A. Roberts to be additional counsel, Public Utilities Commission, District of Columbia.

POSTMASTERS

ARKANSAS

Joseph Edward Pittman, Marked Tree.
William L. Patterson, Rogers.

CALIFORNIA

Gilbert G. Vann, Arbuckle.
Olive G. Nance, Arvin.
Maybel Lewis, Atwater.
Charles E. Day, Avenal.
Frederick A. Dickinson, Ben Lomond.
Harry B. Hooper, Capitola.
John M. Gondring, Jr., Ceres.
Edgar G. Eckels, Chino.
Julius G. Dennert, Downey.
Bert R. Hild, Fair Oaks.
Charles H. Hood, Fresno.
Nelson C. Fowler, Kelseyville.
Charles M. Jones, Lodi.
Floyd L. Turner, Lower Lake.
John T. Ireland, Pico.
Thomas M. Day, San Rafael.
Charles S. Catlin, Saticoy.
Wesley L. Benepe, Sebastopol.
Arne M. Madsen, Solvang.
William Clyde Brite, Tehachapi.
Earl P. Thurston, Ukiah.
Harry Bridgewater, Watsonville.

FLORIDA

John B. McGill, Lake Helen.
Ralph S. Barnes, Penney Farms.
John Justin Schumann, Vero Beach.
Oliver B. Carr, West Palm Beach.

IDAHO

Thomas B. Hargis, Ashton.

MAINE

Nelson A. Harnden, Belgrade Lakes.
Louis N. Redonnett, Mount Vernon.
Mary E. Donnelly, North Vassalboro.

MICHIGAN

Blanche L. Verplanck, Edmore.
David L. Treat, Flint.

MISSOURI

Thomas A. Breen, Brookfield.
Otis D. Kirkman, Cabool.
Cecil G. McDaniel, Cainsville.
William P. Clarkson, Callao.
Max H. Dreyer, Festus.
Roy V. Coffman, Flat River.
John M. Moss, Nevada.
Andrew Earl Duley, Newtown.
Donald H. Sosey, Palmyra.
Flora E. Scott, Summersville.
William P. Bradley, Windsor.

NORTH DAKOTA

Eugene H. Mattingly, Jamestown.
Louis J. Allmaras, New Rockford.

OREGON

Oscar L. Groves, Monmouth.

TENNESSEE

Katherine P. Hale, Rogersville.

TEXAS

Robert A. Lyons, Jr., Galveston.
Gober Gibson, Kerrville.
Emilie K. Dew, Ysleta.

UTAH

Ewell C. Bowen, Hiawatha.

WITHDRAWALS

Executive nominations withdrawn from the Senate May 9 (legislative day of Apr. 26), 1934

UNITED STATES ATTORNEY

Rene A. Viosca, Esq., of Louisiana, to be United States attorney for the eastern district of Louisiana.

DIRECTOR, BUREAU OF FOREIGN AND DOMESTIC COMMERCE

Willard L. Thorp, of Massachusetts, to be Director, Bureau of Foreign and Domestic Commerce.

HOUSE OF REPRESENTATIVES

WEDNESDAY, MAY 9, 1934

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D.D., offered the following prayer:

Most gracious Lord, we rejoice that Thy glory fills the heavens and the earth; Thy righteousness standeth like the strong mountains; Thy judgments are like the great deep. We praise Thee for Him who is the light for the world's dark, and where He abides gloom cannot tarry. Heavenly Father, sometimes our zeal takes the place of our judgment; sometimes our desire displaces our better understanding; sometimes our egotism causes us to be unmindful of our need, and we wander aside. Blessed Lord God, may we see ourselves. Do Thou broaden our moral culture, and may we be truth-loving and full of honor. Inspire us with the very best intuitions, and may we be prompted by the noblest purposes to engage ourselves, with the utmost enthusiasm, in the wisest course for our people, whom we serve. We pray in the holy name of Jesus. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Horne, its enrolling clerk, announced that the Senate agrees to the amendments of the House to bills of the Senate of the following titles:

S. 2313. An act providing for the suspension of annual assessment work on mining claims held by location in the United States and Alaska;

S. 2566. An act authorizing the conveyance of certain lands to the State of Nebraska; and

S. 2825. An act to provide for an appropriation of $50,000 with which to make a survey of the old Indian trail, known as the "Natchez Trace", with a view to constructing a national road on this route to be known as the "Natchez Trace Parkway."

The message also announced that the Senate had agreed to the following resolution:

Resolved, That the Secretary be directed to return to the House of Representatives, in compliance with its request, the engrossed bill of the Senate (S. 2671) repealing certain sections of the Revised Code of Laws of the United States relating to the Indians.

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 joint resolutions of the House of the following titles:

On May 4, 1934:

H.R. 3843. An act to repeal an act of Congress entitled "An act to modify and amend the mining laws in their application to the Territory of Alaska, and for other purposes", approved August 1, 1912;

H.R. 7793. An act authorizing a preliminary examination of the Ogeechee River in the State of Georgia with a view to controlling of floods;

H.R. 2828. An act to authorize the city of Fernandina, Fla., under certain conditions, to dispose of a portion of the Amelia Island Lighthouse Reservation;

H.R. 5038. An act authorizing pursers or licensed deck officers of vessels to perform the duties of the masters of such vessels in relation to entrance and clearance of same;

H.R. 5397. An act to authorize the exchange of the use of certain Government land within the Carlsbad Caverns National Park for certain privately owned land therein;

H.R. 6676. An act to require postmasters to account for money collected on mail delivered at their respective offices;

H.R. 7200. An act to provide for the addition of certain lands to the Chickamauga and Chattanooga National Military Park in the States of Tennessee and Georgia;

H.R. 7551. An act authorizing the Secretary of Commerce to dispose of the Pass A'Loutre Lighthouse Reservation, La.; and

H.R. 7744. An act to authorize the Secretary of Commerce to transfer to the city of Bridgeport, Conn., a certain unused light-station reservation.

On May 7, 1934:

H.R. 408. An act for the relief of William J. Nowinski;

H.R. 2321. An act for the relief of Capt. J. O. Faria;

H.R. 2689. An act for the relief of Edward Shabel, son of Joseph Shabel;

H.R. 3345. An act to authorize the Department of Agriculture to issue a duplicate check in favor of the Mississippi State treasurer, the original check having been lost;

H.R. 3542. An act to authorize the Secretary of the Navy to dedicate to the city of Philadelphia, for street purposes, a tract of land situated in the city of Philadelphia and State of Pennsylvania;

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;

H.R. 3851. An act for the relief of Henry A. Richmond;

H.R. 4792. An act to authorize and direct the Comptroller General to settle and allow the claim of Harden F. Taylor for services rendered to the Bureau of Fisheries;

H.R. 4808. An act granting citizenship to the Metlakahtla Indians of Alaska;

H.R. 5936. An act for the relief of Gale A. Lee;

H.R. 6690. An act for the relief of certain officers of the Dental Corps of the United States Navy;

H.R. 8889. An act to provide for the custody and maintenance of the United States Supreme Court Building and the equipment and grounds thereof;

H.J.Res. 332. Joint resolution to provide appropriations to meet urgent needs in certain public services, and for other purposes;

H.J.Res. 61. Joint resolution granting compensation to George Charles Walther;

H.R. 191. An act for the relief of William K. Lovett;

H.R. 264. An act for the relief of Marguerite Ciscoe;

H.R. 526. An act for the relief of Arthur K. Finney;

H.R. 768. An act for the relief of William E. Bosworth;

H.R. 879. An act for the relief of John H. Mehrle;

H.R. 880. An act for the relief of Daisy M. Avery;

H.R. 1362. An act for the relief of Edna B. Wylie;

H.R. 1418. An act for the relief of W. C. Garber;

H.R. 2026. An act for the relief of George Jeffcoat;

H.R. 2541. An act for the relief of Robert B. James;

H.R. 2561. An act for the relief of G. Elias & Bro., Inc.;

H.R. 3579. An act for the relief of O. S. Cordon;

H.R. 3580. An act for the relief of Paul Bulfinch;

H.R. 3611. An act for the relief of Frances E. Eller;

H.R. 3952. An act for the relief of Grace P. Stark;

H.R. 4013. An act to provide an additional appropriation as the result of a reinvestigation, pursuant to the act of February 2, 1929 (45 Stat., p. 2047, pt. 2), for the payment of claims of persons who suffered property damage, death, or personal injury due to the explosion at the naval ammunition depot, Lake Denmark, N.J., July 10, 1926;

H.R. 4269. An act for the relief of Edward J. Devine;

H.R. 4519. An act for the relief of C. W. Mooney;

H.R. 4611. An act for the relief of Barney Rieke;

H.R. 4779. An act for the relief of the estate of Oscar F. Lackey;

H.R. 4784. An act to reimburse Gottlieb Stock for losses of real and personal property by fire caused by the negligence of two prohibition agents;

H.R. 4846. An act for the relief of Joseph Dumas;

H.R. 4959. An act for the relief of Mary Josephine Lobert;

H.R. 6386. An act for the relief of Lucien M. Grant;

H.R. 6638. An act for the relief of the Monumental Stevedore Co.;

H.R. 6862. An act for the relief of Martha Edwards;

H.R. 909. An act for the relief of Elbert L. Grove;

H.R. 1404. An act for the relief of John C McCann;

HR. 2074. An act for the relief of Harvey Collins; and

H.R. 6166. An act providing for payment of $25 to each enrolled Chippewa Indian of Minnesota from the funds standing to their credit in the Treasury of the United States.

On May 9, 1934:

H.R. 8861. An act to include sugar beets and sugar cane as basic agricultural commodities under the Agricultural Adjustment Act, and for other purposes;

H.R. 4423. An act for the relief of Wilbur Rogers;

H.R. 472. An act for the relief of Phyllis Pratt and Harold Louis Pratt, a minor;

H.R. 719. An act for the relief of Willard B. Hall;

H.R. 2339. An act for the relief of Karim Joseph Mery;

H.R. 2682. An act for the relief of Bonnie S Baker;

H.R. 3463. An act for the relief of Walter E. Switzer;

H.R. 3551. An act for the relief of T. J. Morrison; and

H.R. 4847. An act for the relief of Galen E. Lichty.

THE PRIVATE CALENDAR

Mr. BYRNS. Mr. Speaker, I ask unanimous consent that it may be in order tomorrow to move to take a recess until 7:30 p.m. for the consideration only of bills on the Private Calendar unobjected to, beginning with the star.

The SPEAKER. Is there objection?

Mr. MARTIN of Massachusetts. Mr. Speaker, I reserve the right to object. Would it not be possible to assign a day for the consideration of the Private Calendar, instead of coming here nights? It does not appear that we will have very much essential business for the early part of next week.

Mr. BYRNS. I am hoping that that can be done, but there are more than 400 bills on the Private Calendar that have not been called, and I think if we could have a session tomorrow night for the consideration of private bills perhaps we could work in a day next week and consider most of those bills. I think Members are entitled to have them called.

Mr. MARTIN of Massachusetts. I agree with the gentleman and I will not object to tomorrow night being set aside for that purpose, but, when business is slack, I think we might take up these bills in the daytime. Everyone is interested in them and we should get them through.

Mr. BYRNS. I hope that will be possible.

Mr. GOSS. Would the gentleman be willing to make it Friday night?

Mr. BYRNS. There are a great many Members who leave here on Friday and who are gone over Saturday. They may have bills pending upon the calendar and will want to be here. I think Thursday night would come nearer meeting with the wishes of the House than any other night that could be selected.

Mr. MARTIN of Massachusetts. Personally, I think Thursday night would be more agreeable.

Mr. GOSS. Would the gentleman not be agreeable to letting it go over until next week? I have taken some interest in these calendars—not that I want to hold the House up, but in our particular subcommittees on Military Affairs we have been sitting morning and afternoon for 9 weeks. Some of us are way behind in our work. I wish the gentleman would let it go over until early next week and agree on it day to day—say, Thursday night.

Mr. BYRNS. I endeavored to have a meeting last Tuesday night.

Mr. GOSS. If the gentleman made the announcement today I am sure the House would be willing to cooperate.

Mr. BYRNS. No. I told so many Members that I was going to ask for Thursday night that I would rather make the request. Of course, it is a unanimous-consent request, but I do hope the gentleman will not object, because we should dispose of these bills.

Mr. MILLARD. Mr. Speaker, I am constrained to object. There are many people who are interested in private bills who cannot be here tomorrow night, and I object.

Mr. BYRNS. Well, the gentleman does not necessarily have to be here.

Mr. MILLARD. I can be here any night except Thursday night.

Mr. BYRNS. Of course, if the gentleman wishes to take that responsibility, it is his privilege. I do not have a single bill on the Private Calendar, but I am willing to come here and stay until 12 o'clock, if necessary, to get these bills passed.

Mr. MILLARD. Any day or any time except tomorrow night, and I will not object.

Mr. BYRNS. The gentleman does not have to be here necessarily. I hope the gentleman will not insist upon his objection.

Mr. BLANTON. Will the gentleman yield?

Mr. BYRNS. I yield.

Mr. BLANTON. Is it not a fact that the gentleman asked for Thursday night, in preference to some other night, in order to accommodate some of the gentleman's Republican colleagues over there?

Mr. BYRNS. Absolutely.

Mr. BLANCHARD. No. The gentleman asked for Tuesday night and the gentleman from Texas [Mr. BLANTON] objected to it.

Mr. BLANTON. But agreed that we could meet on Wednesday or Thursday or Friday or Saturday night.

Mr. MILLARD. Mr. Speaker, I object.

Mr. RICH. I have heard some conversation, and I feel almost confident that the reason they are asking for next Tuesday night is to accommodate men on the Democratic side of the House.

Mr. BLANTON. We are willing to have tonight, or Thursday or Friday or Saturday night.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee [Mr. BYRNS]?

Mr. MILLARD. Mr. Speaker, I object.

PERMISSION TO ADDRESS THE HOUSE

Mr. HOEPPEL. Mr. Speaker, I ask unanimous consent that on Tuesday, the 15th, immediately after the reading of the Journal and disposition of matters on the Speaker's desk, I may be permitted to address the House for 15 minutes.

The SPEAKER. Is there objection to the request of the gentleman from California [Mr. HOEPPEL]?

Mr. MARTIN of Massachusetts. Reserving the right to object, what was the request?

Mr. HOEPPEL. To address the House for 15 minutes on next Tuesday, the 15th.

Mr. BLANTON. On what subject?

Mr. HOEPPEL. On the question of temperance and its relation to liquor control.

Mr. BLANTON. Has the gentleman turned from an extreme wet to an extreme dry?

Mr. HOEPPEL. If the gentleman will be present on Tuesday, if I am authorized to speak, that will be evident.

Mr. BLANTON. I am glad the gentleman has had a change of heart.

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

There was no objection.

IMPORTANCE OF HIGHWAY LEGISLATION

Mr. CARTWRIGHT. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD on road legislation.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. CARTWRIGHT. Mr. Speaker and fellow Members, some may inquire why an authorization for further highway work is proposed separately in H.R. 8781 and not made an item in a bill to cover a broad program of various types of public works such as was contained in the National Recovery Act of 1933. I should like to remind those who offer this suggestion that highway work is different from other types of public works and it is proper that it should be considered in a different category from the general public works.

In the first place, highway construction is a continuing responsibility upon the Government. The Federal Government since 1916, until last year, made provision for annual appropriations for highways, and, of course, the emergency appropriation of last year took the place of the routine Federal highway allotment. That fund of $400,000,000 was allotted to the States in June of last year. A number of conditions which were new to the States were prescribed by the Public Works Administration. These required that the States should submit a plan showing the use which the State proposed to make of its funds, divided among different classifications of projects. Not less than 25 percent of the State allotment was required to be spent within municipalities, not more than 50 percent on the Federal-aid system, and not more than 25 percent upon secondary roads outside of the Federal-aid system. Before any other progress was made the State was required to await Federal approval of its entire program under its allotment. Since the activity within municipalities and upon secondary roads was a departure from previous Federal-aid practice, there was an initial delay in getting work under way. This was overcome in a remarkably short time, for by an early date in August contracts on highway work were beginning to be awarded in the various States.

From August to this date 87 percent of the $400,000,000 has been obligated or actually placed under contract. Today definite knowledge is in hand which enables the Bureau of Public Roads to plot the activity which will be carried on by the entire highway appropriation. Such a chart in terms of employment was submitted to the Roads Committee by Chief MacDonald. It has been printed as part of the hearings. This chart shows that employment—which was the impelling motive behind the entire Public Works program of the National Recovery Act—will reach a peak during June, July, and August of this year, and that following August employment will drop off very rapidly, reaching a vanishing point by the end of this calendar year. No other type of projects authorized under the National Recovery Act has reached a similar stage of development. It is not yet possible to prepare similar charts with any degree of accuracy for the great bulk of projects other than roads, which will be paid for by the funds of the National Recovery Act of 1933.

Without additional Federal funds highway work, then, unlike other Federal works projects now authorized, would rapidly approach a premature shut-down after September of this year. With no additional funds in sight all plans by the United States Bureau of Public Roads and the States for 1935 road work would come to a halt. This must not occur. It is, therefore, urgent that Congress make provision for additional funds to continue this participation of the Federal Government with the States in road work.

This bill—H.R. 8781—for which a special rule has been granted, is the only measure pending before the House which would authorize the additional Federal highway funds which are so important and necessary to extend the Federal highway activity within the States. This bill was reported favorably to the House on March 21 by the unanimous vote of the Roads Committee. I now ask your favorable consideration in order that this measure may be passed to the Senate for its consideration and action.

The bill deserves to rank with the important measures which are to be scheduled for our attention in the few remaining weeks of this session of Congress.

CHICAGO WORLD'S FAIR

Mr. BRITTEN. Mr. Speaker, I ask unanimous consent to address the House for 2 minutes at this time.

The SPEAKER. Is there objection?

There was no objection.

Mr. BRITTEN. Mr. Speaker, I should like to call to the attention of the House at this time the fact that nearly 2 months ago the President of the United States sent a special message to Congress requesting action on an appropriation so that the Federal Government might continue its exhibit at the Chicago World's Fair this year. The bill was passed in the Senate making the appropriation. It is a very, very important piece of legislation, not only to the World's Fair people but to the Government itself, which has an enormous exhibit in Chicago. We have invited foreign governments to exhibit there this year. The buildings are in a dilapidated condition.

The fair will open in 2 weeks, and nothing has been done by this House, because, forsooth, a Member of the House is carrying in his pocket a rule to bring this legislation up at any time, and because no jobs, no petty jobs, went into his district, he is more or less attacking the World's Fair in that way.

Mr. BYRNS. I want to say——

Mr. BRITTEN. If the gentleman will wait just a moment, the $405,000 to be appropriated for the fair is for use and expenditure by the Government itself, for the Government's own exhibit. Nearly 2 weeks ago today the Committee on Rules reported out a rule. A Member of the House is carrying that rule in his pocket, and I think it is a shame, Mr. Speaker, that of all the great exhibitors at the fair last year, the only recalcitrant one is the Federal Government itself.

The situation that will present itself will be that when the other buildings are completed, when the other exhibits are completed, the Federal Government will be lagging behind, because some Member of the House has not received a few jobs for his district from the World's Fair people.

Mr. BYRNS. Mr. Speaker, I ask unanimous consent to address the House for 2 minutes.

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

There was no objection.

Mr. BYRNS. I may say in response to the statement of the gentleman from Illinois [Mr. BRITTEN] that the gentleman to whom he refers as having this rule for the purpose of reporting it to the House, has been most persistent ever since the rule was adopted in his effort to get time to present that rule. I want to say in all kindness to him, and I do not mean any offense when I say it, but he has pestered me nearly to death in his effort to get that rule before this House. And I assured him it would be considered at the very first opportunity.

Its nonconsideration has not been due to him in any sense of the word; he has been most diligent in his efforts to get that rule considered. If the gentleman from Illinois [Mr. BRITTEN] will assist those of us who are trying to get the pending bill through at an early hour this afternoon, I think I can assure the gentleman from Illinois [Mr. BRITTEN] that the gentleman from Illinois who has the rule, has been given assurance that he can call it up for consideration this afternoon.

Mr. O'CONNOR. Mr. Speaker, will the gentleman yield?

Mr. BYRNS. I yield.

Mr. O'CONNOR. Mr. Speaker, the gentleman from Illinois [Mr. BRITTEN] said that the other gentleman from Illinois [Mr. SABATH] was carrying this rule around in his pocket.

Mr. BRITTEN. Mr. Speaker, I did not say the gentleman from Illinois; I said the Member of the House.

Mr. O'CONNOR. But the gentleman meant the gentleman from Illinois [Mr. SABATH] was carrying this rule around in his pocket. The fact is, that immediately after the rule was reported from the Rules Committee, Mr. SABATH reported it to the House, and it is now on the calendar.

Mr. BRITTEN. Then why does he not call it up?

Mr. O'CONNOR. That is quite a different question from the unwarranted charge that he is carrying the rule around in his pocket. The distinguished gentleman from Illinois [Mr. SABATH] has not been able to call up the rule because it has not been on the program as set by our leaders; but he has been trying every hour of every day to bring the rule to the floor of the House. Because it was not in the program, however, he could not call it up. Why, Mr. Speaker, if the distinguished gentleman from Illinois had not pressed for the rule it would not have come out of the Rules Committee. The gentleman has been the sole champion of the measure and is more entitled to credit for it than any other Member of the House. The other gentleman from Illinois [Mr. BRITTEN] has done nothing, to my knowledge, to bring this measure before the House.

Mr. BRITTEN. Then why does not the gentleman call it up?

Mr. BYRNS. The gentleman has tried many times to have the rule considered.

Mr. BRITTEN. Will the majority leader promise that the rule will be taken up this afternoon?

Mr. BYRNS. It can come up this afternoon if the gentleman will help dispose of the pending bill.

Mr. BRITTEN. I will help dispose of it.

Mr. SABATH. Mr. Speaker, I ask unanimous consent to address the House for 3 minutes.

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

There was no objection.

Mr. SABATH. Mr. Speaker, the charges made by my colleague are willful, deliberate, coldly calculated, and are made for the sole purposes of discrediting, creating prejudice, and to promote unfair attacks upon me by the Chicago newspapers, and at the same time to get some publicity for himself.

Only 15 minutes ago I talked with the Speaker of the House and with the majority leader urging and pleading that I be allowed to call up this rule. I have sought an opportunity to call up the rule from the moment it was reported. Upon my earnest pleading the Rules Committee accommodatingly granted the rule. The very next day I was charged with delay because I had not reported the rule, whereas the next day we held memorial exercises and there was no chance to report this rule. Four other rules have been reported. The agreement was that the Chairman of the Rules Committee would report his rule only, which would make in order the stock exchange regulation bill.

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

Mr. SABATH. I gladly yield.

Mr. BLANTON. And the gentleman from Illinois yesterday got a bill passed to aid the fair by getting exhibits released, did he not?

Mr. SABATH. Yes; I did; but my colleague [Mr. BRITTEN] was not here.

Mr. BLANTON. The gentleman's Republican colleague, however, gave the gentleman no credit for that whatever.

Mr. SABATH. I do not want any credit from him; but I do naturally resent these unfair and unjust charges; and I could properly say that they are false, because I have done everything within my power to effect consideration of this special rule to make in order the bill authorizing the small appropriation the President has kindly recommended.

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

Mr. SABATH. Yes; I yield to the gentleman from Alabama.

Mr. BANKHEAD. I do not think it is necessary to add anything to the assurance already given by my associate on the committee, the gentleman from New York [Mr. O'CONNOR], as to the extreme diligence exercised by the gentleman from Illinois [Mr. SABATH] in reference to this matter in the Committee on Rules for several weeks. He has been most persistent in securing the adoption of this resolution. The gentleman brought it in in the regular way, and it was placed on the calendar.

Under our system of procedure, there were matters of major importance that the majority leader and the Speaker put on the party program for consideration. I may say in reply to the gentleman from Illinois [Mr. BRITTEN] that there is no justification on earth for the statement the gentleman made which sought to reflect in any way upon the diligence with which the gentleman from Illinois [Mr. SABATH] has pursued this matter. The gentleman from Illinois [Mr. SABATH] is deeply interested in securing this authorization for the Government's participation in the fair. The gentleman is just as much interested in it as is the gentleman from Illinois [Mr. BRITTEN]; and the gentleman from Illinois [Mr. SABATH] has not slept upon his rights in connection with this matter but has pursued it with extreme diligence.

PERMISSION TO ADDRESS THE HOUSE

Mr. SABATH. Mr. Speaker, I ask unanimous consent to address the House for one-half minute.

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

There was no objection.

Mr. SABATH. Mr. Speaker, in my desire to give way to the message from the President I failed to say that I have talked to the Speaker and the majority leader only a few moments ago, and they assured me that I will have a chance to call up this afternoon the resolution referred to a few moments ago, and they informed me further that they believed that the Johnson bill, which is now pending, would be completed and passed by the House by 3 or half past 3 and that I would then have a chance to present my request and get action thereon.

Mr. MARTIN of Massachusetts. Mr. Speaker, will the gentleman agree to call up the resolution tomorrow if the bill now under consideration is not finished this afternoon?

Mr. SABATH. Yes, I will; and the gentleman from Massachusetts [Mr. MARTIN] knows that I have been trying to get this rule through for the last week. May I say that that was the assurance given to me 5 minutes before my colleague from Illinois [Mr. BRITTEN] made the charges against me; in fact, he must have observed me while I was talking to the Speaker and Mr. BYRNS at the Speaker's desk.

PROCEDURE OF PUBLIC-UTILITY COMMISSIONS

Mr. SUMNERS of Texas. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (S. 752), to amend section 24 of the Judicial Code, as amended, with respect to the jurisdiction of the district courts of the United States over suits relating to orders of State administrator boards.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill S. 752, with Mr. HANCOCK of North Carolina in the chair.

The Clerk read the title of the bill.

Mr. LEWIS of Colorado. Mr. Chairman, I yield 5 minutes to the gentleman from Missouri [Mr. CLAIBORNE].

Mr. CLAIBORNE. Mr. Chairman, it is indeed a pleasure to address the House on a subject devoid of politics and of which I have intimate acquaintanceship. As a member of the State and Federal bar of Missouri for the past 30 years, I know something of the procedure in the State and Federal courts of Missouri.

I was rather shocked to hear the inferential charges of delaying trial leveled at Federal judges in cases where Federal injunction was sought to hold up rates fixed by rate-making bodies. I say, frankly, that the Federal judges of Missouri, the 2 at St. Louis and the 2 at Kansas City, have at no time been under the influence of any utility corporation, or, for that matter, of any corporation or person. I would also point out to the gentlemen who criticize the Federal judiciary that at this time it stands out in bold relief when contrasted with the State judiciary in the field of criminal prosecutions. If it had not been for a Federal court in Chicago I dare say that Al Capone would still be at large. I would much prefer to defend a man charged with crime in a State court than in a Federal court, and that for the obvious reason that the chances for an acquittal is greater in the State court than in the Federal.

It has been argued that time can be saved by forcing the utility companies, when applying for injunctions to restrain the putting into effect rates, to file their suit in a State court. That is not so in Missouri. My experience teaches that litigation moves faster in the Federal courts than in the State courts—I do not know about the Federal dockets of other States—I do know that in St. Louis, Mo., you may file your complaint in a Federal court, have a hearing, win or lose, go to the United States court of appeals, argue and get a decision all within a year if both sides wish it. I have done it. If you lodge your case in a State court you are a year in getting to trial; and if you take an appeal, you are from 2 to 3 years in getting a decision in the Supreme Court, even though both parties are ready at all times. A utility case taken before a Federal court in Missouri proceeds more rapidly than if taken before a State court.

Then, in connection with this matter of speed, bear in mind if you try a utility case before a three-judge Federal court you have a hearing, the appeal goes direct to the United States Supreme Court. You jump over the United States Court of Appeals. But if you lodge the same case in the State court, you have a trial, then you go to the State supreme court, and then to the United States Supreme Court. So your record gets to the United States Supreme Court quicker by the Federal route than it does by the State route.

I should like to ask the Members if they would have less difficulty in serving their country were they elected for life than they have in serving it when elected every 2 years. Taking this as a rule by which to measure the conduct of a trial judge, do you feel that a trial judge could hear a case better if chosen for life, with no regard to renomination and reelection, than a trial judge who sits on the bench for 6 years and must necessarily listen to the voice of his constituents if he wishes to sit on the bench for more than one term?

The reason ofttimes for going to the Federal court is to get away from local prejudice, and local prejudice is not confined to corporations.

[Here the gavel fell.]

Mr. LEWIS of Colorado. Mr. Chairman, I yield the gentleman 2 additional minutes.

Mr. CLAIBORNE. In closing let me make this point: One day a number of truck drivers retained me to bring an injunction suit to restrain the putting into effect of an act of the Missouri Legislature. The legislature had passed the bus and truck act. It delegated to the public service commission the duty of putting that act into effect. These little, humble truck drivers thought that the act was taking their property without due process. I filed my case in the Federal court at Jefferson City. I asked to restrain the Missouri Public Service Commission, the Governor, the attorney general, and so forth, from enforcing the act. I got a three-judge hearing in Kansas City. The whole matter was disposed of in less than 6 months.

Now, why did I go to a Federal court? I went there with these little truck drivers for the reason that I felt three Federal judges would be more likely to hold an act of the Missouri Legislature unconstitutional than a State judge would be likely to so hold when he, in turn, had to run for office. If a State judge declared a rate unlawful, it might beat him in the next election, regardless of merit, but not so with a Federal judge.

If you carefully read the Lewis amendment, I believe you will find that it remedies present evils complained of without being harmful to the interests of the public or utilities. Under the amendment a utility company seeking an injunction from a three-judge Federal court would bring before the court the transcript of the record of the proceedings, including evidence taken before such administrative board or commission with respect to such order, prepared at the expense of the complainant, with the proviso that upon the application of any party the court may take additional evidence if it is material and competent and the court is satisfied that such party was by the board or commission denied an opportunity to adduce it.

However, in case no record was kept or the board or commission failed to certify such record, the court may take such evidence as it deems necessary. To me this seems eminently fair and proper. I cannot understand how any American lawyer could object to such reasonable conditions.

The Lewis amendment further provides that a Federal court shall not have jurisdiction if the complainant has theretofore commenced suit in a State court having jurisdiction thereof to contest the validity of such order on any ground whatsoever. This prevents a utility company from asking an injunction in a State court and, during the course of trial, dismissing suit and then seeking an injunction in a Federal court.

In conclusion, let me remind the House that the stocks and bonds of the great utility companies of America are largely owned by financial institutions, insurance companies, trust estates, widows, and others dependent upon income from public-utility investments.

Are we to deny such a large number of alien citizens the right to have their property protected against confiscation resulting from unjust rate?

[Here the gavel fell.]

Mr. KURTZ. Mr. Chairman, I yield 8 minutes to the gentleman from New York [Mr. FISH].

Mr. FISH. Mr. Chairman, I ask unanimous consent to proceed out of order for 8 minutes on a nonpartisan issue.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. FISH. In fact, it is not only a nonpartisan matter, but a little unusual for me, because it upholds the present administration. [Applause.]

I must again call public attention to the shocking and terrifying activities of the Communist Party, this time operating under the euphonious title "All-America Anti-Imperialist League." With headquarters in New York City, it is

creating disorders, and strikes in Cuba, our friendly neighbor.

The Cuban Government is making a great struggle under the leadership of President Mendieta to bring about a recovery from the economic depression and the misrule and corruption of the Machado regime. But it finds itself beset on all sides with Communist foreign labor agitators, who are attempting to overthrow the present government of Cuba, which is well on its way to restore economic and political stability.

It is our duty to oppose the All-America Anti-Imperialist League, or any other like organization of Communists, and expose their campaign of terror and destruction in Latin America. We see in Cuba what damage it can perpetrate and the seeds of poison and hatred that it can plant in Latin American countries against the United States.

We have extended the hand of friendship to Cuba. She lies close to our shores, and we owe it to her to drive out a common enemy, especially when that enemy is operating in Cuba from headquarters within our own boundaries. It is in our own interest to see Cuba restored to the great economic position she once held. She was our third largest buyer of American goods, purchasing from us in normal years approximately $200,000,000 of our commodities. Under the Machado regime she dropped to a low point of about $30,000,000 of American purchases. We want that purchasing power restored. Cuba, under its new administration, is eager to enter into friendly, reciprocal relations with us.

Cuba at last has a leader selected by popular acclaim. All parties united in the choice of President Mendieta. He is a man of the highest ideals, a veteran of the Spanish War, who has devoted his life for the welfare of his country. Possessed of a most intimate knowledge of Cuba's many problems, President Mendieta has patiently and courageously gone forward with progressive reforms, despite all obstacles. Our State Department, under the able guidance and advice of Assistant Secretary of State Sumner Welles, who, in my judgment, is the best-informed American on Cuban affairs, was quick to recognize the Mendieta administration. I had the pleasure of knowing President Mendieta when he was in exile in our country during the Machado regime, and I am pleased to state as a Republican and as ranking minority member of the Committee on Foreign Affairs that Mr. Welles displayed wise and excellent judgment in recommending prompt recognition of President Mendieta's government.

Since President Mendieta has been in office he has made rapid strides toward recovery for Cuba. It is, indeed, deplorable that the difficult task which he is performing so well is being made so much more difficult by the bombings and shootings which occur almost daily in various parts of the island. These outrages are traceable to professional Communist agitators and to an irresponsible group of Communist students who have been supplied with arms and bombs to kill and maim innocent people.

Notwithstanding, President Mendieta has acted with indomitable courage and perseverance. Supported by an overwhelming majority of the Cuban people, who seek peace and an opportunity to earn a livelihood, he has in the short span of 6 months introduced reforms in the public interest. For the first time in years all government employees are receiving a living wage, and they have even received their back pay. The pay of the sugar workers under the present administration has increased materially—in some instances more than doubled. No longer will cheap contract labor be permitted to be imported into Cuba. Now, by government decree, 75 percent of people employed must be Cubans.

Already its import duties have increased from about $500,000 per month to approximately $2,000,000 for the month of April 1934.

When the present administration came into power there were only 23 sugar mills in operation. More than a hundred additional mills have been opened up under the new order. All strikes have virtually ended, and complete protection has been afforded to foreigners and foreign property.

President Mendieta opened up the great National University of Havana under its own Government after its doors had been closed by Machado. Its professors have now returned from exile, and several thousand students are now back at their studies.

A civil service has been created for public employees, a homestead law has been established, and legislation has been enacted for the establishment of agricultural credit banks. A council of state has been created, under the able leadership of Dr. de la Torre, former chancellor of Habana University, to advise on constitutional reforms to be submitted to the people at the next election.

These constructive measures have already begun to show beneficial results for the country, both politically and economically. Already many of the commodity prices have moved upward, including sugar, its principal product.

Cuba can and will recover and become again a great market for our manufactured products, if she can rid herself of the Communist agitators and trouble makers, who are nothing more than political opportunists seeking to take advantage of the deplorable economic conditions in that country.

Our Departments of Justice and State should combine in making a thorough investigation of the activities of the All-America Anti-Imperialist League, which is using the United States as a base of operations to spread its creed of class hatred, strikes, and industrial unrest among the Cuban laboring people. We owe it to ourselves and to the Cuban people to put an end to these revolutionary Communist activities. [Applause.]

Mr. KURTZ. Mr. Chairman, I ask unanimous consent that all Members who speak may be granted 5 legislative days in which to extend their remarks.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. KURTZ. Mr. Chairman, I yield 5 minutes to the gentleman from Iowa [Mr. GILCHRIST].

Mr. GILCHRIST. Mr. Chairman, this is no time for anyone to engage in baiting public utilities. They have their troubles; they have their uses; they bring into our lives useful things that lessen our labors and add to our enjoyment and make our lives more complete and more wholesome.

So I decry anything that may be said on this floor that will tend to make their burdens greater or to affect their good standing before the public.

But, Mr. Chairman, the question before us is simple. It is not a question of corporations or of utilities, but a question of court procedure only.

We have heard the eminent gentleman from Pennsylvania [Mr. BECK] say that this is an attempt to defeat the whole structure and processes of the Federal courts and to tear them up by the roots. The gentleman is one for whom I have the highest respect on account of his wisdom, his learning, his ripe experience, his beautiful rhetoric, his forceful logic and eloquence, and his charms of speech and person. But he is mistaken in this instance.

He it was who spoke about going to some foreign State and putting a nickel in the slot and then bringing home a charter to do business as a corporation in the home State. That is exactly what is done. They get their charter, their corporate existence from some foreign State—possibly Delaware—and then they come back to their home State and ask for valuable franchises so that they can go out and use your streets, your highways, your air, your water, your streams rolling down to the sea to engage in some sort of public-utility business. They come back to their home State for the purpose of exercising the people's right of eminent domain. They come back to condemn private property and appropriate it to their own uses and purposes. They come back home for police protection and for franchise rights, and for all the thousands of good things that the State confers upon them.

Why should they not submit themselves to the jurisdiction of the State courts? Who rises here to say that the State courts shall not be trusted? They have been the bulwark of our liberties. Property rights and human rights, principles as well as dollars, are intrusted to their keeping, and

they have always kept the faith. It ill becomes a citizen to go into a foreign State and accomplish his incorporation and then come back to his home State to ask for franchises, rights, and privileges which the home State alone can give him and then turn around and say that he does not want the State court to protect the very rights that he has received from that same State. If the State grants him a franchise, why should he object to testing his rights in a State court? If a State gives him the only valuable thing that he expected to get when he joined a company incorporated in a foreign community, then why should he stand here to argue that he must be given the right to ignore State jurisdiction? And this appears all the more when we know that the most humble citizen as well as the richest corporation is bound always to receive the protection of the Federal Constitution. No tribunal, no rate-fixing body, no State officer can take away from the most humble citizen or the most arrogant corporation the rights which the Constitution of the United States confers. The Governor of a State cannot do it; the lower courts of the State cannot do it; the supreme court of the State cannot do it. Always and overshadowing all these persons and things and institutions stands the Constitution of the United States of America. There is no process or practice under the heavens by which a man or a utility can be prevented from having his constitutional rights and having them protected in and by the Supreme Court of the United States of America. The Johnson bill fully protects them. It little matters what court originally may try a case so far as they are concerned, because the Supreme Court here in Washington has jurisdiction and will always have jurisdiction to take and try and hear and determine any case which affects such rights and to grant relief upon appeal such as the facts and the law will warrant. Knowing then that wherever the case may originate or whenever it may be tried, whether in the local courts or State courts or elsewhere, the Supreme Court of the United States will protect the most humble as well as the most powerful utility, what fear can there be on the part of the gentlemen who ask for these important franchises and grants, which are in nature monopolies and must of necessity be monopolies, as against the improper acts of State rate-regulatory and rate-fixing bodies.

Neither does the Johnson bill put any stigma upon Federal courts. The very statute that it amends has within it 28 subdivisions, and each subdivision grants jurisdiction to United States courts. Some of these subdivisions are long and involved and contain many grants of jurisdictional matters. The Johnson bill amends only the first of these subdivisions, and it does not even amend that subdivision except in a slight way. I have not seen any figures, but I dare say that the Johnson bill will not affect the jurisdiction of Federal courts except in a small fraction of 1 percent of the cases. While we must not go bear baiting the utilities, neither must we cry, "Wolf! wolf!" There is no wolf. The structure of the Federal courts and their jurisdictional prerogatives are affected to a small extent only. Let no one mistake the issue or be deceived. The application of the Johnson bill, when enacted into law, will be rare and attenuated.

But, gentlemen say that a State can, without the enactment of the Johnson bill, and at this time and under existing statutes, protect itself from being forced into the Federal courts. At best this will be found to be a very peculiar provision and to be a poor weapon for defense of the State-utility order, because the State is compelled to stultify itself by applying for a stay order against putting into force its own acts and regulations. It must get an order staying the operation of the very regulations which it asserts are fair and lawful. It seems to me that the procedure should require that the other party to the litigation should apply for and get the stay order. But the State utility commission is bound, under the rule, to get an order staying itself from enforcing its own regulations. In the meantime, the public is left unprotected by any supersedeas bond. This seems to me to be a trick with a hole in it.

You make an order which you believe is just and right, and then you apply to the court to stay your own order, and thus your adversary avoids the necessity of giving any bond or supersedeas, and the utility proceeds to go on charging and collecting rates and dues that are believed to be unfair and that lie at the very bottom of the litigation. This is an illogical method. When that statute was generated, if the man who prepared it did not laugh aloud he certainly must have allowed some slight and fleeting smile of satisfaction to mar for a moment the serenity of a calm and quiet imperturbation.

But if this really grants what is claimed for it, if it really protects the orders of the State commission, if it really takes away the rights of the utilities to enter into Federal courts, then, certainly it does what the Johnson bill does; and those who speak for such an illogical method of procedure and those who claim that such procedure is wholesome and correct are in logic bound to agree that the jurisdiction of the Federal courts in such cases is not requisite or even desirable. How can any man believe that the Johnson bill is wrong because of taking jurisdiction away from the Federal courts and still say that the regulations in section 266 of the Judicial Code, which do the same thing, are correct and wholesome?

Now, the fact is that trials in Federal courts are attended with great expense, with much delay, with hearings held oftentimes at great distances, and with great inconveniences to common people. On the other hand, certain utilities are ubiquitous and have their offices and attorneys spread throughout the land; oftentimes their arms and their arts are not limited by space. Like the sailor, they have friends and perhaps sweethearts in every port, and they can try these cases as well in one place as another. Likewise they are oftentimes not limited by time. They have an artificial duration and, like the brook, they run on and on forever.

My distinguished friend, Mr. CLAIBORNE, the gentleman from Missouri, about half an hour ago assured us that the Federal courts were expeditious down there in his State. I have not found it so. In one little case that I was interested in, involving utility rates, we went to his great city of St. Louis and argued the case and it took the Circuit Court of Appeals for the Eighth Circuit almost 2 years—not quite—after the case was submitted before it made its decision and handed down its opinion; and the opinion, when finally made up, was one which could well have been written within 1 day, and surely inside of 1 week. Indeed, that case took almost 4 years from the time it was started until it went through the weary processes of Federal procedure and was finally decided.

I do not impugn the integrity or good faith of the courts. But I say that Federal courts are human institutions and are not always infallible. Why, just the other day the Supreme Court of the United States finally passed upon a utility case from Chicago which has been pending in Federal courts for more than 10 years, and it was finally decided against the utility. Justice delayed is justice denied.

The Johnson bill is not hostile to utility companies. It is fair to them, as well as to rate-making bodies and to the people. [Applause.]

The CHAIRMAN. The time of the gentleman from Iowa has expired.

Mr. KURTZ. Mr. Chairman, the 5 minutes which were just allotted to the gentleman from Iowa were to come out of the time of the gentleman from Kansas [Mr. GUYER]. I have been requested to allot the remainder of that time, which is 13 minutes, to the gentleman from New Hampshire [Mr. TOBEY].

Mr. TOBEY. Mr. Chairman, the issue before us today is between the Johnson bill as it passed the Senate, and which is sponsored by the minority of the Judiciary Committee, and the substitute or Lewis bill reported by the majority of 1.

I speak in favor of the Senate Johnson bill, as reported by the minority.

Both minority and majority reports recognize existing evils which make legislation imperative. Each seeks to remedy these evils, but by different methods.

The minority, through the Johnson bill, offer a remedy that is definite and clean cut. It will end once and for all the jurisdiction of the lower Federal courts to enjoin the orders of State regulatory commissions.

It compels the utility to confine its appeals to the courts of the State involved, with the final right to appeal to the United States Supreme Court.

And to me this is but common sense and justice.

Manifestly if a utility comes into your or my State and does business there under regulation of the State public-service commission or similar body, its recourse on appeal should be in the courts of that State.

The present right to appeal from the decision of a State regulatory body to the Federal district courts, seeking to enjoin the order of the commission has resulted in the evils of great expense and ridiculous delays which we are now seeking to correct.

On the other hand, the Lewis bill allows the utility to choose by which path it will take its appeal, the State courts or the Federal district courts. Inasmuch as the path through the Federal courts has allowed the utilities to delay their case they will still choose the Federal courts.

The language of the Lewis bill may be construed to allow introduction of additional exhibits such as accounting and valuation evidence by the utility claiming it was not afforded sufficient time before the commission, and so as the language of the Lewis bill reads was "denied an opportunity to adduce."

In such cases the existing evils of expense and delays would still continue.

The old cry of constitutionality was raised yesterday against the Johnson bill. Beyond question, the Congress has the right to decide the latitude of the jurisdiction of all Federal courts except the United States Supreme Court, which is the only constitutional court.

Now let me cite an anomaly which exists where the right is given utilities to leave the State courts and enjoin through Federal district courts. Thereby we place property rights above human rights.

For example: If a citizen of New Hampshire commits a capital crime in the State of Massachusetts and flees back into his own State, he is arrested by Massachusetts authorities and extradited to Massachusetts to stand trial. He cannot then plea in court that he is a nonresident of Massachusetts, where he is to be tried. He is tried in the State courts and his appeal is to the higher State courts with possible Federal appeal to the United States Supreme Court. This individual cannot elect where he will take his appeal, cannot then plead in court that he is a nonresident of Massa- thereby delaying the administration of justice in his case; yet a utility, in contrast, after the hearing before the State regulatory body, can elect to leave the State's jurisdiction and go into the Federal courts.

In the case of the man charged with murder only human life is at stake, and his case cannot transfer to Federal courts, but in rights of property, as in the case of the utility, this privilege is given, which has resulted in the undue expense and outrageous delays in the administration of justice. These evils the Johnson bill will eliminate.

The gentleman from Pennsylvania, a proponent of the Lewis bill, claimed yesterday that the United States Supreme Court will only pass on questions of law and will take the facts as found by the State court of last resort. Then he quoted from an opinion of Mr. Justice Holmes, written more than 20 years ago.

As against this the Supreme Court, through Justice Hughes, said in the Crowell against Benson case:

> In cases brought to enforce constitutional rights, the judicial power of the United States necessarily extends to the independent determination of all questions, both of facts and law, necessary to the performance of that supreme function. The case of confiscation is illustrative, the ultimate conclusion almost invariably depending upon the decisions of questions of fact. This Court has held the owner to be entitled to "a fair opportunity for submitting that issue to a judicial tribunal for determination upon its own independent judgment as to both law and facts."

Let me also cite the Dayton Power & Light case, on which an opinion was rendered by Justice Cardozo 1 week ago. In this opinion fact after fact was considered and commented on so that the opinion of the Supreme Court is based on the facts as well as law.

Some exponents of the Lewis bill will tell you that the American Bar Association is opposed to the Johnson bill. Had I the time I could demonstrate some inconsistencies in that statement; it will not stand up under careful examination of the facts, but in this connection I should like to read into the RECORD from a letter written by Charles E. Clark, of the Yale University school of law to Hon. Paul Holland, chairman of the committee on law reform of the the American Bar Association, in which he says:

> The American Bar Association and its members can hope to have little influence in public life if it and they consistently and, as I believe, without careful and impartial consideration of the opposing views, strike out against judicial reform believed to be necessary by large groups of our citizens.

The Senate report well says:

> The congestion of our Federal courts is acknowledged by all.

That itself is the cause of delays which often constitute a denial of justice. The President himself has communicated with Congress about this congestion. Manifestly the passage of the Johnson bill would contribute relief to this situation, for it is estimated that the work of the Federal Judiciary would decrease from 25 to 40 percent if this Johnson bill becomes law.

Who wants this Johnson bill?

The State public-service commissions or similar bodies of 45 States earnestly ask for passage of the bill for the taxpayers.

If the average citizen of this Nation understood the entire matter, there is no question in my opinion about their getting behind this legislation.

President Roosevelt, while Governor of New York in 1930, sent a special message to the legislature calling attention to the evils accruing from the rights of the utilities to go into the Federal district courts. He pointed out that the State regulatory body is laughed at by the utility seeking refuge with a special master to be appointed by the Federal court. He says the special master becomes the ratemaker. The public-service commission becomes a mere legal fantasy. He referred to the interference by Federal courts with regulatory powers by public-service commission from his experience as Governor of the State of New York. Former Governor Johnson, of California, gives similar testimony, and in my own administration as Governor of New Hampshire I had similar experiences.

There will be no denial of justice to any utility if the Johnson bill becomes law. It simply compels them to keep their case on appeals in the State courts and then to be carried to the Federal Supreme Court. It estops the utility corporations from wearing down their opponents through delays of long litigation.

Let State courts settle State difficulties, and place individuals and utility corporations on the same basis as they seek justice.

Each of us is here representing a sovereign State. We have faith in that State and its institutions. When you and I are urged to vote against the Johnson bill we are asked, in effect, to reflect upon the justice and integrity of our own State's judicial system. By such action we imply that our higher State courts are not tribunals free from local bias. Is there one amongst us who will allow himself to be placed in the position of yielding to the suggestion that the path to justice lies through the Federal courts in a greater degree than through the courts of his own State?

I close with this statement from the now President of the United States, who, when Governor of New York, in referring to the evils which the Johnson bill seeks to overcome, said:

This power of the Federal court must be abrogated. Only the Congress can give the remedy. Legislation has been introduced in the Congress to carry out this purpose.

Mr. Chairman, fellow Members, such legislation is before us today. Let us adopt the minority report and pass the Senate or Johnson bill and put an end once and for all to the recognized evils.

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

Mr. TOBEY. Yes.

Mr. HOIDALE. I do not want to interrupt in any spirit of hostility or controversy. I am sitting here, like a good many other Members, listening to these debates with the idea of determining what is best to do in the situation. This question occurs to me: Assuming that the Lewis bill is adopted, and assuming that there are in the gentleman's State or in my State two utilities, that both of those utilities go before the local State commission upon the same controversy, upon the same state of facts. The decision of the commission is identical in the two cases. One of those utilities companies elects to go the State way and the other elects to go the Federal way. The decision in one case is favorable to one utility and to the other case is unfavorable to the utility, and all upon the same state of facts. Where does that leave the State or the utility?

Mr. TOBEY. I think it leaves them hanging between nothing and something. The only way to handle that is for the gentleman to vote for the Johnson bill and put them in the State courts once and for all.

Mr. HOIDALE. It looks that way to me.

Mr. LEWIS of Colorado. Mr. Chairman, I yield 2 minutes to the gentleman from Pennsylvania [Mr. BECK].

Mr. BECK. I have no intention of discussing further the merits of this bill. I only rise to deny the intimation contained in the speech made by my esteemed colleague on the Committee on the Judiciary, the gentleman from Georgia [Mr. TARVER], and later, in a more pointed way, by the gentleman from Washington [Mr. LLOYD]. Both seemed to intimate that my advocacy of the Lewis bill was insincere and that I did not desire any legislation. Such is not the fact. On the contrary, I believe the Lewis bill is a wise and constructive piece of legislation. Sooner or later it should be enacted. I tried to indicate that as my opinion in the speech that I made to the House yesterday. The only possible justification for the imputations of my motives is this: Before the Committee on Rules I did bring to its attention the grave question whether it was wise in this critical industrial situation to give this measure a preferential status. I did so because it seemed to me unquestioned that the holders of utility investments are profoundly concerned about the Johnson bill. I may believe in a major operation, but I do not want a major operation at a time when it may be fatal.

Mr. RANKIN. Will the gentleman yield?

Mr. BECK. No. Pardon me. My time is short. I feel that this country is now trembling on the uncertainty whether it will have a relapse or whether it will continue in its convalescence. Ten million investors, whose aggregate holdings are estimated at $28,000,000,000, are affected by this legislation. I thought the Lewis bill could more profitably come up early in the next Congress, when the country was in a less critical condition, and I saw no such urgency as to require its immediate passage, when millions of investors are likely to take fright by even the discussion of the question.

I do want my friend from Georgia [Mr. TARVER], and my friend from Washington [Mr. LLOYD], with whom I am pleased to collaborate in the Committee on the Judiciary, to acquit me in their generous hearts of playing the double part of pretending to favor the Lewis bill, in the preparation of which I collaborated, when, according to their suggestions, I am opposed to any remedial legislation. Such is not the fact. The Lewis bill sooner or later should become law. [Applause.]

Mr. KURTZ. Mr. Chairman, I have been requested by the gentleman from Kansas [Mr. GUYER] to yield the remainder of his time to the gentleman from Texas [Mr. SUMNERS], amounting to 30 minutes, I believe.

Mr. SUMNERS of Texas. Mr. Chairman, may I say there are two additional speakers on this side at this time. I understand, of course, the gentleman from Colorado [Mr. LEWIS] has the right to close. I do not know how many additional speakers he has or what is the arrangement on the part of the gentleman from Pennsylvania [Mr. KURTZ]. My colleague, Mr. OLIVER of New York, and myself, are the only remaining speakers on our side.

Mr. KURTZ. Mr. Chairman, I desire to yield 5 minutes to the gentleman from New York [Mr. HANCOCK].

Mr. HANCOCK of New York. Mr. Chairman, a few years ago I was corporation counsel of the city of Syracuse, and I have had some experience with public-utility rate cases. I know from that experience that such a case is a protracted, tedious, technical, and costly piece of litigation, even when the matter never gets beyond the public-service commission. If it is taken into the State court or the Federal court, or both, the expense and the delay in reaching a final determination are, of course, vastly increased. The municipalities of the country justly complain against the extravagance of our present legal machinery and the slowness with which it moves in rate cases. The public-service commissions of the various States are practically unanimous in their demands for relief from these two things—delay and expense.

Let me quote a few typical statements made by public-service commissioners in behalf of the Johnson bill, before the Lewis bill was drafted, so you may know the grounds on which they support it:

Out of our experience we know it is urgently needed for the speeding up and fair determination of important rate controversies. (K. F. Clardy, chairman Michigan Public Utilities Commission and chairman National Association Railroad and Utilities Commissioners committee on legislation.)

The passage of this bill would remove complaint of long delays in matters of rate adjustments before commissions. (Tennessee Railroad and Public Utilities Commission.)

If the Johnson bill should be adopted and utilities should be required to test the validity of the commissions' orders in the State court, much time and expense would be saved. (Lon A. Smith, chairman Railroad Commission of Texas.)

The department favors the proposed act for the reason that it believes the same will be a great step forward in regulation, and that it will result in a considerable saving, both in time and money. (E. K. Butler, director Department of Public Works, State of Washington.)

We believe that the business of the commission could be greatly expedited if the utilities were compelled to go to the State courts, and we know that the expense incident to this kind of litigation would be greatly reduced, both to the utilities themselves and the commission. (George L. Goode, commissioner, Georgia Public Service Commission.)

That is enough, I think, to let you know the evils that are complained of and which ought to be cured by proper legislation. The Johnson bill is widely supported because it is designed to save both time and money in the class of cases under discussion. There is not a man on the Judiciary Committee, and probably not one in Congress, who does not favor the accomplishment of those objectives.

But the Johnson bill seeks to attain them by divesting the Federal courts of all jurisdiction in public-utility cases except the right of appeal to the Supreme Court of the United States after the final decision of the State court of last resort. Let me say, parenthetically, that the right of appeal in a rate case is an empty thing. The Supreme Court has repeatedly held itself to be bound by the findings of fact of the State courts. If there can be no review of the facts, an appeal to the Supreme Court is a vain and futile proceeding, because the rates are based on valuations. If the Supreme Court cannot pass on the valuations, it cannot pass on the rates.

The present practice has been explained here a number of times. If a rate case is of some importance, it is necessary for the municipality involved to employ special counsel and expert accountants to fight its case before the public-service commission. Sometimes months are consumed in the taking of testimony and a voluminous record is made. If the utility is dissatisfied with the commission's ruling, it may appeal to the State court, where the case is reviewed on the record made before the commission. It may also obtain

a review in the Federal court by alleging that the rates fixed by the commission are confiscatory and constitute a taking of property without due process of law, and suing for a restraining order. In the latter instance the record of the proceedings before the commission is not in evidence; the case is tried de novo and the evidence as well as the expense of the original proceeding must be duplicated. By denying jurisdiction of the Federal courts the Johnson bill saves the expense and the delay caused by such duplication of effort and it is for that reason alone that the bill has popular backing.

The majority of the Judiciary Committee believe that the ends sought can be reached without doing violence to the constitutional rights of a large and important class of American citizens. The result of that conviction is the Lewis bill which we are considering today. The gentleman from Washingon in his remarks on the bill saw fit to question its parenthood. He suspects that its father is the gentleman from Pennsylvania [Mr. BECK] rather than the gentleman from Colorado [Mr. LEWIS], and he implies that if such is the case the bill ought to be killed.

The provisions of the Lewis bill were suggested by one of the lawyers who appeared before the committee. Doubtless others have made similar suggestions. Whoever the father of the bill may be, he has reason to be proud of his child. The gentleman's implication that Mr. BECK's advocacy of the bill, of his possible authorship, in any way discredits it will not be accepted here or elsewhere.

Under the Lewis bill, the rulings of a State regulatory body may be judicially reviewed either in a State court or a Federal court, but not in both. The company must make an election and be bound by it. If the case is brought in Federal court, it shall be determined on a transcript of the record of the proceedings before the State commission, except that additional competent and material evidence may be taken upon the application of any party to the action if that party was improperly denied an opportunity to present it to the commission.

That is all there is to the Lewis bill and it is enough to prevent effectively the annoying delays and extravagances which are possible and sometimes occasioned under the present law. No one can logically defend a bill that goes any further.

Let me call your attention to these words of the Johnson bill:

> No district court shall have jurisdiction of any suit to enjoin the enforcement of any order of a commission of a State where jurisdiction is based solely upon the ground of diversity of citizenship, or the repugnance of such order to the Constitution of the United States where such order affects rates chargeable by a public utility.

That is but a partial quotation, but it contains the language I wish to emphasize. The diversity-of-citizenship provision is not important in this discussion. Any State may require a utility company to obtain a State charter and become a citizen of the State in order to do business there. Rate cases are taken into the United States courts on constitutional questions.

The Johnson bill would take away from one class of citizens the rights all others enjoy. It would deny to public-service corporations all access to the Federal courts for protection against orders of State bodies repugnant to the Federal Constitution. That proposition is shocking to Americans, and there are still many millions of them, who have a deep and abiding respect for the Constitution and the rights and safeguards of American citizens under it.

As Members of the Congress of the United States it is our duty, and should be our pride, to preserve the integrity of the Constitution of the United States and to uphold the dignity and authority of the Federal courts which were created by Congress to protect the constitutional rights of the citizens of the United States.

I will not impose on you by discussing the constitutional aspects of the Johnson bill. Others have done so more ably than I can hope to do. Permit me simply to point out that the Johnson bill deprives a class of citizens of the equal protection of the law, that it denies them the refuge of the Federal courts when deprived of property without due process of law; that it violates the universally accepted doctrine that the jurisdiction of the United States courts must be as broad as the rights and duties created under the Federal Constitution and the Federal laws.

People ask, "Are not the State courts as capable of enforcing constitutional guarantees as the United States district courts?" That is begging the question. The real question is, Shall the Federal courts be divested of their propery functions, shall they be deprived of jurisdiction which has been theirs since their creation, almost as long established as the Constitution itself?

I may say that I do not regard the judiciary of my own State as inferior in character or ability to the Federal judges. Neither do I believe from any observation I have been able to make that public utilities need to fear harsh, arbitrary or unjust treatment at the hands of the Public Service Commission of New York. I think their rights are fully protected by that body.

Why do we have a written Constitution? What is its purpose? Is it not to protect the people of the country from hasty, capricious, unconsidered acts of governmental bodies in times when waves of popular emotion or hysteria throw us temporarily off balance?

There is a steadily growing feeling of animosity toward public utilities. The executives of many large companies have been amazingly stupid in their public relations, in their failure to make the slightest effort to cultivate the good will of the people they serve. There is great public irritation because of the fortunes that have been made by rigging the securities market and juggling stocks. The Johnson bill will not reach those men. It is hoped to control their manipulations through the Securities Act, the Securities Exchange Act, the income-tax laws, and certain penal statutes.

The overwhelming majority of officers and employees of public utilities are honest, law-abiding citizens of a high type who are devoting their lives to useful and necessary service of the public. The Johnson bill hits them.

One gentleman who appeared before our committee testified that 10,000,000 American citizens are investors in public-utility stocks and bonds. They have put $28,000,000 of savings into them. If you add the numbers who are policyholders in insurance companies, members of fraternal organizations, depositors in banks, beneficiaries of thousands of educational and charitable institutions, all of which are large buyers of public-utility securities, you have an army of interested people, after allowing for duplications, that includes a substantial proportion of the people of this country. These are the people who own the public-utility companies. For the most part they are thrifty, hard-working, honest folk. Are you going to penalize this army of investors? Are you willing to say to them "The security holders in companies engaged in other types of business are entitled to the shelter of the Federal courts; you are not"?

Permit me to touch on one other point I have in mind. I spoke a moment ago of the necessity of constitutional safeguards as a defense against sudden outbursts of strong popular feeling. One witness who testified before the committee offered to put in the record a dozen newspaper accounts of speeches of a certain Governor directed against public utilities and calculated to arouse feeling and prejudice against them. They were excluded upon the objection of a member of the committee. However, an article purporting to be an Associated Press dispatch was printed in the RECORD during the discussion of the Johnson bill in the other body. I will not mention the Governor or the State, because I do not wish to offend my friend from that State, who objects to it and questions its accuracy. In substance the article stated that the Governor was determined to reduce utility rates. He removed from the State buildings the telephones of eight telephone companies opposing rate reductions and threatened others; he ousted his entire public-service commission and replaced them with men of his own selection.

He announced that he would personally campaign against any judges seeking reelection who had granted injunctions against the orders of his commission.

Perhaps that story is not true. Perhaps the rates in that particular State were outrageously high. But the story illustrates one of the dangers which must be guarded against. It is easy to imagine a political candidate for high office in some State at some time waging a campaign against utilities for his own selfish purposes. Rate cases always have political aspects. Every family pays for the services of public-utility companies, and popular sympathy is always with the public official who fights for lower rates, whether they are justified or not. Arousing popular sentiment against the gas, light, heat, power, and water companies and the trolleys and railroads is the principal stock in trade of many a demagogue. A situation might easily be developed, particularly in those States where judges are elected for short terms, in which a public utility could not obtain justice. The constitutional provisions, which the Johnson bill violates, provide a refuge from the political persecution I have described.

Frequently during the present Congress legislation has been enacted that creates problems more difficult than those the legislation is designed to solve, that produces evils more serious than those under attack. If our political doctors today became medical men and surgeons and followed their principles, they would scalp a man to free him from dandruff and amputate his arm to get rid of a hangnail.

The Lewis bill is a temperate, moderate, intelligent piece of legislation. It will accomplish the purposes which are universally desired. The Johnson bill will also accomplish those purposes, but in doing so it will weaken and in part destroy constitutional guaranties and safeguards. No sound reason or justification has been advanced or can be advanced in defense of its drastic provisions.

If the roof leaks, repair it, but do not tear the house down.

Mr. SUMNERS of Texas. Mr. Chairman, I yield to the gentleman from Oregon [Mr. PIERCE] such time as he may desire.

Mr. PIERCE. Mr. Chairman, during the last half century there have grown up in this country two systems of court procedure: The State courts, generally used by ordinary people, where legal disputes are tried, facts weighed, and the causes settled; and the Federal courts, with almost coordinate jurisdiction. Their powers have been greatly extended since the passing of the fourteenth amendment. These Federal courts are chosen in preference to State courts by powerful litigants, especially by the utilities. The gulf between the two methods of court procedure has constanty widened.

Greatly do I admire our brilliant colleague from Pennsylvania. I listened with rapt attention to his encomium on members of the Federal courts. I do not share in his worship of the Federal bench. To me they are just ordinary men; not necessarily supermen, who, often through pull, political intrigue, and the influence of entrenched wealth have been able to secure appointments to this bench. Too often, all too often, the judges are men who have been attorneys for utilities, being temperamentally and habitually for the favored few when they don the judicial ermine. These Federal judges are appointed for life. They are often forgetful of the masses and not in sympathy with advancing social development. Even the Supreme Court of the United States, functioning for 145 years, has been, partially at least, on every side of many questions. Repeatedly have the courts held that net earnings of 6 percent on utility stock is confiscatory, even when the stock has been watered many times. These courts have repeatedly held that franchises, the gifts of the people to the utilities, have a value upon which the stockholders are allowed to earn excessive dividends. These franchise values often amount to millions of dollars. Our Federal courts have produced very few liberals like Justices Holmes and Brandeis. The unjust and inequitable railroad rate structure has been repeatedly upheld by the Federal courts.

I notice those speaking for the so-called "Lewis amendment" state that the original bill is an entering wedge to break down the jurisdiction of the Federal courts. I sincerely hope this is true. I need no stronger argument to convince me that I should vote for the Johnson bill. I would favor, right now, an amendment to the Constitution limiting the term of judges to a reasonable number of years. The Lewis bill is a mighty weak substitute for a reform long overdue. The Johnson bill will do more to restore the confidence of our people in the Congress and in the courts than any other act of the Seventy-third Congress.

There is nothing the ordinary citizen dreads more than to be dragged into the Federal courts. First, the cost, usually beyond his means; second, the long distance from home; third, the unthinkable delays running into years preclude the ordinary citizens from appealing to these courts.

The finely spun decisions are often quite impossible for the ordinary mind to comprehend. The almost total indifference to personal rights, when in conflict with property rights, has produced the condition in our country which makes the passage of the Johnson bill an imperative duty of representatives of the people. Had it not been for the activities of the Federal courts in acquiring jurisdiction over the utilities, men like Insull would never have been able to build up holding companies, pyramided one upon the other. The financing of these companies made it necessary to extort from the people excessive rates for electric power far beyond the value of the services rendered. I am a great believer in public ownership of all utilities. The greatest hindrance to the advancement of public ownership is found in the Federal courts.

We, Members of this House, have today the opportunity to use our influence and our votes to curtail this rising menace to justice and right. Property rights have their place in the scheme of things, but they should be subordinated to personal rights and the good of the entire people. Practically every utility commission in the United States has felt the tyrannical hand of the Federal courts when attempting to revise rates in accordance with the investments and the ability of the people to pay. The utility commissions of the country ask us to pass the Johnson bill. In my State—Oregon—we have a very able utility commissioner in the person of Judge Charles Thomas. He has held hearings, caused evidence to be produced that has materially justified reducing rates on the railroads and rates charged by electric-power companies. When attempting to make effective his orders rendered in the interests of justice, he has often found his work thwarted by the Federal courts.

Throughout this Nation, from ocean to ocean, the Federal courts are the great reliance of the specially privileged interests, who are bearing down so heavily in this hour of distress upon the masses of people. This is the most clear-cut issue I have faced since I have been a Member of this House. The friends of the common people and of public interest are on one side and the friends of the special interests are on the other. Many Members will perhaps vote today under a misapprehension for the Lewis bill. All Members in this House who desire to vote in the public interest will be found voting for the Johnson bill. [Applause.]

Mr. KURTZ. Mr. Chairman, I yield the remainder of my time to myself.

Mr. Chairman, as I listened to the arguments for and against the Johnson bill I thought of an article written by a literary genius who lived in the early part of the nineteenth century, which is one of the gems of English literature. It is entitled "The Dissertation Upon a Roast Pig."

The scene is laid in China, far back in those distant days when the people of that ancient land were just emerging from the mists of barbarism. The son of Hoti, being a careless lad, set fire to the house in which were not only the articles of household furniture, but likewise the pigs belonging to the family. The building was burned to the ground and the culprit, frantic with grief, tried to save some of the things that were not completely consumed by the fire. In

stirring around among the ashes he found a young pig and burnt his fingers when he touched it. Immediately applying his fingers to his lips, he for the first time tasted the delicious flavor of roast pig. This was so savory that from that time on in every community surrounding his home there were fires whenever there were litters of pigs. He burned down houses and sties in order to have roast pig, little dreaming that it was not necessary to destroy the structure and that more splendid roast pig could be secured by roasting in the proper and approved style of today.

When I thought of that story by Charles Lamb, I felt that a good many of those who are interested in this Johnson bill are like the son of Hoti of old. They are in the act, perhaps unconsciously, of destroying the Federal courts of the United States in order to secure justice which we all desire and which could best be secured by taking care of the courts as they exist at the present time.

May I say that so far as the members of this committee are concerned those favoring the Johnson bill and those opposing it are all guided by the highest and noblest motives. It is only a question of procedure. There are two schools of thought. One school of thought believes in the Federal courts and feels they should not be limited in their jurisdiction. The other school would destroy the Federal courts, or at least insert an entering wedge that would split and in my opinion ultimately destroy them.

May I further state that in my opinion the great trouble that has heretofore characterized many utility cases was brought about by the enormous delays in their determination. These delays are traceable to the fact that there was no possibility of using the testimony taken before a public-service commission in a Federal court. The testimony taken before a public-service commission could always be legally used in State courts but never in Federal courts. By reason of this fact, the Federal courts had to start anew, and the trouble was not with the Federal courts themselves but with the Congress of the United States, which never gave to the Federal courts the power to use, under any circumstances, testimony taken before a court not of record. A public-service commission is not a court of record.

The Lewis bill, which some of us favor, attempts at this time to permit the use in Federal courts, and provides for use in the Federal courts, the testimony taken before public-service commissions. So far as delay is concerned there would then be no delay whatsoever. The jurisdiction of the Federal courts would then not be limited and all cases would be proceeded with to the end just as speedily as can be done in any State court. It was our fault, the fault of Congress, in not giving the United States Federal courts heretofore the power which we intend to give them in the Lewis bill. I cannot understand why there should be serious objection to the Lewis bill if you will examine into the question carefully and note the permission to use the testimony taken before a public-service commission in the Federal court.

Mr. MAY. Will the gentleman yield?

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

Mr. MAY. Is it not a fact that the question as to the reasonableness or unreasonableness of rates always depends upon a state of facts which can appear only generally from the record made before the commission that hears the case?

Mr. KURTZ. Largely so. That is why the Lewis bill provides that the state of facts developed before the public-service commission of the State shall be used in the Federal courts.

Mr. MAY. Is there not a lot of economy and savings brought about in the case of litigation under the Lewis bill which authorizes the use of the commission records in the Federal courts?

Mr. KURTZ. I think so, unquestionably.

Mr. MAY. Should not these matters be heard if an injunction is brought in the Federal court on the facts developed before the State commission?

Mr. KURTZ. I think so, and that is the intent of the Lewis bill, to permit the Federal courts to decide the matter on the testimony that has been had before the public-service commission of the State.

Mr. DONDERO. Will the gentleman yield?

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

Mr. DONDERO. Might not the objection to the taking of the testimony before a public-service commission be the fact that the testimony there taken would not be taken under the rules of evidence of a State court?

Mr. KURTZ. That is always the case, but this is obviated by the fact that whatever testimony is taken before the public-service commission under the Lewis bill can then be used in the Federal court, whether it is taken under the rules of evidence or not.

Mr. DONDERO. I am in favor of shortening up the time and making it easier for litigants to obtain a decision in such cases.

Mr. KURTZ. That is what every member of the Judiciary Committee is anxious to do, and I may say I believe that if there had been any member of the committee who did not favor, conscientiously, the shortening of time and the saving of expense, he would have attempted to kill the Johnson bill in committee. There was no attempt to do this. They could have possibly killed it there and not permitted it to come to the floor of the House, but they wanted to see the wrongs that had been placed upon litigants righted, and therefore a majority of the committee, both Democrats and Republicans, came to the conclusion that the Lewis bill is the proper bill to shorten the time and also to save expense. Therefore they reported it upon the floor of this House, believing that an injustice had been done heretofore, not only to the Federal courts of the United States of America but the litigants before them in cases of this kind.

I may say further that when the question comes up as to whether or not the Lewis bill can be enacted into law at this late date in the session, which seems to me to be another point that has been raised here, that just day before yesterday there was a conference committee appointed to meet with a conference committee of the Senate on bills that were as contradictory as are the Johnson and the Lewis bills. We expect to get those particular bills ironed out and have them become law before the Congress adjourns. If we pass the Lewis bill I am sure we could appoint a conference committee, and the Senate could appoint conferees, and we could have the Lewis bill become law before this session of Congress adjourns. Every member of the committee wants to have some kind of law placed upon the statute books of the United States so that the Federal courts, when they act, can act expeditiously.

I desire to say further the thought with me and with a good many other members of the committee is that State courts may be more amenable to political propaganda and political passions than the Federal courts. The courts of England are noted for their justice and impartiality, and the judges of the courts of England, as I understand, are appointed for life. They are taken away from the maelstrom of political activities and political passions and, therefore, justice is more certainly had. In some States of the Union we have the same rule, particularly in the State of New Jersey, and every lawyer in this body knows that when a man is appointed to the bench for life and is removed from political activity he gives his days and nights to the deciding of the causes of litigants who come before him, free from influences. Therefore, we find in the equity books of New Jersey the most splendid and just and equitable decisions conceivable. They are quoted approvingly, not only in all the States of the United States of America but they are likewise quoted approvingly in the courts of Great Britain. There are other States where the judges are elected possibly every 4 or 5 or 10 years, where they are amenable to the passions of political strife. Our Federal judges are appointed for life on good behavior and are, therefore, free from political influences.

We want all courts to be thus free. We want untrammeled justice and we want a court that is not affected by the politics of any particular side.

Our whole system of jurisprudence is founded upon impartiality. In selecting a jury in any State of the Union no person can be placed upon the jury if he is related to a

litigant. He dare not be prejudiced in any way. Our whole theory of jurisprudence is a theory of impartiality to the litigants. This can always be had in a Federal court.

I do not say that the State courts are always amenable to political passions, but I do say that they are more likely to be amenable to political influences. Only a few years ago you heard a cry going over this land asking for the recall of judicial decisions by popular vote. The American people decided this should not be done and that it was not a proper policy for a free people, because in cases of that kind the man who had the most relatives or the man who had the greatest political pull would be the one who would be likely to win his lawsuit.

So I believe there will be just as much expedition in the Federal courts as in the State courts, and they will likely be freer from political passions and political prejudices than the State courts.

The question of the congestion of the Federal courts has also come up. I may say that the congestion of the Federal courts has been brought about largely by the prohibition question. Thousands and tens of thousands of such cases have been brought and have clogged the wheels of justice, but this is a question of the past. We do not have to contend with such cases now and therefore the Federal court, freed from the passions and prejudices of the community, set apart in an attempt to do what is right, seem to me to be the proper place to decide questions of public interest such as utility questions.

Therefore, as a member of this committee, and as one who has studied these questions for a considerable time and with some degree of interest, I feel that greater justice can be brought about by giving litigants the privilege of going into the Federal courts in case they desire to do so; but, mark you, when they once get into the Federal courts they must stay there until the litigation is finished, and when they once get into the State courts they cannot get out of the State courts under the provisions of the Lewis bill. They elect the court in which they wish to try their cause and remain there until a decision is reached. A change for delay or other cause is not permitted.

So, taking all these matters into consideration, I wish to say that we who favor the Lewis bill over the Johnson bill do so after careful thought. We do so because we think it is right. We do so because we feel that ultimate justice would be more nearly attained in most cases through the Federal courts than in any other way, because these courts are removed from the passions and prejudices of the community. I not only favor the Lewis bill in contradistinction to the Johnson bill, but I shall vote that way.

Mr. ADAMS. Will the gentleman yield?

Mr. KURTZ. I yield.

Mr. ADAMS. It has not been my privilege to have been in the Chamber during all the debate, which I presume has been very interesting, nor have I made a close study of the bill, but I want to ask the gentleman if I am correct in the thought that all the doors of the Federal courts will be closed to public-utility companies under the Johnson bill?

Mr. KURTZ. They will.

Mr. ADAMS. And under the Lewis bill the litigants will have an election—that is, the doors of both courts will be open, and they can elect to which one they will go for justice.

Mr. KURTZ. Yes; and furthermore I want to say that the municipality, before the utility company attempts to make the election, if the municipality desires to proceed in the State court can do so and the Federal court will be ousted from its jurisdiction.

Mr. DOBBINS. Will the gentleman yield?

Mr. KURTZ. I yield to the gentleman.

Mr. DOBBINS. The gentleman has stated that the litigant could go into the Federal court in case he so elects. The gentleman is referring only to the complainant, and it is the public-utility company that generally complains. If the utility company elects to go into the Federal court, then the State or municipality is bound to follow whether they wish to or not.

Mr. KURTZ. Yes; but the State can forestall that by going into the State court before the utility company goes into the Federal court.

Mr. DOBBINS. But suppose the State or the municipality is satisfied with the decision?

Mr. KURTZ. If it desires to remain in the State court, and wants to forestall the utilities going into the Federal court, it can go into the State court, although it is satisfied with the decision.

Mr. DOBBINS. Would it not be rather devious and farcical for it to go into court appealing from a decision with which it is satisfied?

Mr. KURTZ. Nevertheless such right would obtain.

[Here the gavel fell.]

Mr. SUMNERS of Texas. Mr. Chairman, I yield 5 minutes to the gentleman from Kentucky [Mr. BROWN].

Mr. BROWN of Kentucky. Mr. Chairman, the question we are about to decide comes rather close home to anyone coming from Lexington, Ky. For 9 years we have had pending in the Federal court and before the railroad commission the Lexington gas-rate case. On yesterday the City Commissioners of Lexington voted to put through a compromise that deprived the people of Lexington of an opportunity for reasonable gas rates that this law would have given them if they had had it 9 years ago.

With your permission, I want to give a statement of one of the commissioners who introduced the compromise, as to why he thought it ought to be adopted.

He said that the reduction agreed upon by the compromise would give the people the money now, that it would save further costly litigation, and that they needed it more now than they would 4 or 5 years from now.

All he could see ahead was 4 or 5 years more of litigation, with its expense to the taxpayers. I regret to see our city commission weaken in the people's fight. The rate agreed on is not fair to the small user of gas. It is not truly a compromise, but is in reality a surrender to the gas company. With every other commodity depressed in the past 5 years the company is to be allowed a rate in excess of that charged prior to 1927. This so-called "compromise" is yet to be submitted to a referendum and will be corrected when the people voice their opinions on it.

The city of Lexington is paying 60 cents a thousand for gas. One hundred and thirty miles away, at Ashland, Ky., they are paying 32 cents a thousand for gas. There is no sense in that. The city of Lexington went into court to correct it. Our State railroad commission ruled that 45 cents is a reasonable rate. The gas company took it into the Federal court, and for 9 years they played around, and we are no further along now than we were when we started, and our city commission, seeing no hope in the future, agreed to a settlement that is worse than no settlement at all. I do not want to be misconstrued. The city commissioners of Lexington are high-class men. All five of them are friends of mine and I respect them, but it is a good illustration of honest men being hoodwinked by powerful utilities, because they have no recourse at home where they can get justice for their cause. They cannot see any hope, because endless litigation is all they can look forward to, and it is expensive litigation, and so the people of Lexington are going to have to give back to the gas companies almost half of the impounded fund collected during the past 9 years and submit to a rate that is higher on the low user of gas than the old rate was. It is an illustration of powerful interests being able to force down the throat of the city commission something that the people of that town, I know, cannot approve; and while those men are my friends, as a friend of theirs I know that they have made a mistake, and they, too, I am sure, will realize it before the controversy is over.

We have had a lot of experience in Kentucky with utilities and with the influences they can bring to bear. Two years ago in the State legislature we passed a bill allowing cities and towns to buy their light plants. Utilities were powerful enough to have the Governor veto that bill. This year they were powerful enough to bring it out and kill it on the floor of the House. They were powerful enough down

there to pass a utilities-commission bill with a specific provision written into it to regulate municipal plants over the protest of all municipally owned plants in Kentucky. They have been powerful enough to do everything there that they want to do; and now, with the Lexington gas case settled, our people will be compelled to pay almost twice as much as the people of Ashland, a town smaller than Lexington, and they are subjected to that because 10 years ago Congress had not passed this very bill that we are now about to enact into law. I say to you gentlemen who are honestly going to support the Lewis bill, do not be misled by the pleas that the Johnson bill will work any injustice. On the contrary, they have their high-powered lobbyists and their lawyers to plead their cause, and all that the people have to depend on are you gentlemen, their Representatives.

The CHAIRMAN. The time of the gentleman from Kentucky has expired.

Mr. SUMNERS of Texas. Mr. Chairman, I yield 5 minutes to the gentleman from Missouri [Mr. LEE].

Mr. LEE of Missouri. Mr. Chairman, I am reminded by the majority report of this committee of the old story told in 1896 about the fellows who talked on the money question and the gold standard. It is said that it would be a fine thing to let the foxes in this country build the hen houses so that we might protect the poultry industry in this country. This Johnson bill ought to be passed, and this amendment ought to be voted down and I will tell you why. I come from over in Joplin, Mo., where there is as honest a bunch of Republicans as you have ever known. They are nearly all Republicans, but a good many of them have got a little sense, and they will watch you fellows over on this side today. All of them voted for Roosevelt except those who were running for office, and he is just as strong now as he was when he was elected last election.

In my town we have the Empire District Electric Co. The old company that the Empire District took over were charging the people of my town 18 cents per kilowatt-hour for electric-light juice. They had the city charged with six hundred and some odd lights at $120 a year per light. When we finally voted bonds and built a municipal light plant and went around and counted the lights, we found they did not have a third of the lights that the taxpayers were paying for. We built a city light plant. They went into the Federal court before Federal Judge John S. Phillips. He has been dead a number of years. He was considered the greatest Federal judge that ever sat on a bench, and my father thought he would go to heaven when he died, but I had a different opinion of him, and I think he ought to have died when he was young. I knew him well, too. They went in there and they got an injunction before Phillips to keep us from opening our city light plant. He issued an injunction. He said they had a perpetual franchise, notwithstanding that the constitution of my State provided that no perpetual agreement can be entered into with any company, that it cannot be that it could have a perpetual franchise from my State. They went in there and he issued an injunction. Judge Phillips let them give a fraudulent and fake bond. It was not worth 10 cents. They brought us to the Federal Court. I thank God we had an honest man on that Court, Judge Charles Evans Hughes, and he is sitting there now, and you radicals don't like him, but, thank God, we have got him. You do not like him, but the people love him, and thank God for it, and men like Justice Hughes and Justice Brandeis and the beloved Judge Holmes.

Some of you when you are at home take up more time defending corporations than you do the rights of the people. I know some of you. [Applause and laughter.] I know what business you have been engaged in. I think this is the greatest Congress that was ever convened in the United States. If this Congress follows Mr. Roosevelt and the American people today and follows HIRAM JOHNSON—and, thank God, he supported Roosevelt, too, he knows an honest man when he sees him—I thank God for GEORGE W. NORRIS, of Nebraska. I thank God for LA FOLLETTE, of Wisconsin; but I don't think so much of some of the Republican leaders of Indiana and Ohio. [Laughter and applause.] I hope and expect them to be replaced by Democratic Senators who are in sympathy with the new deal.

Mrs. KAHN. How about HUEY LONG?

Mr. LEE of Missouri. He is a credit to both of them. [Laughter.] The primary vote in Indiana indicated that we will have a progressive Democrat from that State in the next Senate, and I have faith and confidence, Mr. Speaker, that Ohio will also send a progressive Democrat to the next Senate.

The CHAIRMAN. The time of the gentleman from Missouri [Mr. LEE] has expired.

Mr. LEWIS of Colorado. Mr. Chairman, I yield 5 minutes to the gentleman from Michigan [Mr. LEHR].

Mr. LEHR. Mr. Chairman, in the closing moments of this debate I feel it is very important to the members of this committee that they have a correct and true understanding of the situation as it existed in our committee, particularly in view of the statements which were made on the floor yesterday and which I wish to quote from yesterday's RECORD. I just want to preface that statement by saying to you that in my humble opinion every single man on the Judiciary Committee feels with reference to the situation just exactly as does the gentleman from Kentucky. His argument made on the floor today is an argument absolutely in favor of the Lewis bill just as much as it is an argument in favor of the Johnson bill.

We were all united on this proposition—that we all appreciate what the objections are. We all appreciate what the objections are that have grown up in this country during the last few years with reference to public utilities going into the Federal courts. What we are concerned about is how to apply the remedy. As members of the bar we feel we owe a solemn duty to the people of America to protect the judicial system of this country and not see it dragged down. I have no sympathy with a great many of the judges of the Federal courts. The experiences some of us have had only recently in the city of Chicago in investigating Federal judges have convinced us that it is not the the judicial system that is wrong, but it is the men who have been appointed to those posts, and the arrogance they have taken unto themselves, that is subject to just criticism. But I want you to know that not a man on this committee has attempted in any way to defeat the Johnson bill.

Yesterday the gentleman from Washington, a distinguished member of this committee, made this statement on the floor, speaking of the gentleman from Pennsylvania:

He—

Referring to the gentleman from Pennsylvania—

suggested the able member of the committee who should write the substitute amendment.

And he further said the gentleman from Pennsylvania has never been in favor of this amendment.

Let me say that after 3 days of serious hearings, in which we listened to some of the leading members of the bar of this Nation and representatives of the public utilities, our only thought was, How can this be done without affecting the Federal Courts?

Mr. LLOYD. Will the gentleman yield?

Mr. LEHR. In our meetings the gentleman from Colorado [Mr. LEWIS] was suggested, possibly by the gentleman from Pennsylvania, but he was designated by the chairman of the committee to draft an amendment.

Then the gentleman from Washington [Mr. LLOYD] further said, at page 8341 of yesterday's RECORD:

As a matter of fact, I may say in passing that the Lewis substitute was never seriously considered by the committee. It was never read in committee; it was never discussed in committee; it was never open for amendment in committee. It is simply an attempt to defeat the Johnson bill.

Oh, I hope the gentleman from Washington [Mr. LLOYD] will take the floor and correct those misstatements, because that amendment was considered in the committee. It was read in the committee by Mr. LEWIS. It was open for amendment if anybody wanted to make any amendment.

It was duly considered, and after seriously considering this matter a majority of the committee, from a legal standpoint, voted in favor of that amendment. The gentleman from Washington said, "It is simply an attempt to defeat the Johnson bill." Had there been a desire on the part of a single member of the Judiciary Committee to defeat the Johnson bill, a motion would have been made to lay that bill on the table, and undoubtedly, by the vote here, if we who favored this majority report were in favor of defeating the Johnson bill, we would have voted to lay the Johnson bill on the table.

The CHAIRMAN. The time of the gentleman from Michigan [Mr. LEHR] has expired.

Mr. LEWIS of Colorado. I yield the gentleman from Michigan 1 additional minute.

Mr. LEHR. But we did not do that. We voted to support the Lewis bill. We brought that out in good faith. Then the gentleman from Washington [Mr. LLOYD] says:

> Here is what they expect to happen, here is what will happen, if you adopt the substitute. It will go over to the Senate, the Senate will refuse to concur, and the result will be that no legislation will pass, and that is exactly what they want and what they expect.

I say to you that if it does go to the Senate and they do not concur, then some of us may think that the proponents of this original Johnson bill in the other end of the Capitol may be hiding behind the prejudice and passion against public utilities, in an attempt to tear down the Federal courts of this Nation, which, as lawyers on this committee, we are opposed to. If they want to destroy the Federal judiciary, let them bring in a bill for that purpose. We of the majority of the committee know that the Lewis bill will correct every fault that now exists and will at the same time safeguard the Federal jurisdiction. This bill will safeguard the interests of the people and the jurisdiction of the Federal judiciary.

[Here the gavel fell.]

Mr. SUMNERS of Texas. Mr. Chairman, I yield myself the remainder of the time.

Mr. Chairman, I hope not to take all the time allotted to me.

This is one of the most important items of legislation upon which Congress has been asked to pass judgment in a long time.

The gentleman from Pennsylvania [Mr. BECK] made a wonderful address yesterday. I listened to it with much interest. The gentleman discussed the legal questions involved and made some reference to constitutional questions. The gentleman introduced mythology and Shakespeare—and I like to hear him do it for he does it so well—but I am going to ask those witnesses to stand aside and shall talk to you a few minutes with regard to this bill and the situation in which we find ourselves.

For one, I have no desire to get even with the corporations. I recognize that public utilities are necessary in this country. I recognize that public policy has got to be such as to induce people to put the necessary money into public utilities to afford the conveniences and the necessities required by the people. If there are any legislative or judicial determinations which harass utilities and make investments in them dangerous, people have to pay for them as sort of an insurance policy.

There is no question but that we used to have a dual system of government. We of each State used to have two constitutions; but we have grown together at the points of governmental contact until at last we are a Nation. We have but one Constitution. In the sense that it is written it is in part the Federal Constitution, and in part the State constitutions; but, as a matter of fact, the constitution of a living government is not written, never was written, and never can be written; it is rooted in the governmental concepts of the people or it is a dead thing, merely some document put away in a library.

What are we going to do about this? What is the present legal status? Let us see where we are, and let us see what is involved. I am going to talk in just a plain, conversational sort of way. The gentleman from Pennsylvania said yesterday that if a State desires to avoid adjudication of a rate in a Federal court, existing law provides the method and the remedy. If this statement be true—and I do not challenge it, although, of course, it has not yet been determined by the Supreme Court—if this be so, then the issue before the House is not whether these matters may be determined in the Federal court or in the State court insofar as the determination of the State itself is concerned. The gentleman from Pennsylvania stated that if a State desires to have these rates determined by its own courts it can bring an action in its State court to enforce the rate fixed by its own regulatory body, stay those rates, and have the matters determined in the State courts with the right of appeal to the Supreme Court of the United States. This is the statement of the gentleman from Pennsylvania with reference to existing law. I am not prepared to agree fully with the gentleman that this is existing law, because the section of the code upon which this opinion is based is written in very involved language. If it be true, however, and the gentleman made the legal argument in major part for those supporting the Lewis amendment, then the differences here would seem to be more as to form than substance.

The section of the Federal code referred to—section 266—provides—I do not want to read it; I think I can state the substance of it—that in the event an interlocutory injunction of a rate is sought, the State may go into its own courts to enforce the determination of its regulatory body and ask that the rates of that body be stayed until the matter is finally determined. One of the questions is whether or not, after a matter has been concluded in the State courts, resort by the corporation may not be had to the Federal courts. I may say to the gentleman from Pennsylvania that I am inclined to think this would be held res adjudicata, but I am not sure.

Then there is another question as to whether or not, in the event a temporary restraining order is granted by one judge prior to the convening of the three-judge court, the State may thereafter go into the State courts. One of the Federal courts in a Kentucky case held that a State could not go into the State courts after the temporary restraining order had been granted by one judge prior to the convening of the three-judge court.

What does this Johnson bill propose? This Johnson bill proposes to make clear and definite, in substance, the procedure which it is claimed may be had now in a roundabout, confused, irritating way. I do not think I am incorrectly stating that fact.

I believe fully, Mr. Chairman, that we must choose between subjecting these public utilities to the control of the States where they operate and the socialization of the industry of this country. I do not believe we can drift on as we are going now. Clearly we are drifting rapidly toward socialization. I do not believe it is possible under our system of government with the universal ballot for anybody, any organization, any corporation, to escape public vengeance once it is aroused. They have too many ways of getting at them. When any corporation flees from the regulatory agency of a State to the jurisdiction of the Federal courts and seeks refuge in the Federal courts against the necessity to obey the voice of the State where it is located, it is simply building the dam a little higher, a little higher against the time when it breaks under the accumulated pressure and the deluge comes. These corporations have got to arrange to get along with the people in the State where they are doing business. It is impossible under our system of government to escape absolute dependence upon the sense of fairness of the people. That is all there is to it; and the quicker these corporations find it out, the better it is going to be for them and for the people whose money is invested in these corporations.

The people, on the other hand, must learn that they have got to treat these corporations fairly. God Almighty has some natural laws which operate to control what human beings may do to other human beings. In my State the railroad companies were given every privilege. Then the

promoters got in charge of the situation. They would develop a town site 20 miles from another town, make a preferential rate and starve those people out, and do all sorts of things. Later on when they began to crowd them, the railroads began to buy up legislatures, to have their paid men in the legislatures.

If there are any utilities engaged in that sort of practice, the quicker they take their hired men out of the legislatures of this country and begin to trust the people the better it is going to be for them. [Applause.]

I believe a bill like the Johnson bill is the only sort of governmental arrangement which gives any hope of security to the industry of this country. This is a government of the people. There is not any other government.

Take the State of Texas, for instance. We were for a while an independent nation. Do you mean to tell me that we would not have had public utilities in Texas if we had remained an independent nation because there was no other court that the utilities could resort to outside of Texas? That is perfectly ridiculous. Take a State like Virginia. Suppose the Union had not been formed. Do you mean to say that Virginia would not have had electric lights down there because there would not have been some sort of tribunal outside of Virginia that the utilities could have resorted to? Talk about the Constitution. The Constitution of the people and of this Government is not written in a document. The safety of invested capital is not in a court. It is in the people.

The people have to treat these corporations right, and I want to see that too. After we let the railroads have everything and the railroads did everything they could, when anyone ran for the legislature promising to do something against a railroad they were elected. What happened? We ran railroad investments out of the State of Texas. We had some streaks of rust across Texas. Then we had to pay higher freight rates and passenger rates than we would otherwise have had to pay. But we learned our lesson. The railroads learned their lesson and the people learned their lesson. God Almighty has not any other plan of educating the people except by experience, either our own or somebody else's.

When you take the American people, who are the source of power and who have the final word and say, and undertake to separate them from responsibility, you violate the very plan of nature provided for the development of nature. How are you going to have a dependable people unless you make them responsible? That is what we need in this country, and that is what we have got to have in this country. Responsibility sobers judgment. You take one of these wild-eyed boys and move him in here. He will raise Cain for a year or two, then he will begin to feel responsibility. The same thing is true of human nature everywhere. Give the American people responsibility and they will govern correctly. What we have been trying to do is to build up a wall between the people and political power, violating everything that has been taught to us in connection with the history of government.

I have not anything against the utilities, and I am not afraid of the people. What should be done in this country, if there are any people in responsibility with real good old-fashioned horse sense in these utilities, and there are—I know some of them—instead of permitting the utilities to be put in the attitude of showing every time the question comes up that they are afraid of the people and unwilling to trust the people, let them remove these economic brigands who have been holding high places as captains of industry and put some people with good old-fashioned common sense into managerial responsibility. Let them go down to the folks and say, "Look here, we are going to trust you; give us a square deal and we will come in here and build the right sort of utility. We will take care of you folks, and when we get into dispute we will thresh the question out with you, and not put it up to some Federal judge and get an injunction."

People do not like to be enjoined. Free people do not like to have some court or some human being undertake to deny to them the right of effectuating their governmental will. The quicker these corporations find it out the better it is going to be for everyone. We can get along with these corporations. These courts that have been the havens of refuge for some of these utility corporations have done more to create enmity and prejudice for which these utilities have to pay a tremendous price than all the other influences in this country. Let the people connected with these public-utility corporations go around and mingle with the people and walk shoulder to shoulder with the ordinary people and the situation will be different. When the people come to the conclusion that they will be treated fairly they will get along better and the utilities will get along better.

Whenever we reach a situation where the majority of the sentiment and purposes on the part of the people of a State is not honest and fair, that is the end of the road. A public utility comes into my State and says, "We want a franchise." They make that request to a State that has a right to determine the question. These rate-making agencies do not have to sit up on a bench like a bunch of judges and determine what the rate ought to be. That is not the way to figure it out. It is less formal. It is not a lawsuit. They go out and secure any sort of sensible information that will help everyone in arriving at a correct conclusion. I find in my committee that if we just get down and casually talk around with the witnesses we learn a whole lot more about the matter than if we sit up like a bunch of Supreme Court justices and have a lot of fellows out in front making hot-air speeches. Let them talk to the witnesses and get all the information that they want, just as you do when you want to find out something. That is necessary in these rate determinations. That is why it is arranged that neither the legislature nor the courts should have first responsibility. The people through their regulatory agency may say, "This seems to be a fair rate"; and the utility may say, "We hardly think that is a fair rate."

All right. The courts of the State are open. Why should not that question be sent to the courts of a sovereign State which gives them the right to live?

Do you think I would do business in a State where I do not trust the integrity of its courts? That is what this means. Right square down to its essence it means just that. Now, I respect these other gentlemen, but there is not any getting around the point. This is a domestic question, a question between the people and the public utilities, created by them to serve the people of the State. When they say, "We are not willing to go into the courts of your State and have the question litigated", what does it mean? It means that they declare "We do not trust their honesty or their judgment", that is all. Did you ever run away from a thing you trusted?

[Here the gavel fell.]

Mr. SUMNERS of Texas. Mr. Chairman, I yield myself the remainder of the time.

Does anybody think that the American people do not understand what this means? How good would you feel toward a fellow who said, "I do not trust you, and I do not trust your agencies to give me a square deal"? Suppose something comes up later and he has to go into the State courts. He has a damage suit against him, for instance, or there is some other reason to resort to them, and day before yesterday he was not willing to trust them. Do you think it may be expected of human nature that he would as probably get a square deal as if he had not slapped them in the face day before yesterday?

The quicker these utilities get right down to doing business with the people of the States and the courts of the States, the better it is going to be for the people who have their money invested in these utilities. Do not have any question about that. This fellow who has been taking a vacation over in Greece would be afraid of a State court. He would rather try his matter before the courts in Greece. That is where he has been litigating, anyhow. You take the kind of people we know connected with our public utilities and in my State, and as a rule they are all right. It is some of the big fellows who are at the head of things in places like

New York and Chicago that cause the trouble. If you would turn the men loose who are their representatives in Texas, there would not be any danger about their getting justice in the courts of my State. The people like them. It is when they want to put on the screws, it is when they do these slick things, and build up prejudice against themselves that they are afraid to go back to the courts of the people they have been robbing. That is what is the matter with them, and the quicker we get these crooks out of power the quicker the people in the States will insure justice. That is all there is to it. I am not overlooking the fact that when wrongdoing has aroused opposition and antagonism that in a given case injustice may occur. Retribution does not recognize fine distinction or discrimination. This resort to Federal courts may postpone, but only for a later date, when principal and accumulated interest must be paid. Only those can be depended upon to protect us whom we trust. Only the people can protect, therefore the people must be trusted. A failure to trust the people deprives of the people's protection.

We all want to do what is right. I do not think there is anybody who has higher regard for another person than I have for my dear friend, Judge LEWIS, whose amendment prevailed in the committee. Oh, the boys have been jawing at each other, you know. They have had to appoint a lot of postmasters lately, and it is along about election time. That is not good for the nerves. We have been sitting up late nights reading letters from our constituents and the boys have been sort of fussing with each other, but they are all right. They are the best-behaved lot of fellows under normal conditions you ever saw. They get messed up a little every now and then; but every man on the committee has been trying to do what he thinks right about this matter. They have different notions about it. My friend CONDON is an awfully good boy in a bad cause, but he lines up usually on the right side, and I am very fond of him.

I am not going to take any more of your time, because I know what you are going to do. I have talked to juries before. I have been around with folks a good deal in my life. I do not aim to send this speech out, anyhow, so I am going to quit. [Laughter and applause.]

Mr. LEWIS of Colorado. Mr. Chairman, I yield the balance of my time to the gentleman from Rhode Island [Mr. CONDON].

Mr. CONDON. Mr. Chairman, we are about to close this debate, and I know there is not anything I can say that would change the mind of any Member of the House, and if I did have any such chance prior to the speech of our distinguished chairman, that chance has long since disappeared.

I pay this House the compliment that it can and it will rise above appeals to passion and prejudice. I know that in the heat of debate Members have said some things that, perhaps if they had time to reflect, they might not have said in just the way they did, but I do not think this is going to affect the vote of any Member of this House. I know that every Member here on both sides of the aisle respects the opinions and the motives of each Member who does his duty when he is called upon to discuss the great public questions that come before us and, finally, to cast his vote as the Representative of the constituents who have sent him here.

It is true, as the distinguished Chairman of the Judiciary Committee said just a few moments ago, that on many occasions I have been with him and have gladly followed him, and I want to emphasize, if I may, and ask the House to indulge me for a moment in a few brief personal references.

I want to emphasize that on every vote that has come before this House when it has been a question of the utilities as against the public, the record will show I have voted in the public interest. I had not been in this House but a few months when I was called upon to cast my vote on that great controversial question of Muscle Shoals. There were probably few people in my district and few people in my State who cared one way or the other about that question. I could have voted against the proposition or voted for it without any political effect whatever, but I believed in that proposition and I voted for Muscle Shoals, and on every other vote that came before the House on that question—and you men who have been here for a number of years know that it recurred frequently—I was recorded in favor of the proposition.

Then when the anti-injunction bill came before the Judiciary Committee it was referred to my subcommittee, and at that particular time there was much being said in the Congress and in the city here that the committee would delay the consideration of the bill which had passed the Senate, but on that subcommittee I cooperated with my distinguished colleague, Major LaGuardia, now the mayor of New York, and, along with the chairman of the subcommittee, Mr. MCKEOWN, we reported the bill promptly to the full committee, and the full committee reported it to the House and it became a law. I was happy to support that legislation not only in committee but on this floor by my voice and vote.

In that particular instance we were called upon to deal with the abuse of injunction procedure by Federal judges; we did not, as is attempted here in the Johnson bill, cut down and destroy the equitable jurisdiction of the Federal courts because of these abuses. No; but, like sound and reasonable men, like men who understand the law and the necessity for the law, and who understand also that there are times when popular prejudice and clamor does not wish to see any law enforced, we so amended the code as to prohibit Federal judges from committing the abuses complained of and which were bringing the Federal courts into disrepute in labor disputes.

When this bill came before the Judiciary Committee, in spite of appeals for haste, in spite of appeals to pass the bill without the crossing of a "t" or the dotting of an "i", I am proud to say here that the committee refused to be hurried, to act hastily, but in the calm and thoughtful deliberation in executive session we considered every argument that had been made in favor of the Johnson bill, and likewise considered every argument made in favor of the Lewis substitute.

As a result of the deliberation of the committee, the gentleman from Colorado [Mr. LEWIS] was designated to act as the agent of the majority of the Judiciary Committee to draw a substitute, and that substitute was submitted to the Members who voted for it, and who approved of it as a proper solution of the abuses of existing procedure, pointed out during the hearings.

Now, my friends, I had an open mind on the question. I am not a lawyer familiar with the utility rate cases. I have never tried a case for a utility company. I have never been offered a brief, and do not hold one now for any utility company.

But when the question came up on the hearing, I maintained an open mind, as the records of the hearings will show. I wanted to know why it was necessary to pass the Johnson bill. There are several places in the hearings which will show that questions were asked by me seeking to find the necessity for legislation as proposed in the Johnson bill.

Now, it has been said that the Lewis bill does not meet the objections made to the committee by those who appeared there in favor of the Johnson bill.

If you will permit me, I want to read a few excerpts from the testimony of the witnesses who appeared before the committee.

We had before us several members of public-utility commissions from several States. One of them was the gentleman from Virginia, H. Lester Hooker, chairman of the public-service commission of that State. He said:

> The utility at present has two bites at the cherry, entailing much delay and greatly added expense, before an ultimate decision is reached—the burden of all of which is loaded onto the rate-paying public.

He made two points—the great delay and the expense.

Then, again, a little further down, he said:

> It is a procedure to which there is certainly a meritorious objection.

Note that it is the procedure to which he says there is meritorious objection. He was not objecting, apparently, to the jurisdiction of the court, but to the procedure. I submit that the Lewis amendment fully corrects the abuse of procedure that the gentleman from Virginia referred to and complained so strongly against.

We had also before the committee a gentleman from Maryland, Hon. Harold E. West, chairman of the Maryland Public Service Commission. I quote him, page 37 of the hearings:

> Our commission cannot complain, as they have complained, of unusual delays. * * *
>
> Our objection is not to the Federal court at all. Any court is all right with us so long as it is composed of square men who know the law. But our objection is to what might be termed "the rules of the game." Under the present system the utility has the case tried before a small commission and appeals to the Federal courts and changes the rules of the game while the game is in progress.

I submit to you that the Lewis bill takes care of that objection. It provides that when the record is made up before the commission that record shall be the record upon which the three-judge Federal court shall determine the issue, and that does away with this great objection of expense. That does away also with the one thing that makes possible the interminable and unjustifiable delay in the New York Telephone case, which went on for 10 or 11 years because of the opportunity afforded by the court to the telephone company to try its case de novo before the Federal master without any regard to the voluminous and expensive record already made before the New York Public Service Commission. That cannot happen under the Lewis bill, because when the question goes on appeal from the commission to the court, the Federal court must accept the record made before the commission. Some of our friends say that we are going to get a speedier decision of the question if we pass the Johnson bill. I am not so sure of that, because the Johnson bill will confine these questions solely and exclusively to the State courts.

Do you know that in some States it is possible to start the proceeding in the circuit court and to appeal it to the supreme court of that State, and then ultimately the question would have to go to the United States Supreme Court? You have an intervening court between the court of last resort in the State and the utility commission. Take the State of New York. It was testified, and it appears in the hearings, in a colloquy between the gentleman from New York [Mr. OLIVER] and Mr. Maltbie, of the New York commission, that the practice there is to appeal the case from the commission to the appellate division, and then there may be a final appeal from the appellate division to the New York Court of Appeals, and from there the case goes from the court of appeals to the United States Supreme Court, if the losing party is not satisfied with the decision in the final State court. I submit that in every case that would arise in New York it would be possible, and it would probably occur, for appeals to be taken to each one of the judicial tribunals, so that instead of having an appeal only from one Federal court to the United States Supreme Court, you would have, under the Johnson bill, an appeal through at least two State courts and finally an appeal to the Supreme Court of the United States. That is possible in a great many of our States, and you will find in the back of the printed hearings, on page 227, a list of the States, showing the procedure in appeals from rate decisions of the rate-making body of each State.

Do you want really to hasten the decisions of these cases? Do you want to overcome the two great objections raised through present procedure—delay, undue and unnecessary delay, and undue and unnecessary expense?

Then, my friends, if you really want to do that, laying all passion and prejudice aside, forgetting the shadow of Samuel Insull as he came from the ship in New York, forgetting about the public disrepute in which the utilities of the country are held at present, and I think justly so, you should support the Lewis bill, because it gives you, without question, a prompt and speedy remedy for the trial and disposition of these cases, with the possibility of but one court proceeding standing between the holding of the rate-making body and the final decision of the court of last resort. Do not fall into the error of voting for the Johnson bill to eliminate court delays because that bill in some States will have the opposite effect of increasing the delay. The Johnson bill will confine these cases exclusively to the State court procedure. To avoid delays in some of these States the legislatures must change that procedure, and, according to the testimony of our distinguished friend the chairman of our committee, it is your State legislatures that are amenable to the corrupt practices of these public utilities. What chance, then, will you have of getting these corporation-controlled legislatures to change the State court procedure to promote a prompt decision and avoid a mutiplicity of court actions?

I know that I cannot add anything to this debate. I have taken the floor more to justify the position that I held in the committee and which I want to publicly hold here on the floor of the House. I do not intend to go any further into the legal phases of this matter. Most of you are lawyers, and I am frank to confess that most, if not all, of you know more about Federal procedure than I do, but I call to your attention in these last few minutes the fact that the people of the United States adopted the Federal Constitution, among other things, "in order to form a more perfect Union, establish justice, and insure domestic tranquillity." There was a reason for the framers of the Constitution putting those words into the solemn preamble of that great document. We had a Union before the Constitution, but that Union was a rope of sand. We had a Union without an Executive, we had a Union without a Federal judiciary, and the only thing that made the Union under the Constitution superior to the Union under the Articles of Confederation was the establishment of this Federal judiciary.

Writing into the Constitution that article which said that the judicial power of these United States shall be vested in one Supreme Court and such inferior courts as Congress from time to time shall ordain and establish was the salvation of our Federal system. Oh, yes; Congress does not have to establish these inferior courts. There is no compulsion upon Congress. There is no outside force within our Government that can make this Congress set up district courts and circuit courts of appeals, but I want to remind you that there has never been a day since the first Congress convened in the city of Philadelphia when they passed the Judiciary Act of 1789, when there was not a minor Federal judiciary. There has never been a day when there were not Federal district courts and Federal circuit courts to try justiciable questions that arose between citizens of the different States, and the questions which had to do with the confiscation of property.

You know the conditions that brought about the Constitutional Convention. You know of the jealousy and hatred that existed between the States, lately engaged in a rebellion, fighting for their independence against the mother country. You know one of the strongest reasons that compelled members of the Constitutional Convention to suppress their prejudices and vote for the Constitution was their hope that as a result of their actions there would come to exist here in America a government that would be a strong government, that could enforce its will, a government that would have a judiciary to compel respect for its laws. That is what has resulted.

My friends, if there is one thing that establishes the fame of the great dominion State of Virginia, it is that she produced the men who fought hardest for this great judicial system. It was Madison, if you please, the Father of the Constitution, who fought for the Judiciary Act in the First Congress of 1789; and it was John Marshall, of Virginia, the wise expounder of that great charter of government, who defended the Federal judiciary and marked out in his celebrated opinions the boundaries of its power.

We are today engaging in a task that is but the beginning of a mighty attack upon the integrity of the Federal courts

and their jurisdiction. This bill in itself is but a minor matter. True, we are only taking away from the Federal courts jurisdiction in utility rate cases; but, my friends, that is chiseling; and that word was used by Judge Storey a hundred years ago in commenting upon the attempt to withdraw or withhold or undermine the jurisdiction of Federal courts.

It is chiseling. It is sapping at the foundations of American Government. I warn you who come from States that are not fully developed and that have to go beyond the borders of your State to look for capital to assist in the development of that State, there may arise in the minds of people who have money to loan upon the passage of the Johnson bill a fear that will deter them from investing their capital in States where their investments may not be safeguarded by the Federal judiciary. I do not believe, personally, that any man has anything to fear from any State in this Union with respect to the conduct of its judiciary, but we must be practical. We must face conditions as they are, and we must recognize the fact that there are people in our country who do entertain those fears. Do you want to dam up the resources of investment capital? Read the record again, my friends. Even after you vote today, no matter how you vote, read the record and consider the testimony that was presented to the members of the Judiciary Committee.

I have the highest respect for the courts of every State in this Union. I would be willing to submit my life and my property to the jurisdiction of any one of these courts, but again I say we must be practical in this matter. We are not legislating even for the great State of Texas alone. We are not legislating alone for the little State of Rhode Island, which I have the honor to represent, but we are legislating for the greatest Government of the greatest country in the world. We are legislating for a country that stretches over a half continent; a country that is as varied as any 20 or 30 countries in Europe or Asia, because the conditions of life in our country are as widely varied as life in the far north and in the subtropics. There are all sorts and conditions of life that confront the people of our country throughout its far-flung territory. It is important, in my judgment, that we should have in the Capital of our country a government that is supported by a strong Federal judiciary, which reaches out into all States where there are district courts of that judiciary established.

By way of digressing for a moment, what are the Federal district courts of our land? Are they not the people's courts? Are not the men who have been appointed to those Federal courts citizens of the Republic like ourselves? Are not many of them former Members of this House and former Members of the Senate?

Mr. ZIONCHECK. Will the gentleman yield?

Mr. CONDON. I yield.

Mr. ZIONCHECK. You must have a $3,000 case before you can get into the Federal court.

Mr. CONDON. I well know that; but, after all, those judges cannot be the hobgoblins that they have been described to be. They have the weaknesses and frailties that are inherent in human nature, but you cannot condemn the entire Federal judiciary because of a few horrible examples. In all my experience at the bar of my State I have never heard one word of criticism of the Federal judges in my section of the country. Frankly, if I had a case to submit to them as far as the reasonableness or fairness of a rate established by a utilities commission was concerned, I would as soon and as confidently submit that case to a three-judge court of the Federal judiciary than to the judiciary of my own State. But that is only my opinion with reference to a special local situation with which I am more familiar than you are. There are similar local situations in your State with which, of course, you are more familiar than I am. But I come back again to the fact and the argument that we are legislating as a Congress of the United States, and we must ever keep in mind the welfare of the whole country; not the welfare of any one particular section of the country, but the welfare of the whole country, and all of our people.

Now, before I conclude, I just want to read, if I may, the answer by the chairman of the Massachusetts Public Utilities Commission, given to Mr. Benton, of the National Association of Railway and Utilities Commissioners, as throwing some light on the question of the importance of the Johnson bill, at least in the eastern section of the country.

The chairman said that he was not opposed to this Johnson bill, but he went on to say this further—I am quoting now from page 224 of the record:

> As to my letter in relation to the so-called "Johnson bill", you are at liberty to use it in any way you see fit. You are quite right in your understanding that this department has no objection to the Johnson bill. On the other hand, we feel that it would accomplish little or nothing so far as Massachusetts is concerned.
>
> In a period of very nearly 50 years of the regulation of gas and electric companies, where commissions were given the power to make orders, there has been, to my knowledge, resort to the Federal courts in three instances only, namely, the Haverhill Gas & Electric Co., some twenty-odd years ago, contested an order of the board of gas and electric light commissioners, our predecessors in the regulation of gas and electric companies. Perhaps this case could be considered two cases, as there were two petitions, but I have always viewed them as one case. Both terminated in favor of the Commonwealth. There was no resort to the Federal court by any company under the regulation in Massachusetts subsequent to the Haverhill Gas & Electric case until the Worcester Electric Light case, instituted in July 1927, and the Cambridge Electric Light Case, instituted February 20, 1928. In the Worcester Electric Light case a temporary restraining order was issued and an injunction followed. In the Cambridge Electric Light case a temporary restraining order was issued on February 20, 1928, which was revoked on March 11, 1928. The Cambridge case was dismissed by agreement on February 11, 1929, resulting in the department's order being sustained. In the Worcester case the master found, on February 11, 1929, that the department's order was not confiscatory, and by agreement later, on June 5, 1929, the injunction was dissolved and the case later dismissed, leaving the department's order in full force and effect. These are the only cases that have arisen in the Federal courts attacking an order of the commission as to rates.

Now, Mr. Chairman, it is not true, as I see the record—and I care nothing for the passionate, prejudiced statements that have been made outside the record—it is not true that a large number of these cases have gone to the Federal courts and that justice has been denied because there has been great delay. On the contrary, hundreds of cases have been submitted to the State courts throughout the country without any appeal being taken to the Federal courts. But I agree with the gentleman who preceded me on the floor that some of the cases that came before the Federal courts in which there was great delay were such nationally known cases, involving such large sums of money, in which the abuse of the power of taking evidence by the master was so flagrant that the attention of the whole country was directed to them; and because of these isolated abuses we have before us the Johnson bill.

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

Mr. CONDON. I yield.

Mr. MAY. I am very much interested in having the gentleman's reaction as to the effect certainty of tenure of office has on the judges. For instance, Federal judges are appointed for life subject to good behavior and are, therefore, free from political and local influences, whereas judges of the State courts are elected by popular vote and are not free from political influence.

Mr. CONDON. Answering the gentleman's question, I may say I believe one of the troubles with our Federal judiciary is that the Federal judges are appointed for life; and there is no power to remove them except by impeachment which, as I said on the floor of the House in the Louderback case, is almost a practical impossibility.

I favor the appointment of Federal judges, their tenure of office being based on good behavior. In my State and in the great neighboring Commonwealth of Massachusetts the judges are appointed. Judges are not elected in New England, to my knowledge, but they are appointed to serve during good behavior; and I am frank to say that I hear no great criticism of judges appointed by the Governors of our

States to serve during good behavior. Have I answered the gentleman's question?

Mr. MAY. Are not Federal district judges liable to removal for misbehavior?

Mr. CONDON. I do not understand that to be so. I understand there is no way in which to remove a Federal judge except by impeaching him on the floor of the House.

Mr. MAY. Of course, that is the method of removing him.

Mr. CONDON. But it is such a difficult method of removal that I do not approve of it. [Applause.]

[Here the gavel fell.]

The CHAIRMAN. All time has expired.

Mr. SUMNERS of Texas. Mr. Chairman, I wish to submit a unanimous-consent request. I do not mean to have anything more to say on the bill, but I ask unanimous consent that I may make a statement for the benefit of the House.

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

There was no objection.

Mr. SUMNERS of Texas. Mr. Chairman, I assume that you understand what the vote will be on. As soon as the parliamentary situation makes it possible, what is known as "the Lewis amendment" will be offered to the Johnson bill. The vote will be on the Lewis amendment.

Some of the Members who understand parliamentary usage were in doubt this morning as to just how we might get a clear-cut expression of the attitude of the Members with regard to each of these propositions. Insofar as the members of the Judiciary Committee are concerned, I understand that they want to cooperate. We want to cooperate in making it possible to record the judgment of the House with reference to these propositions.

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

Mr. SUMNERS of Texas. I yield.

Mr. DOWELL. I suggest to the chairman of the committee that the vote in the Committee of the Whole will be on the Lewis amendment to the Johnson bill. If the Lewis amendment fails, and I hope it will, the Johnson bill will then be before the House for passage, and I hope the Johnson bill will pass? The only way the Lewis bill could then come before the House would be upon a motion to recommit.

Mr. SUMNERS of Texas. There was some question this morning as to whether that motion could be made under the rule.

Mr. O'CONNOR. Mr. Chairman, will the gentleman yield?

Mr. SUMNERS of Texas. I yield.

Mr. O'CONNOR. I feel quite confident, after having discussed the matter with the Chairman of the Rules Committee and others, that the spirit and intent of the amendment made to the rule yesterday will be carried out and that a motion to recommit with instructions to substitute the Lewis bill may be made so there may be a vote in the House upon both propositions.

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

Mr. SUMNERS of Texas. I yield.

Mr. GOSS. On the other hand, if the substitute, or the Lewis amendment, is agreed to in committee, when we get back into the House a separate vote can be had upon it. Is not this equally true?

Mr. O'CONNOR. I stated the alternative to that. So, whether the Lewis amendment is voted up or down in the committee a roll call can be had on the Lewis amendment in the House.

Mr. GOSS. In the one instance by a separate vote on the committee amendment, if the committee adopts the amendment, and in the other instance on a motion to recommit.

Mr. O'CONNOR. Exactly.

Mr. SUMNERS of Texas. May I make one further statement so the matter will be clear? I am sure I speak for both the majority and the minority of the Committee on the Judiciary when I say I hope all the Members of the House will cooperate in making the desire for a clear-cut test of the attitude of the House toward these two propositions possible.

The CHAIRMAN. The Clerk will read the bill for amendment.

The Clerk read as follows:

Be it enacted, etc., That the first paragraph of section 24 of the Judicial Code, as amended, is amended by adding at the end thereof the following: "Notwithstanding the foregoing provisions of this paragraph, no district court shall have jurisdiction of any suit to enjoin, suspend, or restrain the enforcement, operation, or execution of any order of an administrative board or commission of a State, or to enjoin, suspend, or restrain any action in compliance with any such order, where jurisdiction is based solely upon the ground of diversity of citizenship, or the repugnance of such order to the Constitution of the United States, where such order (1) affects rates chargeable by a public utility, (2) does not interfere with interstate commerce, and (3) has been made after reasonable notice and hearing, and where a plain, speedy, and efficient remedy may be had at law or in equity in the courts of such State."

With the following committee amendment:

Strike out all after the enacting clause, page 1, line 3, down to and including line 10 on page 2 and insert the following:

"That the Judicial Code, as amended, is amended by adding after section 266 thereof a new section to read as follows:

"'SEC. 266A. In the case of any suit brought in a United States District Court to enjoin, suspend, or restrain the enforcement, operation, or execution of any order of an administrative board or commission of any State or any political subdivision thereof, or to enjoin, suspend, or restrain any action in compliance with such order, where (1) such order affects rates chargeable by a public utility, does not interfere with interstate commerce, and was made after reasonable notice and hearing, and (2) jurisdiction of such suit is based solely upon the ground of diversity of citizenship, or of the repugnance of such order, or of the law or ordinance under which such order was made, to the Constitution of the United States, or solely upon any combination of such grounds—

"'(a) The provisions of section 266, as amended, which relate to hearings and determinations by three judges, to the right of direct appeal to the Supreme Court of the United States, to a stay of proceedings, and to precedence and expedition of hearings, shall apply, whether or not an interlocutory injunction is sought in such suit; and, when an interlocutory injunction is sought, the provisions of such section relating to notice of hearing and to temporary restraining orders shall apply;

"'(b) The hearings and determinations shall be on a transcript of the record of the proceedings, including evidence taken, before such administrative board or commission with respect to such order, prepared at the expense of the complainant, and certified to the court by the board or commission in accordance with the law or practice of the State, except that (1) upon application of any party the court may take additional evidence if it is material and competent and the court is satisfied that such party was by the board or commission denied an opportunity to adduce it, and (2) in case no record was kept or the board or commission fails or refuses to certify such record, the court may take such evidence as it deems necessary;

"'(c) The court shall not have jurisdiction if the complainant (or, in case the complainant is a partnership, association, or corporation, if the complainant or a member or stockholder of the complainant) has theretofore commenced suit in a State court have jurisdiction thereof to contest the validity of such order on any ground whatsoever.'

"SEC. 2. The provisions of this act shall not affect suits commenced in the district courts, either originally or by removal, prior to its passage; and all such suits shall be continued, proceedings therein had, appeals therein taken, and judgments therein rendered, in the same manner and with the same effects as if this act had not been passed."

Mr. TARVER (interrupting the reading of the amendment). Mr. Chairman, I ask unanimous consent that the reading of the committee amendment, which is merely the Lewis substitute bill, with which we are familiar, be dispensed with and the substitute printed in the RECORD at this point.

The CHAIRMAN. Is there objection to the request of the gentleman from Georgia?

There was no objection.

Mr. RANKIN. Mr. Chairman, I rise in opposition to the Lewis amendment.

I have listened with a great deal of interest to the distinguished gentleman from Pennsylvania [Mr. BECK]. I am unable to understand his attitude today after all the years I have listened to his appeals for State rights. The passage of this Johnson bill without the so-called Lewis amend-

ment" will be one of the greatest steps back toward State rights that Congress has taken in decades.

We are being driven, under the present system, to State socialism or governmental ownership of public utilities. I have been one of those men who did not favor governmental ownership, but we are being driven to it, and the attitude of the gentleman from Pennsylvania [Mr. BECK] and the attitude of the other gentlemen who are sponsoring this Lewis amendment represent a school of thought that is driving us to that extremity.

I am going to show you in a moment some of the concrete results. When we speak of utilities, the one outstanding utility that bobs into the mind of every individual is the Power Trust, the great power interest with its multiplied ramifications. It reaches into every home and runs its fingers into every light bulb in America. We have been forced to resort to governmental ownership at Muscle Shoals. In doing so we have established a policy of producing and distributing power, not based upon the people's ability to pay, not based upon watered stock and overhead charges that are unreasonable and unconscionable, but based upon the cost of production and distribution. I am going to read you just a few of the concrete results of that work.

Our people were paying the same exorbitant rates that were being paid in Pennsylvania, Michigan, Texas, Colorado, and other States. Our contract between the Tennessee Valley Authority and the city of Tupelo, Miss., went into effect on the 7th day of February, and I hold in my hand copies of light bills showing the amounts paid in January and March by a citizen of Tupelo. In January, under the old rates, he paid $3.50. In March he paid 84 cents under the T.V.A. rates.

Here is another one who paid $10.66 in January and $5.98 in March. Another one paid $4.10 in January and $1.32 in March. Another one paid $6.98 in January and $1.72 in March. This is bringing electricity down to something like what it costs to produce.

I know the statement is being made that we are robbing the commercial and the industrial users of power for the benefit of the householder or domestic consumer. Let me give you just a few illustrations to refute that argument.

I suppose you would call a filling station a commercial user. Here is one that paid $62.85 for power and light in January. In March he paid $21.23. Here is a wholesale groceryman who in January paid $94.36; in March he paid $39.42. Here is a manufacturer of ice cream. In January he paid $92.19 and in March he paid $56.23. Here is a small manufacturer. In January he paid $210.25 and in March he paid $145.38.

I also hold in my hand the duplicate receipt of the operator of a cotton mill. Here is the answer to the charge that we are robbing the industrial users of electricity for the benefit of the domestic users.

In January they paid $3,181.33 for electricity. In March they paid $1,896.40. In January they used 204,803 kilowatt-hours; in March they used 258,000 kilowatt-hours, or 26 percent more. If they had paid the January rate in March the bill would have been $4,008, or $2,112 more than they did pay, a saving of $25,000 a year for one small manufacturing establishment, simply because we have been able to bring the rates down and base them on the cost of production and distribution. Every item of cost was considered in fixing these rates, even to the cost of the dam itself.

I know the power interests have gone all over this country and sold watered stock—what they call "preferred stock"—in order to build up political strength in order to defeat legislation of this kind.

Unless this Congress passes legislation such as this Johnson bill, reestablishes the confidence of the American people, and gives them proper protection we are going to be swept into governmental ownership of all public utilities. The people are sick and tired of being plundered by unreasonable utility rates. If you want the utilities to run the country, vote for the Lewis amendment. If you want the American people to receive justice at the hands of the utilities, vote down the Lewis amendment and vote for the Johnson bill as it came from the Senate. [Applause.]

[Here the gavel fell.]

Mr. GOSS. A parliamentary inquiry, Mr. Chairman. Does the vote now come on the committee amendment?

The CHAIRMAN. It does.

Mr. SUMNERS of Texas. Mr. Chairman, in order that we may understand, a vote of "aye" is in favor of the Lewis bill and against the Johnson bill. That is correct, is it not?

The CHAIRMAN. That is correct.

The question was taken; and on a division (demanded by Mr. MARTIN of Massachusetts and Mr. LEWIS of Colorado) there were—ayes 27, noes 112.

So the committee amendment was rejected.

Mr. MILLER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. MILLER: Page 2, line 1, after the word "State", insert "or any rate-making body of any political subdivision thereof."

Mr. MILLER. Mr. Chairman, I should like to have your attention just a moment because this amendment means a great deal to some of the States.

In many of the States in this country, and this is true in Arkansas, the rate-making body in most cases is the town council or the city council. We have had many laws in Arkansas relative to rate-making bodies, and at various times in our history the rate-making power has been lodged in different boards or commissions. Your State may have today a rate-making commission or a rate-making board, which is a State-wide board and the next legislature may change the law and place this authority in your town councils, or in some board of a political subdivision of your State.

There is no one any more strongly in favor of the Johnson bill than myself, but when the bill becomes a law I want it to function and to accomplish the purposes for which it is intended; and, very frankly, unless this amendment is adopted, it will mean practically nothing to the States that are situated like Arkansas. We have not had much rate trouble down there, but we do not want to have any trouble; and I ask you, in all earnestness, to adopt this amendment in order that we may have the benefit of this law.

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

Mr. MILLER. I yield.

Mr. BANKHEAD. Is this offered as a committee amendment?

Mr. MILLER. No. I will say to the gentleman that when we had the Johnson bill under consideration I offered this amendment in the committee and it was adopted by the committee, but it was not reported because the Lewis bill was reported as a substitute. I am now offering the amendment for adoption.

Mr. O'MALLEY. In other words, it was not in the Lewis bill which came out of the committee?

Mr. MILLER. That is true.

Mr. CARPENTER of Nebraska. Is the chairman of the committee in favor of the gentleman's amendment?

Mr. MILLER. I think he is.

Mr. TERRY of Arkansas. Mr. Chairman, I had not intended to speak on this subject because it was very fully discussed by the members of the Judiciary Committee, but this amendment which is proposed by my colleague from Arkansas is very essential to my State.

I am in favor of the Johnson bill. I want to obtain the benefit of that bill for our State, but it so happens that under existing law of my State the rate-making power for municipal rates is in the municipalities. We have a State commission, a fact-finding tribunal, that ascertains what is a fair and reasonable rate, but that is merely advisory, and it is up to the municipality to make the rate. I therefore ask you to vote in favor of this amendment. It will not hurt the bill.

Mr. O'MALLEY. Will the gentleman yield?

Mr. TERRY of Arkansas. I yield.

Mr. O'MALLEY. The only fear I have is this: I do not think it will hurt the bill, but it may send it to conference, and it may not get out before Congress adjourns.

Mr. TERRY of Arkansas. The gentleman need not worry about that.

Mr. KELLER. I should like to ask the chairman of the committee a question. Is this acceptable to him?

Mr. SUMNERS of Texas. It is the opinion of gentlemen of the committee with whom I have talked, that it would be a good idea to put this language in the bill.

Mr. GOSS. As I heard the amendment read, it seemed to me that it would take in any rate-making body of the municipality. I think that would be going a little farther than does the Johnson bill.

Mr. SUMNERS of Texas. Here is the reason: In many States the State rate-making agency does not make the utility rate for municipalities.

Mr. GOSS. A board of aldermen in a town might not be the rate-making body for a municipally owned plant. Now, if this amendment is adopted, the board of aldermen as such could make the rate.

Mr. SUMNERS of Texas. All right. Let us understand the situation. In a good many States the central rate-making agency does not make the rate for the utilities in municipalities. These rates are made—possibly by a board of aldermen or some agency of the municipality. The gentleman from Arkansas believes, and that belief is shared by most members of the committee I think, that as a matter of precaution the language suggested ought to be incorporated in the bill.

Mr. OLIVER of New York. Is it not a fact that when this was offered in the committee it was unanimously adopted, but it was lost in the Lewis amendment voted to the Johnson bill?

Mr. GOSS. Let us take an example. Suppose we have a municipal board of aldermen as the rate-making body, and they make a rate for a municipal plant. But here is a privately owned plant being located in the same town, and the rate would be made by the public-utility commission of the State. Therefore you would have a municipal plant operating under one rate, and a private plant operating under another.

And, if there was a break-down, and they were forced to run parallel, which rate would control?

Mr. SUMNERS of Texas. Where you have a State rate-making agency with jurisdiction, then no other agency or subdivision of the State makes the rate.

Mr. GOSS. Could not the board of aldermen make a rate for a municipal plant?

Mr. SUMNERS of Texas. I do not know.

Mr. OLIVER of New York. Mr. Chairman, I rise in favor of the amendment. This has nothing whatever to do with making rates. This is merely a proposition that if a rate be tested, it shall be tested in a State court. It does not make a particle of difference whether it is made by the State commission or by the board of aldermen. This does not grant any right to anybody to make a rate.

Mr. GOSS. But it would it reviewed.

Mr. OLIVER of New York. Reviewed merely by the State courts, instead of by the Federal courts.

Mr. O'CONNOR. Will the gentleman yield?

Mr. OLIVER of New York. Yes.

Mr. O'CONNOR. Take a concrete case. I think it is the transit commission in the city of New York that controls the subway.

Mr. OLIVER of New York. Yes.

Mr. O'CONNOR. If they did or could fix a rate, there is no reason why this utility company should go into the Federal court any more than if a State agency fixed a rate.

Mr. OLIVER of New York. Not at all. The question is not who fixed the rates, but in what court shall the rate be tested, prior to its going to the Supreme Court of the United States, if a confiscatory question is raised.

Mr. McKEOWN. Mr. Chairman, I move to strike out the last word. It is admitted that this amendment ought to be in the bill even by those who are opposed to it, because in some of these States the right to fix rates is granted to municipalities by the constitution, the organic law of the State. These are the ones who suffer most, because the record shows that it is in the cases of municipalities trying to get reduced rates that are worn out by litigation. They have no money to carry on the litigation, and as for anybody stopping this bill in conference, that is a bugaboo. Nobody is afraid of the "big bad wolf" at this stage of the game. We want to put this amendment in because these small municipalities in these States are distressingly in need of this relief.

Mr. McCORMACK. If this amendment is not adopted, and the rates are established by a local body in a city or town where, in case of local controversy, would that case—what courts would determine it?

Mr. McKEOWN. They would get you in the Federal court.

Mr. McCORMACK. Yes. In other words, if this bill passes without this amendment, those cases affected by the decision or action of a State commission would go to the State courts, and the local problems which this amendment covers would then be compelled to go into the Federal court.

Mr. McKEOWN. Yes; and they would be wiped out before they would get started. They cannot afford it.

Mr. GLOVER. Will the gentleman yield?

Mr. McKEOWN. I yield.

Mr. GLOVER. Is it not true also that these municipalities have been the ones which have been fighting for the principle that is involved in the Johnson bill all the time?

Mr. McKEOWN. Yes; always, because they are more easily whipped than the States.

Mr. O'MALLEY. Will the gentleman yield?

Mr. McKEOWN. I yield.

Mr. O'MALLEY. If this amendment is not adopted, the municipalities will be in no worse position than they are right now?

Mr. McKEOWN. Why?

Mr. O'MALLEY. Because they will have the right to appeal to either the State courts or the Federal courts.

Mr. McKEOWN. That is right. Then there is no use to pass the bill.

Mr. O'MALLEY. But the State legislatures can change their own laws to protect the municipalities under this.

Mr. McKEOWN. Not where the power to fix rates is granted in the organic law.

Mr. SABATH. Will the gentleman yield?

Mr. McKEOWN. I yield.

Mr. SABATH. It will give municipalities the same right and the same privilege that it gives to the States?

Mr. McKEOWN. Exactly. That is what we want to do.

Mr. SABATH. It is the gentleman's contention that those municipalities need that protection even to a greater extent than most of the States?

Mr. McKEOWN. Absolutely.

Mr. BROWN of Kentucky. Will the gentleman yield?

Mr. McKEOWN. I yield.

Mr. BROWN of Kentucky. With the aggressive leadership of the Senator who sponsored this bill in the Senate and our own leader in the House, is there any danger that this could get tied up and not become a law at this session?

Mr. McKEOWN. No.

[Here the gavel fell.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Arkansas [Mr. MILLER].

The amendment was agreed to.

The Clerk read as follows:

SEC. 2. The provisions of this act shall not affect suits commenced in the district courts, either originally or by removal, prior to its passage; and all such suits shall be continued, proceedings therein had, appeals therein taken, and judgments therein rendered, in the same manner and with the same effect as if this act had not been passed.

The CHAIRMAN. Under the rule, the Committee will rise.

Accordingly the Committee rose, and the Speaker having resumed the chair, Mr. HANCOCK of North Carolina, Chairman of the Committee of the Whole House on the state of

the Union, reported that the Committee had had under consideration the bill (S. 752) to amend section 24 of the Judicial Code, as amended, with respect to the jurisdiction of the district courts of the United States over suits relating to orders of State administrative boards, and pursuant to House Resolution 350, he reported the same back to the House with an amendment adopted in the Committee of the Whole.

The SPEAKER. Under the rule the previous question is ordered.

The question is on the amendment.

The amendment was agreed to.

The SPEAKER. The question is on the third reading of the Senate bill.

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

The SPEAKER. The question is on the passage of the bill.

Mr. TOBEY. Mr. Speaker, I ask for the yeas and nays.

The yeas and nays were refused.

The question was taken; and on a division (demanded by Mr. TARVER) there were—ayes 201, noes 19.

So the bill was passed.

A motion to reconsider the vote by which the bill was passed was laid on the table.

EXTENSION OF REMARKS—S. 752

Mr. SUMNERS of Texas. Mr. Speaker, I ask unanimous consent that Members of the House may have 5 legislative days in which to extend their own remarks on the bill just passed.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. RANKIN. Mr. Speaker, I ask unanimous consent to revise and extend my own remarks.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. SMITH of Washington. Mr. Speaker, I feel confident that the United States Supreme Court will uphold the constitutionality of the Johnson bill.

Whenever salutary Federal legislation has been proposed, whenever some great national reform has been enacted into law by Congress, it has immediately been assailed by those who declared it to be in violation of the Constitution of the United States—"unconstitutional." This has been a matter of such frequent occurrence during our entire history as a Nation that today a wide-spread distrust of the Constitution exists on the part of those who are unfamiliar with the modern progressive tendency of the decisions of the United States Supreme Court. Unfortunately, instead of bearing only reverence and affection for that great document, many have come to view it as an instrument of oppression; for, does it not prevent our securing those measures of relief which we need, and, in justice, should have?

The most cursory sort of an investigation of the United States Supreme Court Reports will reveal the fact that this opinion of the Federal Constitution as construed by our highest judicial tribunal is not justified. The prevention of corporate aggression and the protection of the life, health, and happiness of the multitudes against the greed and cupidity of the few can be realized under our Constitution, the Supreme Court has repeatedly held in recent years. It is within the power of Congress to act in accordance with *State Bank* v. *Haskell* (219 U.S. 111), as—

> Held by the prevailing morality or strong and preponderant opinion to be greatly and immediately necessary to the public welfare.

I shall not on this occasion attempt any discussion of the commerce clause, what constitutes interstate and intrastate commerce, distinctions between the sovereignty of the State and Federal Governments, the fifth and fourteenth amendments, or any particular one article of provision contained in the Federal Constitution, but shall rather confine myself to a consideration of the broad outlines and dimensions of the Constitution as a whole and endeavor to catch something of its real spirit, if possible, in order to correctly answer this question, into which sooner or later all constitutional questions resolve themselves, to wit, Was the Constitution made for the people or are the people made for the Constitution?

The Constitution of the United States emanated from the people. It is "of the people, by the people, and for the people."

As was said by Mr. Justice Matthews, speaking for the Court in *Hurtago* v. *California* (110 U.S. 516):

> The Constitution of the United States was ordained, it is true, by descendants of Englishmen, who inherited the traditions of English law and history; but it was made for an undefined and expanding future and for a people gathered and to be gathered from many nations and of many tongues.

A constitution, from its nature, deals in generals, not in details. Its framers cannot perceive minute distinctions which arise in the progress of the nation, and therefore confine it to the establishment of broad and general principles—Chief Justice Marshall in *The Bank of the United States* v. *Deveaux et al.* (5 Cr. 87).

> Constitutions of government are not to be framed upon a calculation of existing exigencies; but on a combination of these with the probable exigencies of ages, according to the natural and tried course of human affairs. They ought to be a capacity to provide for future contingencies as they may happen. (Federalist no. 34.)

The Government of the American Nation is, then, "emphatically and truly a government of the people. In form and in substance it emanates from them. Its powers are granted by them, and are to be exercised directly on them and for their benefit" (Chief Justice Marshall in *McCulloch* v. *Maryland* 4 Wheat. 405)—a statement, the grandeur of which was to be enhanced 44 years later, when, standing on the battlefield of Gettysburg, Abraham Lincoln said that "a government of the people, by the people, for the people, shall not perish from the earth."

Beveridge says:

> The nationalist ideas of Marshall and Lincoln are identical; and their language is so similar that it seems not unlikely that Lincoln paraphrased this noble passage of Marshall and thus made it immortal. This probability is increased by the fact that Lincoln was a profound student of Marshall's constitutional opinions and committed a great many of them to memory.
>
> The famous sentence of Lincoln's Gettysburg address was, however, almost exactly given by Webster in his reply to Hayne. "It is * * * the people's Government; made for the people; and answerable to the people." But both Lincoln and Webster merely stated in condensed and simpler form Marshall's immortal utterance in *McCulloch* v. *Maryland*. (The Life of John Marshall, by Albert J. Beveridge, vol. IV, p. 293. Note.)

The Constitution was written in the spirit of the Declaration of Independence, the greatest exposition of the rights of the people which has ever been given expression by the heart and mind of man. The Constitution is to be interpreted and construed in the light of its preamble:

> We, the people of the United States, in order to form a more perfect Union, establish justice, insure domestic transquillity, provide for the comon defense, promote the general welfare, and secure the blessings of liberty to ourselves and our posterity, do ordain and establish this Constitution for the United States of America.

It is worth while to recall the words of James Wilson, who said in reply to the objection that the Federal Constitution had no bill of rights:

> Here the fee-simple remains in the people, and by this Constitution they do not part with it. The preamble of the proposed Constitution, "We, the people of the United States * * * do establish" contains the essence of all the bills of rights that have been or can be devised.

The Constitution is not a creature of circumstances, and, in order to meet the necessities of the people, should always be treated as an enunciation of fundamental principles rather than as declaratory of cramped and cabined rules of law, which latter canon of interpretation would make it an instrument of oppression instead of one of beneficence.

The Supreme Court of the United States has not lost sight of this fact. If there ever was a time when the truth of the words of Chief Justice Marshall in the celebrated case of Gibbons against Ogden was apparent, that time is now, when

our great, constructive emergency recovery legislation is under attack. Chief Justice Marshall said—what we are again witnessing:

Powerful and ingenious minds, taking, as postulates, that the powers expressly granted to the Government of the Union are to be contracted by construction into the narrowest possible compass, and that the original powers of the State are retained, if any possible construction will retain them, may, by a course of well-digested but refined and metaphysical reasoning founded on these premises, explain away the Constitution of our country and leave it a magnificent structure, indeed, to look at but totally unfit for use.

They may so entangle and perplex the understanding as to obscure principles which were before thought quite plain, and induce doubts where, if the mind were to pursue its own course, none would be perceived.

This is the very thing that eminent lawyers, some of them distinguished Members of this body, are doing—seeking to explain away the people's Constitution by arguing that the Federal Government does not possess the power to save the commerce and lives and institutions of the people in what everyone, even they, themselves, admit to be the most serious crisis and national emergency in our history.

What did Chief Justice Marshall mean when he said that "The Government proceeds directly from the people" and "Its powers are granted by them and are to be exercised on them and for their benefit"? Are not the courts a part of the Government? If not, why not? Shall only the executive and legislative departments be responsive to the will of the people? Should the judicial department nullify the will of the people and render our republican government a sham and a pretense?

Is the Federal Government helpless and impotent to act in a great national emergency? The Selective Service, Espionage, War Industries Board, Food Administration, Control of Railroads, Industrial Mobilization Acts passed by Congress during the World War and upheld by the United States Supreme Court furnish the negative answer. Justice Brandeis in the recent case of *The New State Ice Co.* v. *Leibmann* (285 U.S. 262, 76 L. ed. 769) has correctly said:

The people of the United States are now confronted with an emergency more serious than war.

Henry Upson Sims, one of the leaders of the American Bar and president of the American Bar Association in 1929–30, has well said:

It is gratifying to realize that there have been statesmen enough among the judiciary of this country to prevent the legal framework of the Constitution, which the early political statesmen drew for us, from being laid aside like the garments of childhood. The courts of the early days of our history may not have foreseen the proportions of the present industrial and commercial age. Of course, Marshall did not see it. But they did see that the constitutional provisions are rules of social order rather than mere laws to be interpreted in the light of the limited environment of the draughtsmen—

In its classical decision in *Gibbons* v. *Ogden* (1824), the Supreme Court inaugurated its interpretation of the so-called "commerce clause" of the Constitution and held that Congress possesses the right to regulate commerce and navigation, domestic and foreign—gave Congress exclusive power over interstate commerce—and yet almost 100 years elapsed before Congress passed the Interstate Commerce Act. Equally remarkable is it that the "general welfare" clause did not receive judicial construction until 1896.

In a decision rendered by the Supreme Court more than 50 years later—1877—Pensacola Telegraph Co. against Western Union Telegraph Co., it is said that—

The powers thus granted are not confined to the instrumentalities of commerce or the postal system known or in use when the Constitution was adopted, but they keep pace with the progress of the country and adapt themselves to the new developments of times and circumstances. They extend from the horse with its rider to the stagecoach, from the sailing vessel to the steamboat, from the coach and the steamboat to the railroad, and from the railroad to the telegraph. * * *

And we may now add, to the airship, the radio, as well as to any future means of communication.

Mr. Speaker, the meaning of the power to regulate commerce must keep pace with the development of modern conditions, for with changes in conditions the meaning of words change, and this also necessarily reflects itself in the process of interpretation.

Thus, Munro—The Government of the United States, Macmillan, New York, 1930, page 311—speaking of the commerce clause, says that the elasticity of the written word finds more ample illustration here than in any other field of American constitutional development; that a definition of the commerce power today would be out of date tomorrow, and an exact definition cannot be given of anything that changes its form and scope so frequently as the commerce power does.

Speaking of the Constitution, Mr. Justice Story said:

It is not intended to provide merely for the emergencies of a few years, but was to endure through a long lapse of ages, the events of which were locked up in the inscrutable purposes of Providence.

In the case of *South Carolina* v. *United States* (199 U.S. 448), Mr. Justice Brewer said, in delivering the opinion of the Court:

The Constitution is a written instrument. As such, its meaning does not alter. That which it meant when adopted it means now. Being a grant of powers to a Government, its language is general, and as changes come in social and political life it embraces in its grasp all new conditions which are within the scope of the powers in terms conferred. In other words, while its powers granted do not change, they apply from generation to generation to all things to which they are in their nature applicable.

Cooley says:

The principles of republican government are not a set of inflexible rules, vital and active in the Constitution, though unexpressed, but they are subject to variation and modification from motives of policy and public necessity.

I believe that those who are inveighing against the constitutionality of the National Recovery Act, the Agricultural Adjustment Act, and the series of acts of Congress designed to aid the people and the country in the present national emergency would do well to read and ponder the address of Hon. John J. Parker, judge of the United States Circuit Court of Appeals for the Fourth Circuit, delivered last summer before the annual convention of the American Bar Association of Grand Rapids, Mich. I should like to read just two paragraphs from the masterful address of this learned jurist and student of constitutional law. His logic and reasoning seem to me to be unanswerable. Judge Parker said:

It is no sign of the abandonment of our constitutional theory that the activities of the Federal Government should have increased greatly with the passage of time; for this increase has been in accord with the Constitution and not contrary to it. The Federal Government must necessarily control interstate and foreign commerce; and it is manifest that the scope of this control must have been enlarged as interstate and foreign commerce became more and more important with the development of transportation and interstate communication. The Sherman Act passed in 1890 was no departure from constitutional theory, but arose out of the necessity of curbing monopolies, which were growing up in interstate commerce and the realization that, because of the control vested in Congress over such commerce, the States were powerless to deal with the problem. The same was true of the Clayton Act and the acts creating the Federal Trade Commission and the Interstate Commerce Commission. For this reason I am not excited over the passage of acts further regulating interstate commerce. Certainly, if Congress may legislate for the purpose of preserving free competition, it may, when this free competition is on the verge of destroying industry itself, legislate to eliminate its destructive features and in the interest of controlled cooperation.

And I have the same feeling about increased activities of the Government under the general welfare clause. The people of the United States constitute a great nation. There is no reason why their National Government should not foster the healthy growth and development of that nation by encouragement to agriculture, industry, education, road building, and other activities essential to the national welfare. And in time of national distress, when the industry of the country is prostrate as a result in large measure of the collapse of interstate and foreign commerce, there is nothing in our constitutional theory which prevents the National Government using its powers for the relief of suffering and to place industry again on its feet. It is the only agency which the people have of sufficient size and power to approach the problem presented with any hope of success, and I see no reason why it should be precluded from exercising the power.

Thus we find that the people possess plenary power under the Constitution and that such power was to be enjoyed by them for all time. The Constitution was made for the peo-

ple, not the people for the Constitution. Further evidence of this is found in the fact that ours is a republican form of Government.

Our forefathers discarded the old Articles of Confederation and adopted the Constitution during a time of extreme distress and emergency.

The whole document, indeed, was not so much a declaration of faith as of fears, for it was put together in an atmosphere of restlessness, at a time when business conditions in the thirteen States were about as bad as they could be. Independence had been gained by war, but not prosperity, says W. B. Munro, in The Makers of the Unwritten Constitution.

The conditions of the Colonies are hard to realize in our day. Mr. Lawson has referred to them in his exhaustive work on the general-welfare clause. I quote:

Dark as was the foreign outlook for America, her domestic situation was worse. Mutual jealousy and antagonism dictated the policy of the States toward each other. Commercial rivalries and unfriendly imposts irritated the feelings of all. They quarreled over their lands, over payment of their debts, and over the apportionment of expense. All Government was threatened with dissolution.

It was imperative to adopt the Constitution to prevent national anarchy, Washington declared. He said:

We are descending into the vale of confusion and darkness. The confederation appears to me to be little more than a shadow and Congress a nugatory body. To me, it is a solecism in politics—that we should confederate as a Nation and yet be afraid to give the rulers of the Nation who are the creatures of our own making—sufficient powers to order and direct the affairs of the same.

In a letter to Carter he wrote that it was his—

Decided opinion that there is no alternative between the adoption of it (the Constitution) and anarchy.

The wings of Washington's wrath carried him far.

Good God—

Cried he—

who, besides a Tory, could have foreseen, or a Briton predicted, "the things that were going on." The disorders which have arisen in these States, the present prospect of our affairs * * * seems to me to be like the vision of a dream. My mind can scarcely realize it as a thing in actual existence. * * * There are combustibles in every State, which a spark might set fire to. (Washington to Knox, Dec. 26, 1786.)

In other words, the Constitution is not a fair-weather state paper, intended only for days of sunshine and calm. It came into being during the days of adversity and distress of panic and storm, of darkness and despair, a period not at all unlike that in which we are living today. Yet there are those who would contend that that same Constitution is an absolute barrier to a fulfillment of the people's needs and desires, that Congress is a "nugatory body" and does not possess "sufficient powers to order and direct the affairs of the Nation", that we must look exclusively to the bankrupt State governments to restore commerce, industry, and agriculture in these United States, and that the Constitution forbids the Federal Government to do so.

Mr. Speaker, let it be said to the everlasting credit and honor of the members of the United States Supreme Court, as more recently indicated in their decisions in the Minnesota Mortgage Moratorium and New York Milk Control Board cases, that they have never taken this view of the Constitution and have never nullified Federal legislation which was meritorious and needed to meet the demands of the national emergency. There are mirrored in their decisions the ever changing and progressing economic and social conditions of the American people. Our republican form of government would become a mere fiction today if the constitutional obstructionists had their way, but they will not. The Supreme Court has never construed the Constitution to consist merely of dead letters of faded ink upon a crumbling parchment. On the contrary, they have, by their decisions, rendered the charter of our fundamental laws a living, breathing, vital, growing document, with a soul and a spirit, expressing eloquently the hopes, the desires, the aspirations, the longings, the yearnings of the great heart of America for truth, for justice, for progress, for the welfare, and the happiness of all her children. The Constitution was made for the people, not the people for the Constitution.

Mr. YOUNG. Mr. Speaker, public utilities in rate cases invoke the jurisdiction of the Federal courts to defeat the will of the people in the States where these utilities are engaged in business. Jurisdiction of Federal courts in rate cases is not dependent upon diversity of citizenship. It is based on the claim that rates are confiscatory, and the Federal courts have jurisdiction regardless of whether the utility is a foreign or domestic corporation. Upon the allegation that the rate for telephone or other utility users fixed by State authority is confiscatory, then it becomes the duty of the Federal court to grant an injunction. Delay results to the injury of the taxpayer. Justice delayed is all too frequently justice denied.

I favor passage of the Johnson bill. I oppose the Judiciary Committee amendment. States should be permitted to supervise and fix rates of public utilities without interference by Federal courts. Congress should before now have enacted this remedial measure making it impossible for public utility companies to thwart the will of the people in States where such companies choose to do business. As a Representative of the people of a sovereign State, I protest against the continued and unfair practice of public utilities in invoking the jurisdiction of the United States judges. We are putting an end to that. In fact, I should like to do away altogether with the inferior Federal courts.

Public utilities in rate cases are accorded full and complete hearings before a State commission; in Ohio, before the Public Utilities Commission of Ohio. Then the corporation, if dissatisfied with the rate fixed, may apply either to the State or to the Federal courts for an injunction to restrain the rate-making authority from making its order effective. Of course, shrewd public utility lawyers invariably bring such action in the United States district court. These courts try the entire case de novo, and the judgment of the Federal judge, who is not responsible to the people of the State and who frequently owes his position to the favor of the State political boss, is then substituted both as to the law and the facts for the decision of the State public utilities commission or legislature. The Federal courts thereby perform a legislative function. These inferior Federal judges overcome by the stroke of a pen the carefully considered decision of the State rate-fixing authority. Great expense is thereby involved and years of delay have been occasioned in many cases of utmost importance.

President Roosevelt, as Governor of New York, in a message to the legislature of that State, said—

The special master becomes the rate maker; the public service commission becomes a mere legal fantasy. This power of the Federal court must be abrogated.

Let us pass the bill as introduced by Senator HIRAM JOHNSON and as passed in the other body. Let us proceed to divest the district courts of the United States of jurisdiction in public-utility rate cases of a purely intrastate character.

The resort to the Federal courts against the rates fixed tends to develop bad feeling between the people of the State and the public utilities; also it develops a feud between the State and Federal authorities. An example is the recent threat by the Governor of Georgia to call out the National Guard of that State to resist the enforcement of an injunction issued by the Federal court.

Public utilities have heretofore enjoyed the preferential status and special privilege of going to the Federal courts for injunctions against State authority. We should pass this bill taking away this special privilege, then public-utility officials will be less interested in the personnel of the Federal courts. Public utilities should be compelled to confine their appeals to the courts of the States involved, with the final right of appeal to the United States Supreme Court.

An individual in Ohio cannot elect to appeal from the State courts to the United States district courts. Heretofore property rights have been placed above human rights. Public utilities doing business in Ohio have been enjoying rights denied our citizens. Certainly any public utility after a full and fair hearing before the Public Utilities Commission of Ohio cannot justly complain when it is afforded a review in the courts of the State and an appeal to the United

States Supreme Court. We should no longer tolerate a situation which permits public utilities to wear down those seeking fair rates, through delays by long and expensive litigation in the Federal courts.

Public utility companies seeking business in my State or in any State should deal in a manner entirely fair to the people. If they do they will have no difficulty in securing justice in State courts. My vote is in support of the Johnson bill to abrogate entirely this power of the Federal courts to interfere in the fixing of rates for the public utility corporations. After this has been accomplished, I look forward to the time when we may further strip the United States district judges of power and authority now exercised in such courts. United States district judges are, as a rule, domineering, dictatorial, arbitrary, and tyrannical, and without responsibility to the people.

WORLD'S FAIR, CHICAGO, ILL.

Mr. SABATH. Mr. Speaker, I call up a privileged report from the Committee on Rules (H.Res. 360).

The Clerk read as follows:

House Resolution 360

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 S. 3235. 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 the Library, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the bill for amendment the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and the amendments thereto to final passage without intervening motion, except one motion to recommit.

Mr. SABATH. Does the gentleman from Massachusetts desire any time on the rule?

Mr. MARTIN of Massachusetts. I should like the usual 30 minutes.

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

Mr. SABATH. I gladly yield to my friend.

Mr. BLANTON. Do I understand the gentleman from Illinois, when we reach the 5-minute rule, will offer an amendment to eliminate as much as $205,000 from this bill?

Mr. SABATH. I do not know yet, but I have assured the gentleman that I am willing to go as far as I can and practically as far as I will be obliged to go to meet any opposition.

Mr. BLANTON. I think the gentleman would get a great deal of opposition out of the way and he would have a much better chance to get his bill passed if he would agree to eliminate as much as $205,000 from the amount, because undoubtedly $200,000 would cover all the expense necessary, and the balance of it would be wasted.

Mr. SABATH. If the gentleman will allow me to go on now, I will take the matter up later. I want to be fair.

Mr. Speaker, I yield 30 minutes of my time to the gentleman from Massachusetts [Mr. MARTIN].

Mr. Speaker, this resolution makes in order Senate bill 3235, which has been unanimously passed by the Senate upon special request of the President. The rule provides for 1 hour of general debate upon the bill, and thereafter the resolution shall be taken up under the 5-minute rule.

President Roosevelt some 6 weeks ago sent a letter to the Senate recommending this appropriation so that the Government may again participate in the great Chicago World's Fair. Most of you remember that 2 years ago an appropriation of $1,000,000 was made by the Congress for participation in this great undertaking in the city of Chicago. I am satisfied that the people of America recognize that, notwithstanding the unfortunate economic conditions that prevailed last year, Chicago gave to the Nation a great fair.

I am sure that the millions who attended returned to their homes pleased with and benefited by the wonderful exhibits and with their treatment by the good people of Chicago.

The amount asked for and recommended is $405,000.

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

Mr. SABATH. I gladly yield.

Mr. McDUFFIE. Will the gentleman inform the House how much money Congress has already contributed to the Chicago fair? What is the total sum?

Mr. SABATH. The total sum is $1,000,000. Of this amount there was a balance of $77,000, but a portion of this has now been expended.

Mr. O'CONNOR. Mr. Speaker, will the gentleman yield?

Mr. SABATH. I yield to my good friend.

Mr. O'CONNOR. I think the word "contributed" is a little unfortunate. As I understand the situation, the Federal Government did not contribute anything. They paid for their own exhibits. That is the purpose for which the money was appropriated. The different departments of the Government have exhibits there. That is the purpose for which the original $1,000,000 was appropriated, and that is the purpose for which this additional $400,000 is requested.

Mr. SABATH. The gentleman is correct.

Mr. McDUFFIE. How much longer are we going to be called upon to maintain these exhibits at the expense of the taxpayers at this exposition in the gentleman's city? I understood at the time the gentleman got his first resolution through that there would be no expense incident to Federal participation in the fair.

Mr. SABATH. There was no expense. The amount originally appropriated was spent by the Government for its own exhibits, and the fair did not receive and has not asked for any contribution from the Government.

Mr. McDUFFIE. The Government's exhibit has been of very material benefit to the Fair.

Mr. SABATH. In former years Congress has appropriated large sums of money for such purposes.

Mr. O'CONNOR. Mr. Speaker, will the gentleman yield?

Mr. SABATH. I yield.

Mr. O'CONNOR. As far as concerns this $1,000,000 for the good Democratic city of Chicago, we appropriated nearly $3,000,000 for the good Republican city of Philadelphia for the same purpose.

Mr. McDUFFIE. Of course I do not want the good Democratic city of Chicago to be treated differently than the good Republican city of Philadelphia, but I am interested in the taxpayer; and, furthermore, I am interested in the proposition that there are other needs of the Government for which this nearly half-million dollars could be spent with better results.

Mr. SABATH. I would not ask for this appropriation were I not thoroughly and conscientiously satisfied in my own heart that the appropriation is absolutely required for the best interests not only of the good city of Chicago but of the entire Nation.

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

Mr. SABATH. I yield.

Mr. BLANTON. When we appropriated $3,000,000 for the exhibition held by the Republican city of Philadelphia, we had plenty of Republicans, rich ones, all over the United States to tax to yield the money; but now the people all over the United States are Democrats and when we raised that $1,000,000 last year we had to raise it from Democratic taxpayers. This $405,000 also will come largely from the pockets of the Democrats of the Nation.

Mr. SABATH. And they are patriotically willing to contribute their fair share of the necessary cost of a really great fair.

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

Mr. SABATH. I yield.

Mr. BLOOM. Is not the situation in Chicago at the present time such that the Government has a very large building there housing all these exhibits; that these things have cost the Government a lot of money; and that the money asked for in this appropriation is merely to open the doors of this building and continue the exhibits that were out there during the past year? If we do not appropriate enough money to continue the exhibitions of the different departments of the Government, the Government building will remain closed for the 6 months the exposition is open this year.

Mr. SABATH. That is true.

Mr. BLOOM. There will be no further expense as regards the building; the only expense will be in connection with the exhibits.

Mr. SABATH. The gentleman is correct.

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

Mr. SABATH. I yield with pleasure.

Mr. TRUAX. I do not think we ought to be too hard on the Republican taxpayers because they seem to be hard up the same as the Democrats have been. Even Andrew Mellon, that great refunder of income taxes, is asking for a refund of the taxes that he paid last year.

Mr. SABATH. I concede that even the Republicans have been hard up; but economic conditions are improving, I may say to the gentleman from Ohio, and I feel that within a short time, with the usual and loyal cooperation of our splendid citizens, we will get back to the old-time prosperity.

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

Mr. SABATH. I yield.

Mr. DONDERO. Can the gentleman cite any precedent in the history of the Nation where a world's fair has been continued into the second year?

Mr. SABATH. I do not know that the world has ever had such a great exhibition as the present one in Chicago. In addition, the gentleman must know that the city of Chicago has gone forward under adverse conditions; and it was the same adverse condition which deprived millions of worthy persons of the privilege of visiting Chicago. Chicago desires to give these good people who were unable to attend last year the opportunity and privilege of visiting the city and the fair this year.

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

Mr. SABATH. I yield.

Mr. RICH. Does the gentleman think that the taxpayers of the United States outside of the city of Chicago would vote to spend $405,000 to keep this exhibit open?

Mr. SABATH. Yes; and I will tell you why.

Mr. BLOOM. It would cost more to keep it closed.

Mr. SABATH. If we do not appropriate this money, it will cost the Government a large sum to take care of the exhibits that are already there.

Mr. RICH. For $405,000 you can put on a whole show.

Mr. SABATH. I venture to say that this fair has done more good to the railroads of the United States than anything else that the gentleman can possibly mention.

Mr. LAMBERTSON. Will the gentleman yield?

Mr. SABATH. I yield to the gentleman from Kansas.

Mr. LAMBERTSON. Is there any assurance that the city of Chicago, after another very successful year, might not ask us for a third appropriation?

Mr. SABATH. I am satisfied that the city of Chicago will not ask for an additional appropriation. I want you to realize that though this fair has been beneficial to Chicago the same as it has been to the United States at large, it was brought about by its citizens who spent millions of dollars, this money being contributed by the citizens of the city of Chicago originally, in order to make this great fair possible.

Mr. TREADWAY. Will the gentleman yield?

Mr. SABATH. I yield to the gentleman from Massachusetts.

Mr. TREADWAY. Will it not be possible to get around the fair grounds by the same methods of transportation as were invoked last summer, namely, busses, trolley lines, and so forth?

Mr. SABATH. Yes.

Mr. TREADWAY. Then why ask for $2,500 for an automobile for the Commissioner?

Mr. SABATH. I am going to move to strike that provision from the bill. Of course, the gentleman understands that this is not my bill.

Mr. TREADWAY. That is the first sensible thing I have heard in connection with this bill.

Mr. SABATH. May I say to the gentleman that I was instrumental in eliminating this appropriation last year when it appeared in that bill.

Mr. TREADWAY. I think the gentleman is showing good judgment. Why not take out the other $400,000 and only leave $2,500 in the appropriation?

Mr. SABATH. If that were enough and if the gentleman were serious in his statement, I would consider the matter; but I know he is not serious. I feel that the gentleman from Massachusetts recognizes the need for this appropriation, and may I say that when the time comes there will not be a great deal of difference between us as to the amount.

Mr. TREADWAY. May I interrupt the gentleman to say that the words he is putting in my mouth are inaccurate? I do not recognize that we need an appropriation of $400,000 for a Government exhibit which last year cost a million dollars for the whole thing, including buildings and everything else. Now, the gentleman is asking for almost half as much and states that everything is there. I do not agree to that kind of an expenditure of the taxpayers' money.

Mr. SABATH. When we consider the bill I want to make it plain that I am not going to insist on any appropriation which I feel is unfair or not justified.

Mr. BLOOM. Will the gentleman yield?

Mr. SABATH. I yield to the gentleman from New York [Mr. BLOOM].

Mr. BLOOM. Answering the gentleman from Massachusetts, may I say that the expenditure for that automobile was a Republican Commissioner. That was for former Postmaster General New.

Mr. TREADWAY. That is immaterial. Will the gentleman tell us how many Democrats are riding in official automobiles in Washington today?

Mr. BLOOM. None.

Mr. TRUAX. Will the gentleman yield?

Mr. SABATH. I yield to the gentleman from Ohio.

Mr. TRUAX. Was not this automobile bought for Charles Dawes?

Mr. SABATH. No. It was for former Postmaster General New, who is the Commissioner.

Mr. TRUAX. Is he a Republican?

Mr. SABATH. He is a Republican.

Mr. BOYLAN. Will the gentleman yield?

Mr. SABATH. I yield to the gentleman from New York.

Mr. BOYLAN. May I ask the gentleman this question? If we agree to appropriate this $405,000 that he wants, will the gentleman guarantee us safe custody while in the city of Chicago?

Mr. SABATH. May I say to the gentleman from New York that we have demonstrated to the people of America that the city of Chicago is the safest place in the world to visit. If each and every one of you Members of the House and friends will visit us and will avail yourselves of the opportunity, you will find Chicago to be the most law-abiding and the cleanest city in the United States.

Mr. PATMAN. Will the gentleman yield?

Mr. SABATH. I yield to the gentleman from Texas.

Mr. PATMAN. The gentleman said something about Chicago being the safest place in the world. Dillinger has found it to be the safest place in America?

Mr. SABATH. No. He found it pretty hard there and did not remain long. He soon became uncomfortably conscious that Chicago's peace officers were alert, able, fearless.

Mr. Speaker, I reserve the balance of my time.

Mr. MARTIN of Massachusetts. Mr. Speaker, I yield 3 minutes to the gentleman from Texas [Mr. BLANTON].

Mr. BLANTON. Mr. Speaker, it is rarely the case that our good friend from Illinois [Mr. SABATH] ever brings on this floor any legislation that we all cannot support without hesitation. He is an able, zealous, dependable Member of this House, and his service is always most valuable to the country.

But he is so very loyal to his city of Chicago, and is always anxious to do so much in behalf of the people of Chicago, that when his home city has a measure here up for discussion, he is a partisan, and we always cannot follow him on Government bills that grant money to Chicago.

And ADOLPH SABATH has so many friends on this floor that it is a hard matter to stop him when he is trying to put something across. So I realize today that we here who are not willing to spend another $405,000 out of the Treasury, after granting $1,000,000 for the Chicago Fair last year, will have to put on our best fighting clothes if we defeat him.

I am not unfriendly to Chicago, and I am not unfriendly to the Chicago people. I want to see them all enjoy the very best that is to be had, and to succeed in all worthy undertakings. But they must not look to the Government for all of their help. The Government helped them immensely last year. The Government's exhibits were great drawing cards for this exposition. They were worth much to this project. The Government's cooperation brought millions of profits for Chicago. Now, it is asking entirely too much for the Government to furnish a $2,500 automobile for the fair commissioner, and to appropriate another $405,000 in cash. I am not willing to do it. It calls for entirely too much drain upon the taxpayers of this Nation.

All of us were very kind to Chicago last year. We went there last year and took our families. And all of us paid our own expenses, and we all left a good deal of money in Chicago. Every place I went into I had to pay an entrance fee and before I got out I had to pay more entrance fees to the subsidiary attractions after I got inside. It was pay, pay, pay, and pay. Oh, there was plenty of entertainment there. Dr. Tugwell had his chamber of horrors there, and we had to make him take some things out of it.

Mr. SIROVICH. What was it?

Mr. BLANTON. Some most valuable mineral crystals. I think the time has come when we should call a halt to this foolish expenditure of money. If Chicago wants to carry on the fair, all right. It is a money-making institution. It is good for the city of Chicago. They made lots of profit last year. The Government helped them make the profit. We are all friends of Chicago. But we must protect the Treasury and the interests of the taxpayers of this Nation. It is all right to spend our own money, but it is wrong to spend the money of the people wastefully. Let us not go down into the pockets of the tax-burdened people and take from the Treasury this $405,000 more.

Before this bill was called up I understood the amount was going to be reduced. I understood the amount was going to be cut, and that they were not going to ask for more than $200,000; but here they are asking for $405,000 and an extra $2,500 for an automobile, and I do not think it appeals to a single Representative on this floor who does not live in Chicago, and if it does not appeal to us, why are we going to vote for it? Why are we going to pass it if it does not appeal to us? Can you go home and justify your action to your constituents? I cannot do it, and I am not going to vote for it. I am going to vote against both the rule and the bill.

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

Mr. TREADWAY. Mr. Speaker, I am always quite surprised when I find myself in agreement with the gentleman from Texas [Mr. BLANTON].

Mr. BLANTON. I must be mistaken in my position. [Laughter and applause.]

Mr. TREADWAY. No; I am extremely pleased that today we are in hearty agreement.

If my memory serves me rightly, when this exposition was first suggested in Congress, the advocates came before the Ways and Means Committee and assured the Committee it would not ask for an appropriation to help carry on the Chicago Fair. Then in order to provide a Government exhibit, $1,000,000 was appropriated last year. Wherever this exhibition was housed, the buildings must still be there. Why is it necessary today to ask the Government to appropriate the sum of $400,000 from the money of the taxpayers to again exhibit the same features that were there a year ago?

This simply shows, Mr. Speaker, how reckless we are in appropriating and spending the people's money. We have no right to do this under the circumstances. We are tax-burdened to death now and, occasionally, when there is an opportunity to show that we have a little sense, rather than too much generosity, why not economize?

I do not blame the people of Chicago for wanting this exposition again. It was a good one, and I enjoyed going to it, and probably I shall go there again, but I did not suspect that I would help to pay for it out of the money of the taxpayers. I am willing to go out there at my own expense and see the Government exhibit, because it was a fine one, but I think the greater part of the people who had any interest in attending the fair went there last year. I do not believe it is going to add to the knowledge of the American people one dollar's worth to provide an automobile for somebody to ride up and down the fair grounds.

If it is desirable to secure an automobile for this purpose, borrow some of the useless ones here in Washington today. I do not think Mr. Tugwell, for instance, can use two automobiles here at one time. Send out one of those that Tugwell has today and let the commissioner, if you are going to have a new commissioner, a man by the name of New, I believe—I do not care what his name is—let him use one that has already been paid for out of Government money.

What assurance have we from the advocates of this appropriation that another year they will not be back here saying that as long as Chicago made money in 1933 and 1934, let us have it again in 1935 and have the Government put up several hundred thousand dollars more.

I am opposed to this and shall vote with the gentleman from Texas [Mr. BLANTON]. [Laughter and applause.]

Mr. MARTIN of Massachusetts. Mr. Speaker, I yield 15 minutes to the gentleman from Illinois [Mr. BRITTEN].

Mr. BRITTEN. Mr. Speaker, the question before the House is becoming confused. The President of the United States, in collaboration with the Secretary of State, the Secretary of Commerce, and the Secretary of Agriculture, has importuned Congress to make this appropriation of $405,000. It is an appropriation not one penny of which will go to anybody on the fair grounds who is not associated directly with Government exhibits.

Much has been said about this amount of money being wasted. The truth of the matter is the amount is very carefully detailed in the report on the bill by the Senate Committee on Commerce. The bill has passed the Senate. The amount is divided among 18 different departments, running as low as $463 for 1 department.

The world's fair last year accommodated fifteen and a half million visitors, not for what some people think was a sort of fly-by-night pleasure fair, but a great industrial exposition, an exposition of learning and an exposition that was to show the progress in nearly every line of industry in the world. The Bureau of Standards, for instance, has one of the most important exhibits that has ever been made by the Federal Government in its history; and this exhibit, with your consent, if this bill is passed, and you go along with your President, as I think you will, is going to be improved this year. It should be improved and can be improved.

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

Mr. BRITTEN. Let me proceed, please. I do not want to get into the confusion of my colleague of a few moments ago. I would rather treat this matter seriously, because it is a serious subject, and it is going to put Uncle Sam in a very humiliating position if Congress should vote this appropriation down.

The Federal Government has invited foreign governments from all parts of the world to participate in the exposition this year. Several governments that did not participate last year are putting up costly buildings there today.

There will be more exhibitors this year than last year, because times are more prosperous than they were a year ago. It is presumed there will be more travel this year than a year ago. They are laying great plans to entertain at least 15,000,000 visitors to the fair this year. Surely no reasonable man—and I am not thinking of dollars and cents—no reasonable man will want to see the most im-

portant exhibitor in this fair left out this year. No one wants that.

It is very late now. The fair will open in a little more than 2 weeks. The buildings have to be renovated, the exhibits have to be restored, there is an immense amount of work to be done, and I predict that much of it will be done while the visitors are on the grounds, entailing much confusion and dirt. That will be unfortunate, but it will be made necessary by the long delay in passing this resolution.

The President of the United States took the matter under consideration more than 2 months ago. He is certainly not a spendthrift, and the item for the car for the commissioner is negligible. You can vote that out of the bill, as far as I am concerned.

But I will tell you what the commissioner's car could be used for. We have many important official visitors from all over the world. Last year Governors from the various States came to see the fair, and they were met at the railroad station by the commissioner or his representative, and they were given a reception—it made them think they were an important part of the United States, and they appreciated that greatly. Two thousand five hundred dollars for a car is not an unreasonable expenditure.

Mr. BOYLAN. Will the gentleman yield?

Mr. BRITTEN. I yield to the gentleman from New York.

Mr. BOYLAN. And it will not cost nearly as much as it cost to take the fleet to Montauk.

Mr. BRITTEN. Let me say to the gentleman that did not cost a dime. That fleet was already down on the coast, and they were being socially entertained in Newport society. Admiral Pratt determined to take the fleet back to one of its former maneuvering places in New York State, and I hope the gentleman from New York does not object to that.

Mr. BOYLAN. The gentleman from Illinois wishes they would bring it back again?

Mr. BRITTEN. I do, I want the people of New York State to see the fleet, and I hope it will come back there again. I do not like to hear that fine effort referred to lightly. No; I will not tell you about Montauk. That would remind you of that old California story. A typical Californian at a funeral said he would say a few words about California so long as "nobody else wanted to eulogize the dead man." [Laughter.]

Mr. UMSTEAD. Will the gentleman yield?

Mr. BRITTEN. Yes.

Mr. UMSTEAD. Did the commission have a car last year?

Mr. BRITTEN. I am not certain about that, but as far as I am concerned it might be taken out of the bill, although I think he ought to have a Government-owned car.

Mr. UMSTEAD. If he had one last year, he ought not to require a new one now.

Mr. BRITTEN. I will ask the gentleman from Illinois [Mr. KELLER] to explain the facts about that matter.

Mr. KELLER. The facts are these: Last year the Packard Automobile Co. loaned a car to the commissioner. The Packard Co. has already agreed to loan another car this year, and we are not going to ask for a car.

Mr. UMSTEAD. Then, why is it in the bill?

Mr. KELLER. When the matter came up I made inquiry, and the Packard Co. stepped forward and agreed to do that, and the car does not have to be appropriated for.

Mr. BRITTEN. Mr. Speaker, I should like to say this to a lot of my good friends on the Democratic side of the aisle, and I have learned to appreciate them highly, particularly the younger members. Unless you vote with your President, you are likely to be put on that now famous black list. [Laughter.]

Mr. TRUAX. You cannot throw a man out of bed when he is already on the floor. Will the gentleman yield?

Mr. BRITTEN. Yes.

Mr. TRUAX. The gentleman said that this was a party car.

Mr. BRITTEN. I said what? I did not say anything about it being a party car.

Mr. TRUAX. Yes, the gentleman did. He said that parties come there and that they are entertained, and that they have to have a car. Who does the party-ing?

Mr. BRITTEN. Oh, I yield to other gentlemen.

Mr. TRUAX. One other question I want to ask.

Mr. BRITTEN. Let me explain. When any visiting potentates, as they are called, come to the World's Fair, they are entertained. There is a reception committee. The American troops which are in camp in the fairgrounds act as their body guard, and the thing is done up in real Chicago manner. The Middle West is known the world over for its genuine hospitality and fine spirit. That had a lot to do with the success of the exposition.

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

Mr. BRITTEN. Yes.

Mr. RANDOLPH. I attended the fair last year. It was an education to me, and I am certain it was to a great many Members of this House. I ask this question simply for information. What is the financial status of the exposition as it begins the second year?

Mr. BRITTEN. My impression is that the bonds subscribed for by the railroads and the business people of Chicago and other public-spirited men and women have been paid back to the extent of 50 percent. What the state of the other finances is I have not the slightest idea.

Mr. O'CONNOR. Mr. Speaker, will the gentleman yield?

Mr. BRITTEN. Yes.

Mr. O'CONNOR. I understand this car is for the use of ex-Postmaster General New; is that correct?

Mr. BRITTEN. Yes; if he remains commissioner for this year.

Mr. O'CONNOR. I am wondering whether the car will have a hole in the top for a high hat, like that of the former Postmaster General, Mr. Brown.

Mr. BRITTEN. If the present Postmaster General gets into that car, they will have to have a special deck on it, because he is so tall.

Mr. BOYLAN. Mr. Speaker, the gentleman made the statement that the guests were going to be done up beautifully. What does he mean by that?

Mr. BRITTEN. I did not say that. The gentleman evidently has visited the fair and spent most of his time in the Streets of Paris. There are other important elements at the exposition besides the Streets of Paris.

Mr. McFARLANE. When this matter came up originally the record shows that there was not any appropriation going to be asked for.

Mr. BRITTEN. That is right.

Mr. McFARLANE. Why this one?

Mr. BRITTEN. And no appropriation was asked for.

Mr. McFARLANE. But the gentleman is asking for it now.

Mr. BRITTEN. No; the Government wants this to present its own exhibit. In days gone by for various expositions, like the one in Philadelphia or the one in St. Louis, appropriations were made to boost the fair. That is not the case in this instance. General Dawes came down here and told a certain committee that not $1 would be requested as an appropriation from the Government to the exposition, and not $1 has been requested.

Mr. McFARLANE. The only exhibits that are there that are free are the Government exhibits.

Mr. BRITTEN. Oh, the gentleman is entirely mistaken. The greatest exhibits on the ground are free, all of them.

Mr. TRUAX. How about the fan dancers?

Mr. BRITTEN. The only ones not free are the fan dancers, the amusement places, and hundreds of concessions where you have to pay to get in and pay to get out, and you have a good time while you are in there. I hope the gentlemen will take this bill seriously and vote for it. Your Government wants it, your Government exhibits need it, your Government exhibits cannot prevail unless you do vote the appropriation.

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

Mr. BRITTEN. Yes.

Mr. BRENNAN. Is it not true that while this is an Illinois exhibit, while the fair is being conducted in the State of Illinois, it gives employment to people from every State in the Union?

Mr. BRITTEN. That is true.

Mr. BRENNAN. And the trains are bringing people from every State in the Union daily?

Mr. BRITTEN. Yes.

Mr. BRENNAN. Is it not true that not only the people in the State of Illinois but the people from every State are granted concessions? It is not an Illinois exposition, it is an American exposition.

Mr. BRITTEN. It is an international exposition.

Mr. BROWN of Kentucky. Will the gentleman yield?

Mr. BRITTEN. I yield.

Mr. BROWN of Kentucky. Since they started this fair, has not the State of Illinois put a 2 percent sales tax on all visitors so that they can collect enough money to pay off the bonds?

Mr. BRITTEN. No; it has not.

Mr. BLANTON. Will the gentleman yield?

Mr. BRITTEN. I yield.

Mr. BLANTON. It is at least national, because the $70,000,000 Charley Dawes took back from the R.F.C. to Chicago made it national.

Mr. BRITTEN. Oh, the gentleman is wide of the mark.

Mr. BLANTON. But he did take $70,000,000, did he not? No; I believe it was $90,000,000, and it was in cash from the Treasury.

Mr. BRITTEN. His bank has paid back more than 40 percent of that already.

Mr. BLANTON. What has become of the other 60 percent?

Mr. BRITTEN. It is being paid off gradually and will all be paid back. The Government will not lose a penny on that loan which saved the banking situation of the entire Midwest.

Mr. BLANTON. Will the gentleman underwrite it?

Mr. BRITTEN. The gentleman does that every once in a while.

Mr. BLANTON. The gentleman from Illinois underwrites it, so of course it is good.

Mr. TRUAX. Will the gentleman yield?

Mr. BRITTEN. I yield.

Mr. TRUAX. Would not the gentleman be willing to accept as one of the Government exhibits "the little red house" that he is forever talking about?

Mr. BRITTEN. That is already an outstanding exhibit. The Nation knows all about that.

Mr. TRUAX. The Nation does not know only what the gentleman has said about it. Why not take it out there and let the Nation see it?

Mr. BRITTEN. If we took that out there, with its scarlet-fever occupants, it would be the greatest attraction at the fair grounds.

Mr. TRUAX. Outside of Sam Insull, I agree with the gentleman.

Mr. RANDOLPH. Will the gentleman yield?

Mr. BRITTEN. I yield.

Mr. RANDOLPH. I have listened to the figures of millions of persons who would attend the fair this year. I want to ask if it is not a fact that it is only possible through improved business conditions under the present administration that those people will be able to attend such an exposition?

Mr. BRITTEN. Unquestionably, the people are in a better mood to attend fairs this year. They are taking the little family and getting in the automobile and going to the fair for 2 or 3 days. Everybody along the right-of-way leading to Chicago will benefit by the exposition this year just as they did last year. The people in Missouri, the people in Minnesota, in Iowa, Michigan, Wisconsin, and practically every State in the Union will benefit by this exposition. It is your exposition, gentlemen. Protect it and be proud of it.

[Here the gavel fell.]

Mr. MARTIN of Massachusetts. Mr. Speaker, I yield 5 minutes to the gentleman from New York [Mr. TABER].

Mr. TABER. Mr. Speaker, this is an old friend. It has been with us now a long time. At first, it was not going to cost anything, and then it cost $1,000,000 for the Government exhibits and items connected with it, and I want to read two or three of them to you.

Commissioner's office spent $493,000; the Agricultural Department put on some exhibits that our friend from Texas stopped, $101,000. The Commerce Department, $80,000.

Mr. BRITTEN. Will the gentleman yield?

Mr. TABER. I yield.

Mr. BRITTEN. I should like to know what the gentleman is reading from?

Mr. TABER. From a Senate document, Report No. 583.

Mr. BRITTEN. Is the gentleman reading the expenditures of last year?

Mr. TABER. Yes.

Mr. BRITTEN. Well, we are not voting on that today.

Mr. TABER. Oh, no; but I want the folks to know about it. You see, when you know something about how things have been done and how it is proposed to be done, because I am going to tell a little about that, you can form some kind of judgment as to what you should do. They propose to spend for the commissioner's office next year $172,000. They propose to spend for the Agriculture Department $45,000, and for the Commerce Department $43,000. The Smithsonian Institution——

Mr. BRITTEN. Mr. Speaker, the gentleman is completely mistaken; he is not reading the right column.

Mr. TABER. Oh, I do not know where the gentleman would get the total if it is not what I am reading. Perhaps I cannot read, but this report is here and anybody can send and get it. It is Report No. 583.

Mr. McFARLANE. Will the gentleman yield?

Mr. TABER. I yield.

Mr. McFARLANE. Will the gentleman put that in the RECORD?

Mr. TABER. Certainly, I will put it in the RECORD.

Mr. Speaker, I ask unanimous consent at this time to extend my remarks in the RECORD by including this table showing what was appropriated, what has been spent, and what is estimated will be spent.

The SPEAKER. Is there objection to the request of the gentleman from New York [Mr. TABER]?

There was no objection.

The table referred to is as follows:

Exhibitors	Allotments, 1933	Expenditures and estimated obligations to June 1, 1934	Estimated unexpended balances as of June 1	Estimated requirements, 1934
State Department	$10,000	$9,000.00	$1,000.00	$6,000.00
Treasury Department	30,000	29,157.63	842.37	24,277.00
War Department:				
U.S. Army	60,000	54,000.00	6,000.00	29,400.00
Corps of Engineers	4,000	3,680.94	319.06	1,850.00
Justice Department	7,500	7,009.39	490.61	2,523.00
Post Office Department	15,000	5,182.42	9,817.58	14,818.00
Navy Department	47,500	28,856.51	18,643.49	36,967.00
Interior Department	54,100	45,790.36	8,309.64	33,810.00
Agriculture Department	101,750	101,750.00		45,000.00
Commerce Department	86,790	80,499.87	6,290.13	43,812.00
Labor Department	24,600	24,576.65	23.35	50,000.00
Smithsonian Institution	12,500	8,697.43	3,802.57	3,803.00
National Advisory Committee for Aeronautics	10,800	10,747.55	52.45	7,414.00
National Capital Park and Planning Commission	7,000	6,726.10	273.90	1,300.00
Government Printing Office	5,000	3,072.47	1,927.53	1,000.00
Veterans' Administration	4,500	3,892.25	607.75	2,508.00
Library of Congress	600	454.47	145.53	463.00
Shipping Board	7,000	5,115.91	1,884.09	3,500.00
Panama Canal	1,500	797.62	702.38	702.00
Commissioner's office	509,860	493,618.05	16,241.95	172,954.00
Total	1,000,000	922,625.62	77,374.38	482,101.00
Unexpended balance to be reappropriated				77,374.38
New funds to be reappropriated				404,726.62

Mr. TABER. Mr. Speaker, it is proposed to spend $482,000, and they want to reappropriate $77,000, and ap-

propriate $405,000 to provide a continuance of this exhibit. Now, this is the first time in my recollection—and I am getting old—that an exhibit has been held over. This is a hold-over to the second year. It does seem as if we should show a little sense in the House of Representatives and vote down this rule and stop such things as this coming up. It will cost the country practically a half million dollars. It was a nice exhibit. It did good work, but it has been done, and we should not encourage the expenditure of more money any longer.

Mr. BLANTON. Will the gentleman yield?

Mr. TABER. I yield.

Mr. BLANTON. By voting down this rule now we will save reappropriating $77,000, and we will save $2,500 for the limousine, and also we will save $405,000 more?

Mr. TABER. Practically a half million dollars, but we may have a deficit to look after next year.

Mr. BLANTON. Let us vote down the rule and stop the matter now, and save this $484,500.

Mr. TABER. Is it not time we did something in the nature of economy and stop spending money?

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

Mr. TABER. I yield.

Mr. McFARLANE. Did the gentleman say a hold-over or a hold-up?

Mr. TABER. A hold-over; maybe you might say a hang-over. [Laughter.]

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

Mr. TABER. I yield.

Mr. TRUAX. What were the exhibits of the Department of Agriculture which cost some $80,000?

Mr. TABER. They were exhibits telling how certain things were not fit for human consumption or were not proper medicines, although it was demonstrated in some cases that they were.

Mr. TRUAX. I may say to the gentleman from New York that if they would send the Secretary and the Assistant Secretary of Agriculture to the fair and exhibit them there I would vote for this expenditure.

Mr. TABER. If they would take them there and keep them there I would vote for the appropriation; but I would not vote for it unless the bill absolutely provided that they should be taken there and kept there where folks could look at them. I do not think that they ought to be turned loose anywhere else.

Mr. MARTIN of Massachusetts. Mr. Speaker, I yield the balance of my time to the gentleman from Kansas [Mr. McGUGIN].

Mr. McGUGIN. Mr. Speaker, the debate on the pending rule has been conducted in a spirit of jest. Obviously, $405,000 is not going to bankrupt the American people. If they are not already bankrupted by governmental expenditures, another $405,000 will not finish the job. But this is beside the question. The principle of right and wrong is involved, and right and wrong are not to be measured by amounts of money.

Four hundred thousand dollars represents $950 for each congressional district. Now, reaching down into the pockets of the people of your district for $950 will not, of course, impoverish them, but have you and I any moral right here to vote to take $950 away from our respective constituencies and give it to this fair at Chicago?

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

Mr. McGUGIN. No; I cannot yield.

Mr. BRITTEN. I should like to ask how much that is per person?

Mr. McGUGIN. Mr. Speaker, I decline to yield.

We had the fair for 1 year. Why is it being held over for another year? Obviously because it was a paying proposition and Chicago wants to hold it over again. I say that if Chicago wants to hold the fair over let the city go ahead and take care of the expense of this Government exhibit or not have it, just as they like. Chicago is a fine town. I am glad to see her hotels prosper and I am glad to see them getting out of bankruptcy, but I can see no occasion for you and I voting today to take $950 away from our respective constituencies to carry on this fair for another year.

There is no merit involved in it. If there were some real merit for this appropriation, they would itemize what it was to be spent for; but here is the report, and all it carries is the recommendation that the bill do pass. Not one item for which this money is to be spent is itemized, none at all.

Mr. SABATH. A Senate report accompanies the bill; this is a Senate bill.

Mr. McGUGIN. I am talking about the House report. When we get right down to it there is just one reason for you on the Democratic side to pass this bill, and that is because you want to do a little political favor for your colleague, the gentleman from Illinois [Mr. SABATH]; and there is but one reason which would justify Members on the minority side in voting for this bill, and that is because they want to do a little political favor for their colleague, the gentleman from Illinois [Mr. BRITTEN]. We have, however, no business carrying on that kind of log-rolling and pork-barrelling with the people's money.

If we are going to make this appropriation today, then there can be no objection to any appropriation that could come before this House. If this appropriation is justified, then the Congress would be justified in making an appropriation of $5,000 to every county fair, pumpkin show, cotton carnival, and rodeo in the United States which will be held this year.

This fair is being held the second year primarily for the commercial benefit of Chicago. Why should they not pay the cost of this exhibit out of the gate receipts instead of asking the taxpayers of this country to pay for it? The principle is not right; and the wrong in taking $950 from our respective constituencies is just as great as if we took $950,000 away from each of them.

[Here the gavel fell.]

Mr. SABATH. Mr. Speaker, I yield 5 minutes to the gentleman from Alabama [Mr. BANKHEAD].

Mr. BANKHEAD. Mr. Speaker, at the beginning of this debate I had not intended to participate in it, because my section of the country has no particular interest.

Mr. Speaker, I shall not proceed until the House is in order. Once already today a speaker left the floor of the House because the Members did not maintain order. I have no disposition to do that, because I have only a few words to say with reference to this matter, but I do want to say in passing, Mr. Speaker, that I regard it as a matter of supreme importance when matters are being debated upon the floor of the House that we should have such a show of attention and order in the Chamber that a man may be heard.

Now, getting back to this proposition, as I say, I have no personal interest in it. My section of the country is not interested in it, although a great many people from my district visited the fair and reported that they had a very enjoyable, a very instructive visit. I do not, however, want this issue before the House at this time to be beclouded by triviality and the introduction of humorous remarks. I regard this as a serious proposition.

The Chicago fair is not only a matter of national interest to our people but it is a great international exposition. Our Government invited our neighbors from abroad to participate in it. It is a matter that has involved the expenditure of tremendous sums of money to prepare, to inaugurate and run. I am informed that it met with great success during the period last year when it was running.

Here is a proposition that is presented to the House today. The Rules Committee has brought in this resolution to consider the bill. The gentleman from Texas asks you to vote down the rule and dispose of the matter, but I do not believe that it is going to be the disposition of this House to take that sort of summary action on a matter of this importance. I may say that primarily I have no personal or sectional interest in the continuation of this fair, and the reason that I voted to bring out this rule is because the President of the United States, and I presume he acted advisedly in making this recommendation to the Congress of the United

States after a full consideration of all the factors involved in the continuation of this fair, has earnestly and seriously recommended to this Congress that the Government continue its exhibits there. The fair is going to be opened shortly. May I say to the proponents of this proposition that in my opinion they are asking for too large a sum of money.

Mr. BLANTON. Since the gentleman mentioned me, will he yield?

Mr. BANKHEAD. I yield to the gentleman from Texas.

Mr. BLANTON. Is the appropriation of $405,000 a legislative function or an executive function of government?

Mr. BANKHEAD. That question answers itself.

Mr. BLANTON. It is a legislative function. It is for us to decide, not for the President to decide.

Mr. BANKHEAD. Absolutely; but I think the gentleman from Texas, under the circumstances, should be willing to trust the legislative judgment upon the merits of the bill itself. This is a matter of great interest to a number of Members on the floor of the House. I may say to the gentleman from Texas that I am going to support his amendment to cut this appropriation in half.

Mr. BLANTON. If it could be assured that that would be done I think it would have quite an effect on the action of a great many Members here, for that would save over $200,000.

Mr. BANKHEAD. I cannot say how this appeals to other gentlemen. I am simply expressing my own views.

Mr. BLANTON. I understood from the gentleman from Illinois that that was going to be done.

Mr. BANKHEAD. Personally, I trust that it will be done. I particularly appeal to my associates upon the Democratic side of the House, in view of the way in which this matter has been presented, coming here at the direct request of the President of the United States, who is interested, not personally but on behalf of all the people of this country, in this great educational exhibition. Surely the Members can vote for the rule and then give the Committee of the Whole an opportunity to pass judgment upon the amount involved or defeat the bill entirely.

Mr. O'CONNOR. Will the gentleman yield?

Mr. BANKHEAD. I yield to the gentleman from New York.

Mr. O'CONNOR. This is not an appropriation. It is only an authorization for an appropriation.

Mr. BANKHEAD. That is true.

Mr. O'CONNOR. This goes to the Appropriations Committee.

Mr. BANKHEAD. And we will subsequently have to pass on whether or not we will appropriate the money.

Mr. RICH. Will the gentleman yield?

Mr. BANKHEAD. I yield to the gentleman from Pennsylvania.

Mr. RICH. In the Commissioner's office last year they spent $493,618.05. For the Commissioner's office this year they are asking $172,954. Can the gentleman imagine what the Commissioner wants that amount of money for in the conduct of his office?

Mr. BANKHEAD. I could imagine what they want it for, but I have not been to the exposition. I went to the great World's Fair in 1893, a gawky, green, country boy at that time. I saw enough there then to last me a lifetime, so I have not been back to this exposition.

Mr. BLANCHARD. Will the gentleman yield?

Mr. BANKHEAD. I yield to the gentleman from Wisconsin.

Mr. BLANCHARD. I prepared an amendment cutting this down to $200,000, but, with the amount that was left over from last year, perhaps the amendment does not go far enough.

Mr. BANKHEAD. I think, when we get into the committee, we can thrash that whole matter out, but I do appeal to the Members to adopt this rule and give the House an opportunity to consider this matter on its merits. If you decide it is not worthy of your support, you can then vote against the bill.

Mr. ELTSE of California. Will the gentleman yield?

Mr. BANKHEAD. I yield to the gentleman from California.

Mr. ELTSE of California. It has come to our attention over here that the gentleman from Illinois has stated that this might be cut down to $200,000. From what I hear over here we might be inclined to support such a move.

Mr. BANKHEAD. I do not want to put the gentleman from Illinois in the arbitrary attitude now of answering the question, but, as far as I am concerned, I shall endeavor to reduce the appropriation to the figure suggested by the gentleman from Texas [Mr. BLANTON].

Mr. TRUAX. Will the gentleman yield?

Mr. BANKHEAD. I yield to the gentleman from Ohio for a question only.

Mr. TRUAX. Something was mentioned about the fact that our State fairs get no assistance from the Government. Having been connected with the State fair of my State for 6 years, may I say that each year we had Government exhibits, and the State of Ohio had to pay all the expenses in connection with those exhibits, including transportation and insurance.

Mr. BANKHEAD. Will the gentleman now ask a question?

Mr. TRUAX. Does not the gentleman think if we adopt this as a sort of a permanent policy that our State fairs, of which there is a great one in the gentleman's own State, ought to be likewise helped?

Mr. BANKHEAD. I cannot agree with the gentleman's conclusion at all, because it presents an entirely different proposition. This is a great national enterprise in which we have already participated.

[Here the gavel fell.]

Mr. SABATH. Mr. Speaker, I yield 5 minutes to the gentleman from Tennessee [Mr. BYRNS].

Mr. BYRNS. Mr. Speaker, may I call the attention of the House to the fact that many foreign nations have their exhibits at Chicago?

I understand they are going to continue them this year, and I want to ask the House in what attitude it would put the Government of the United States if we failed to continue our exhibit at Chicago during this summer. Other nations will be represented there with exhibits, and yet the great Government of the United States, which asked these nations to bring their exhibits here and take part in this exposition, it is stated, should decline to make an appropriation sufficient to take care of an exhibit of its own.

Of course, this going to take some money. I think the attitude of the House is such that it will possibly feel inclined to cut this authorization, and I will favor it. This is not an appropriation but an authorization, simply permitting the Committee on Appropriations to recommend to the House whatever sum is needed for the maintenance of the Government exhibit at Chicago.

I think it would be humiliating, if I may use that word, for the United States Government, which invited the other nations to send their exhibits here to take part in this great exhibit, if our own Government failed, under such circumstances, to make the necessary appropriation to maintain its own exhibits. [Applause.]

I may say, further, in addition to what the gentleman from Alabama [Mr. BANKHEAD] has said, that I received a communication from the State Department this morning evidently actuated by the same reasons which I have expressed here, in which the earnest hope was expressed that Congress would make this authorization now in the interest of our own country.

I trust the House will adopt this rule and consider and pass the bill and let the Committee on Appropriations, after proper hearings, determine what amount it will recommend to this House by way of an appropriation for the purposes indicated; and then let me say to my friend from Pennsylvania and other gentlemen who have raised the question, the amount that may be used by the Commissioner or the amount that may be spent for this purpose or that purpose, can properly come before the House after due and proper hearings with the facts before us.

Mr. RICH. Will the gentleman yield?

Mr. BYRNS. I yield to the gentleman from Pennsylvania.

Mr. RICH. The State Department has only requested $6,000, while various other Departments have made requests as high as $172,000. It seems to me the request of the State Department is quite nominal and probably there would not be much objection to that item, but we gave this fair of the people of Chicago $1,000,000 last year and we thought the fair was over. Why should we tax our people again for another show out there? It is wrong.

Mr. BYRNS. The Secretary of State was not speaking with reference to the small sum that will be needed by his Department. He was speaking of the entire amount that will be needed by every department of this Government, and I may say to my friend from Pennsylvania that certainly the gentleman does not want this Government to be placed in the attitude of failing to maintain an exhibit at Chicago, such as it maintained there last year, in view of the fact that other nations will doubtless have their exhibits again.

Mr. RICH. There might be some merit in continuing this exhibit on account of asking foreign governments to do so, but for the life of me I cannot see why they want so much money to continue this matter when everything is already out there.

Mr. BYRNS. I have just stated to the House that that is a matter for future consideration. This bill does not appropriate one dollar out of the Treasury. It simply authorizes the Committee on Appropriations to have a hearing and investigation, and then the gentleman and other gentlemen will have the right to pass upon the amount of the appropriation. As has been stated, the Congress gave Philadelphia for the Sesquicentennial $3,000,000, while it has only appropriated $1,000,000 for Chicago.

[Here the gavel fell.]

The SPEAKER. The question is on the adoption of the resolution.

The question was taken; and on a division (demanded by Mr. BLANTON), there were—ayes 80, noes 29.

Mr. BOILEAU. Mr. Speaker, I object to the vote on the ground there is not a quorum present.

The SPEAKER. The gentleman from Wisconsin makes the point that no quorum is present. The Chair will count.

Mr. BOILEAU. Mr. Speaker, I withdraw my point of no quorum.

So the motion was agreed to.

A motion to reconsider was laid on the table.

Mr. BYRNS. Mr. Speaker, if adjournment is taken now, will this bill be the order of business tomorrow?

The SPEAKER. It will.

CORINNE BLACKBURN GALE

The SPEAKER laid before the House the following message from the President of the United States:

To the House of Representatives:

I return herewith, without my approval, House bill no. 1870, entitled "An act for the relief of Corinne Blackburn Gale."

This bill authorizes and directs the Secretary of the Treasury to pay to Corrine Blackburn Gale, widow of William Holt Gale, late American Foreign Service officer, retired, the sum of $8,000, being 1 year's salary of her deceased husband at the rate of pay received by him at the time of his retirement in 1929.

This bill is objectionable because it provides for the payment of a gratuity to the widow of a retired Foreign Service officer who, after his retirement and until his death in April 1932, received retirement pay at the rate of $3,596.77 yearly from the Government. While Congress has in some instances authorized payment to the widow of a Foreign Service officer who died while in active service of 1 year's salary of her deceased husband, no payment of this kind has been authorized to the widow of a Foreign Service officer who died after being retired, and I deem it inadvisable to establish a precedent of approving payments of this character.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *May 9, 1934.*

The SPEAKER. The objections of the President will be spread upon the Journal.

Mr. BYRNS. Mr. Speaker, I move that the message and bill be referred to the Committee on Claims and ordered printed.

The motion was agreed to.

JOHN THOMAS SIMPKIN

The Speaker laid before the House the following message from the President of the United States:

To the House of Representatives:

I return herewith, without approval, House bill no. 507, entitled "An act for the relief of John Thomas Simpkin."

The bill provides that Simpkin shall hereafter be held and considered to have received a full, honorable discharge from the naval service of the United States on February 14, 1921, the purpose being to give him, as to the future, the rights, privileges, and benefits conferred by any law upon honorably discharged soldiers.

The records of the Navy Department show that this man was enrolled in the Naval Reserve for a period of 4 years on May 10, 1918, and served until November 26, 1919, when he was transferred to the regular Navy. On March 15, 1920, he was tried and convicted by general courtmartial of "absence from station and duty after leave had expired" and was sentenced to 6 months' confinement and to be dishonorably discharged from the naval service. The period of confinement was mitigated to restriction to ship and station, and the dishonorable discharge was remitted on condition that he maintain a conduct satisfactory to his commanding officer for a period of 6 months. On September 28, 1920, Simpkin was again tried and convicted by general courtmartial for a similar offense and in accordance with the sentence of the court was dishonorably discharged from the naval service on February 14, 1921.

Simply because the man, nearly 5 years after his dishonorable discharge, developed mental incompetency which caused his commitment to a State hospital for the insane for a period of some 17 months, it is now proposed that he be viewed as having been mentally incompetent at the time of the committing of the offense which caused his dishonorable discharge. It is solely on this presumptive ground that this bill proposes now to change the character of his service from dishonorable to honorable. To this I cannot agree.

Where a man violates the obligations of his enlistment and thereby debars himself from the rights belonging to those who faithfully and honorably served their country according to the terms of their enlistment, I feel that something more definite than the presumption of mental incompetency shown in this case is demanded to support a change in the record.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *May 9, 1934.*

The SPEAKER. The objections of the President will be spread upon the Journal.

Mr. BYRNS. Mr. Speaker, I move that the message and bill be referred to the Committee on Naval Affairs and ordered printed.

The motion was agreed to.

GENERAL PULASKI, A MARTYR IN THE CAUSE OF AMERICAN INDEPENDENCE

Mr. BEITER. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. BEITER. Mr. Speaker, I have noted the appropriateness of our colleague Hon. CHARLES A. WOLVERTON's address in the House on Monday, May 7, with reference to the resolution now before us, to authorize the President of the United States to issue a proclamation calling upon officials of the Government to display the flag of the United States on all governmental buildings on October 11 next, and inviting the people of the United States to observe the day in schools and churches or other suitable places, with appropriate ceremonies commemorating the death of Gen. Casimir Pulaski,

a Polish patriot, who fought and died in the cause of American independence.

Truly there has been amazing evidence that the people of the United States realize to the full it was General Pulaski who saved his unhappy fatherland; it was he who redeemed the glorious name of Poland and restored her moral forces; he suffered his glorious martyrdom in the defense of Savannah, which brought to a dramatic close a career matchless in its sincerity and zeal in the cause of human liberty.

In observance and commemoration of the death of Casimer Pulaski, the distinguished representative of Poland, Mr. Wladyslaw Sokolowski, Chargé d'Affaires ad interim of Poland during the absence of His Excellency, Mr. Tytus Filipowicz, Ambassador of Poland, delivered a radio address over the National Broadcasting System.

The program was given in Washington, D.C., October 11, 1932. It was broadcast by short wave to Europe, and part of the address was delivered in the native language of the Polish people. He said in part:

> Poland unites today with America in giving honor to the hero of these two great nations. Millions of our people in America take part in paying tribute to the memory of Pulaski. Even though it is the anniversary of his death, it is a blessed one because both causes for which Pulaski lived, fought and died, conquered and triumphed.
>
> Sacrificing the life of Pulaski on the American soil brought the honor of the sons of Poland to the heights to which the sons of nations reach, having such spirit and tradition like Poland. We received from her a priceless gem, and to you, the sons of Poland—Americans today—the guarding of this gem is given.
>
> The long-standing ties between Poland and America can be tightened only by the love and care for the good name of Poland from which you come.

Well, may we say, in the words of Mr. Wladyslaw Sokolowski, Chargé d'Affaires ad interim, that General Pulaski has gone to his reward:

> Worshipping him as her own hero, Poland is proud that Pulaski gave his life for the independence of America. We rejoice that in the glorious edifice of the American Republic there are stones laid by Polish hands and cemented by Polish blood. As a hero of two nations, as an outstanding example of patriotism and noble efforts in both countries, Pulaski has always been and will always remain a symbol of Polish-American friendship.

An examination of the pages of history readily establishes that all of the world's difficult problems have not been crowded into our own times. We have heard on many occasions of the difficulties and vicissitudes encountered by Washington in his earlier years, which did not cease even after he was unanimously elected as our first President.

Washington's hopes were based on the loyalty of his collaborators and on his confidence in his fellow citizens, in whose future he believed, and in this belief he was rewarded by witnessing some measure of realization during the closing years of his life.

In those troublesome times there came to America several gallant gentlemen to assist his country in its struggles, and among those were two gallant Polish gentlemen, who, with their fellow countrymen, earned the gratitude of the United States Government for the loyal assistance rendered in the Revolutionary War.

Kosciusko arrived in America in 1776 with a letter of recommendation from Benjamin Franklin, then at Paris. Washington asked him what he wished, believing that like many other foreigners he had come to ask for some favor. Kosciusko replied that the had come to fight as a soldier for American independence. He was commissioned a colonel of engineers, and the facts of his distinguished career and the building of the West Point fortifications, now the site of the United States Military Academy, are very well known. There is an increasing appreciation of the worth-while service performed by this brave and courageous soldier for liberty and freedom.

But, Mr. Speaker, we may search the pages of history in vain for a more heroic, adventurous, and patriotic spirit than that of Casimir Pulaski, whose memory we desire to honor by the approval of this resolution.

This great Polish hero, glowing with enthusiasm for liberty, came from his own distressed land to fight upon our shores for those ideals of freedom that, for the time being, were crushed in his beloved Poland.

Many brave and colorful foreign soldiers were enlisted under the banner of George Washington. Also, many of these were inspired with a passion for the ideals for which the Colonists fought. Some of these men of foreign birth contributed important services to our cause and helped to mold out of the untrained, undisciplined, but determined men of George Washington's army a fighting force which carried on a struggle that was the admiration of the world.

Against the very pick of Great Britain's veteran troops and veteran German mercenaries these men of America were fitted to contend on grounds of equality, and it was due in large measure to the experienced military experts from other European countries that George Washington was enabled to marshal his forces with effectiveness.

Brig. Gen. Casimir Pulaski was a dashing and romantic soldier, who had already achieved a reputation for patriotism, heroism, and strategy that made him an outstanding figure in Europe. After having seen his father and his brothers treacherously made victims of that conspiracy of Russia, Austria, and Prussia to crush and dismember Poland, Pulaski fought upon his native soil, until, having exhausted the last remnant of his strength, he was forced to flee, as Poland lay helpless at the feet of the three conspiring sovereigns.

It was not surprising that the noble Pulaski should be fired with new enthusiasm for freedom in a nation that symbolized something of Poland's heroic struggle. And so he came to us and immediately his devotion of the cause of the Colonies, his reckless heroism, his superb horsemanship, and his magnetic personality appealed to the imagination of our own America. Time does not permit a review of the important services which he performed under Washington's leadership. That is all a matter of history.

He was not a soldier of fortune. His love of liberty alone kindled his devotion. He saw in the struggle for American independence an opportunity to pursue that bright vision which had so animated him in his career as a Polish patriot, and he transferred to Washington's service those remarkable qualities of military genius which everywhere aroused admiration and confidence.

Pulaski joined the Revolutionary Army as a volunteer in the summer of 1777. From that time on he progressively demonstrated his value and became one of the outstanding commanders of our forces.

Trusted by George Washington, admired by him, and inspiring a devotion that only the comradeship of war can bring about, Pulaski went to his death, dauntless and unafraid. Under direction of Congress, he was sent to Charleston, S.C., where the British had taken a sudden and defensive position. The arrival of Pulaski baffled the British. The governor and the council of Charleston had already agreed upon terms of capitulation, but General Pulaski went to the council chamber to protest against this measure, declaring that as a Continental officer he would defend the city for the United States.

Accordingly, the defense of the city fell upon Pulaski, and so effective was that defense that the British forces retreated from their attempt to capture Charleston and retired to Savannah. Pulaski pursued the enemy with relentless courage. In the ill-fated assault on that city, October 9, 1779, Pulaski was wounded in the thigh by a grapeshot when trying to arrest the retreat of French soldiers. Two days later, October 11, 1779, after more than 2 years of service under our flag, Pulaski died on board the ship *Wasp*, where he had been taken after being wounded. His body was buried at sea with simple but impressive ceremony, and his death was lamented universally by the patriots of the Revolution.

He has gone to that world of which he carried in his own breast so rich an earnest pledge, to a world of peace. But he is not wholly gone; not gone in heart, for we are sure that a better world has heightened, not extinguished, his affection for his race; and not gone in influence, for his memory is laid up as a sacred treasure in many minds. A

spirit so beautiful ought to multiply itself in those to whom it is made known. May we all be incited by it to a more grateful, cheerful love of God, and a serener, gentler, and nobler love of our fellow creatures, and may future generations be reminded of the debt which they owe to those that came before them.

DIRECT LOANS TO INDUSTRY—A BILLION-DOLLAR MONOPOLY—CHISELING AMENDMENTS—UNCLE SAM PAYS INTEREST ON OWN CREDIT

Mr. PATMAN. Mr. Speaker, I ask unanimous consent to extend my remarks on direct loans to industry and to insert a letter I have received upon that subject from former Senator Robert L. Owen.

The SPEAKER. Is there objection?

There was no objection.

Mr. PATMAN. Mr. Speaker, an investigation has disclosed that there is a need of $650,000,000 in credit to be extended to industry at this time. Who is going to supply this credit? The banks have plenty of reserves to supply it. The Federal Reserve banks have plenty of power and authority to support their member banks in the extension of this credit. That is nothing new. They have been in an excellent condition the past 12 months to supply this credit; but the fact remains the credit is not extended, the circulating medium continues contracted to that amount, tens of thousands of employees remain without a job, and many idle factories are rusting and deteriorating on account of the failure of the credit machinery of the banks to properly function.

WHO HAS CREDIT MACHINERY IN CHARGE?

The Constitution of the United States, article 1, section 8, paragraph 5, says, "Congress shall coin money and regulate its value." Congress has farmed that great privilege out to private banks and the private bankers have not even agreed to supply a sufficient circulating media of exchange for the people. In truth and in fact it has been manipulated in the interest of a few to the detriment of the many.

The banks of the country are loaded to the brim with Government bonds. They are not paying interest on their demand deposits, which are used to purchase Government bonds, and the banks get the interest on the bonds. They are not functioning as banks should function. They are retarding the whole recovery program, and if something is not done to compel action by them in the direction of extending loans to commerce, industry, and agriculture there is danger of the program being completely destroyed. The small bankers say they are not responsible, the large bankers say they are not responsible, the Federal Reserve Board says the Federal Reserve banks are not responsible. The fact remains credit is not being extended and regardless of who is responsible something must be done.

UNCLE SAM PAYS INTEREST ON OWN CREDIT

The Federal Reserve banks are loaded down with Government bonds purchased on Government credit. If I were to give someone $2,500 to pay the remainder due on the mortgage on my home and that person paid the $2,500, kept the mortgage and at the end of the year should come to me and ask that I pay interest on the $2,500 mortgage the same as if I had never furnished him the money to pay it, I would think that he was foolish. That is what the Federal Reserve banks do every day. They buy Uncle Sam's bonds with Uncle Sam's credit, get the bonds transferred to them, and continue to collect interest from Uncle Sam on the bonds. They collected $10,000,000 more this way last year than the total cost of their operating expenses, dividends, losses, and so forth. They pay high salaries to their officers and employees; it would shock you to know the high salaries they pay. The Government is in effect furnishing the money and they are spending it. Congress has no control over their activities. Congress has heretofore farmed out the great privilege of issuing money and credit to the 12 Federal Reserve banks. If Congress allows them to keep that privilege, Congress is to be blamed. A Member of the House has no right to blame the Senate, the judiciary, or the President. Congress is to be blamed, because the Constitution imposes upon it the duty of issuing money and regulating its value, and every Member of Congress takes an oath that he will support the Constitution.

CHISELING AMENDMENTS FOR THE FEDERAL RESERVE

No private corporation on earth and no corporation owned by corporations on earth has ever had so many chiseling amendments adopted in its favor as the Federal Reserve banks of this country have. They were first intended to supply credit to commerce, industry, and agriculture; they were not supposed to make a profit; if they did make a profit over 6 percent on their capital stock, they were supposed to pay that profit into the Treasury of the United States, because they were using the credit of the Nation free and all excess profits should go into the Treasury for the benefit of the people; they were not supposed to issue money on gold or Government securities; they were supposed to furnish an elastic currency in the interest of the people. One so-called "perfecting amendment" after another has completely changed the whole set-up. Not only have they become profit-making institutions, but legislation in their favor has been so manipulated that they can make and keep all the profits they make; the sky is the limit; they pay no taxes, except the very small amount on the real estate they own. They have a nontaxable monopoly on the use of the Government's credit; they have so far arranged to use the people's credit, which they use without charge, in the interest of the private banks that own them. They have an exclusive franchise that is worth billions of dollars. Congress has given it to them; Congress is allowing them to keep it.

A NEW BONUS FOR THE FEDERAL RESERVE

When the Federal Deposit Insurance Corporation bill was enacted last year Congress appropriated about $140,000,000 of the people's money from the reserve funds of the Federal Reserve banks to the insurance fund. These banks did not like that; they wanted to keep that money. Now it is proposed to give this money to these banks if they will promise to consider loans to industry to that amount. It is nothing but a grab; I have heard about raids on the Treasury; this is one of the worst I have ever known. It is also proposed to let these banks build a new million-dollar building here in Washington for the Federal Reserve Board. It looks like an effort to get away from the Government entirely; they do not even want their officials housed in Government buildings. However, they insist on keeping the privilege of issuing money on the credit of the Nation, which is a mortgage on your home, my home, all the property and incomes of all the people, and not pay one penny on earth for it, and, in addition, have their transactions exempt for the payment of taxes to the Federal Government, the State governments, the county governments, the city governments, or any other kind of a government as they are now.

THE RECONSTRUCTION FINANCE CORPORATION BILL

I much prefer the Reconstruction Finance Corporation proposal for direct loans to industry. Three quarters of a billion dollars should be provided for that purpose. Whatever is done, the $140,000,000 bonus and bribe to Federal Reserve banks should be stopped. It should not get a single vote in the House.

THE BEST PLAN OF ALL

The best way to get credit extended to commerce, industry, and agriculture is for the Government to immediately take over and operate the 12 Federal Reserve banks. Then credit can be extended to all banks—not just the member banks—to all industries, and for every purpose for which credit is needed.

FRAMER OF FEDERAL RESERVE LAW ADMITS GOVERNMENT SHOULD NOW TAKE THEM OVER

The Honorable Robert L. Owen, ex-United States Senator from Oklahoma and framer of the Federal Reserve Act, has become disgusted with the way it has been operated against the public interest. He has written an interesting letter to me in support of the proposal that these banks should be

taken over by the Government and operated in the interest of the people. Permission having been granted, it is inserted herewith:

SOUTHERN BUILDING,
Washington, D.C., May 5, 1934.

Hon. WRIGHT PATMAN,
Member of Congress, Washington, D.C.

MY DEAR MR. PATMAN: Answering your request as to my views on the suggestion that the United States should acquire the stock of the Federal Reserve banks, I respectfully reply.

On May 18, 1920, when the representatives of the Reserve banks met in Washington with certain members of the Reserve Board and declared in favor of contracting bank credit and currency (see S.Doc. No. 310, February 1923), I denounced this policy on the floor of the United States Senate and stated that in my opinion if the Federal Reserve banks were used against the public interests to contract credit and currency and cause depression, they should not be surprised if the people of the United States should take over these banks and make them strictly public banks. The Federal Reserve banks were intended to operate in the public interest. But in 1921 they deliberately caused drastic contraction of bank credit and United States currency, resulting immediately in a loss of national production of $15,000,000,000. It caused the unemployment of 5,000,000 people and bankrupted 5,000 banks. They led the way in contracting credit in 1929. It was the contraction of bank credit, bank loans, bank deposits, and bank-deposit check money, beginning October 1929, which resulted finally in the bank holiday of March 1933, when every bank in the United States suspended for a brief period. This second panic caused a loss of $41,000,000,000 of national production in 1932, and 13,000,000 people were thrown out of employment and a much larger number were put on short time and cut wages.

The second depression bankrupted 10,000 banks and caused a shrinkage of market value in stocks and bonds of over $100,000,000,000 and a shrinkage in other property values of $100,000,000,000 more. It caused a shrinkage of the market value of the stocks listed on the New York Stock Exchange from $89,000,000,000 in September 1929 to $15,000,000,000 in June 1932. It bankrupted millions of men, and others are still going through bankruptcy. Such unwise management of the banking system of the United States is indefensible, and no man has attempted to defend it.

Twenty or thirty explanations have been given by orthodox economists which were entirely unsound. There is but one adequate cause of this depression, and it stands up as clearly visible as the Washington Monument from the White House. It is the same cause which produced the depression of 1921, the contraction of bank credit and currency. No man can deny that the Republican platform of June 10, 1920, deliberately proposed as a policy the contraction of credit and currency for the purpose of lowering the value of commodities (the products of human labor) and to raise correspondingly the purchasing power of money. The platform said so. Mr. Harding in his speech of acceptance in July 1920 emphasized the declaration of this policy, and when he was elected bank credits were immediately contracted $6,000,000,000 and United States currency was contracted $1,500,000,000. The immediate result was that the dollar index rose from 60 to 107 in June 1921, an increase of nearly 80 percent, and the commodity index fell from 166 to 93. No honest, informed man can deny these facts or that the immediate depression of 1921 was caused by the deliberate contraction of credit and currency in a crusade led by the Reserve banks and certain conservative members of the Federal Reserve Board. In 1924 the Democratic National Convention in New York denounced this action of the Harding administration in creating a depression by contracting bank credit and United States currency.

The national convention of the Democratic Party in Chicago recited as a cause for depression of 1929–32 was the uncontrolled expansion and contraction of credit for private profit at public expense and the Republican platform stated the case still more clearly.

Of course, the only thing which can contract the market values of all forms of property in terms of dollars is the contraction of the supply of dollars with which to buy such property.

It is a sound monetary axiom that the value of money depends upon the supply of money in relation to the demand for money. The value of anything depends upon the law of supply and demand. You can raise the value of pigs by diminishing the supply without affecting the general value of money. The value of anything in terms of dollars depends upon the supply of and demand for the thing bought and the supply of and demand for dollars or money.

WHAT IS MONEY?

Money is the medium of exchange and consists of anything which is generally acceptable as a means of payment for other things. In the United States the money consists of subsidiary coin and paper money, which is used both for a medium of exchange and for hoarding money for future use. This United States currency comprises in normal times about one tenth of the money of the country. Bank deposits on which checks are drawn comprise more than nine tenths of the money of the country, and bank checks as money transacts over nine tenths of our national business. In 1929 the bank deposits, including interbank deposits, amounted to about $55,000,000,000, while the United States currency amounted to about $5,000,000,000. The actual turn-over of check money in 1929 was $1,200,000,000,000, while the turn-over of currency was about $100,000,000,000.

In 1927–29 there was inflation of bank loans and consequent bank deposits and consequent check money for the purpose of operations on the stock exchanges. The brokers' loans rose to a total of $11,000,000,000 and as a consequence the value of money in terms of stocks went down, and the value of stocks in terms of money went up, so that stocks had an inflated value on the New York Stock Exchange alone of probably $23,000,000,000. In October and November 1929, $6,000,000,000 of these loans were called or paid out, resulting in an avalanche of stocks held on margin being thrown on a comparatively undefended market. There was an immediate loss in market value of stocks and the market loss on such stocks listed on the various exchanges of approximately $30,000,000,000. The inflated values of stocks were wiped out with colossal losses to people who bought on the higher market.

These losses of $30,000,000,000 were distributed among 20,000,000 shareholders, over three fourths of whom probably were not speculators at all. Within 90 days there was a loss in consumption, production, and employment, and building contracts of about 25 percent, establishing a vicious spiral downward which did not cease until 13,000,000 people were out of employment, 10,000 banks failed, and the complete collapse of our credit structure had taken place. During 1931 and 1932 the great liquidation took place, when it became obvious that the Hoover administration would not take the steps to end contraction by the remedy of expansion. The values of the stocks listed on the New York Stock Exchange fell from $89,000,000,000 in 1929 to $15,000,000,000 in June 1932 and our national production fell from $89,000,000,000 to $48,000,000,000 in terms of the 1926 dollar, and to a smaller amount measured in the value of dollars of 1932.

PUBLIC OWNERSHIP OF THE RESERVE BANKS

Under these terrible results of unguided mismanagement of our national banking system, your proposal for the Government of the United States to buy the stock of the Federal Reserve bank, I should think would appeal to thoughtful men everywhere, especially to those who engage in investment banking and in commercial banking on legitimate lines. It may not appeal to those who make their money by gambling on the gamblers in bull markets and on distressed debtors in bear markets.

ADVANTAGES OF PUBLIC OWNERSHIP

The first great advantage would be to put the financial powers of the United States fully and completely behind the Reserve banks. This would enable these banks to be conducted strictly in the public interest for the advancement of industry, commerce, transportation, and sound banking. It would enable the Government through these banks to help any solvent bank anywhere through a temporary difficulty. It would put a complete end to the violent fluctuation of investments and property values of all kinds. It would prevent depressions; it would prevent unemployment; it would make the savings of the people secure. Every thoughtful banker should approve Government ownership of the Reserve banks.

Second, all the Government would have to do would be to give a credit on the books of the Reserve banks for the book value of the stock owned by member banks with interest to date and perhaps a small bonus, if that be deemed necessary and just.

Third, when this should have been done these banks could be and should be directed by the Reserve Board to buy United States bonds, especially the 4-percent bonds, giving credit for the value thereof on the books of the Reserve banks. This would establish deposits against Government bonds which when transferred to others would become comparatively permanent deposits subject to check and thus provide a reservoir of check money to replace the deposits which have been canceled by the liquidation of private loans due the banks.

It should be remembered that under this depression over $20,000,000,000 of debts to the banks were liquidated by checks drawn on deposits in such banks, thus retiring about $20,000,000,000 of check-money deposits. The effect of such cancelation of deposits is demonstrated by the figures of the Reserve Board which show that there was $1,200,000,000,000 of checks cashed by all the banks in 1929 and less than $400,000,000,000 in 1933, a clean loss of about $800,000,000,000 of annual check-money turnover. In other words, two thirds of our check money vanished because of the cancelation of these deposits on which check money is drawn.

There is only $14,000,000,000 of demand deposits remaining and of this 60 percent consists of accounts of $10,000 or more which are owned by eight tenths of 1 percent of the depositors.

If the Government, therefore, were to immediately begin buying these Government bonds on a large scale, the bank deposits subject to check would immediately rise in like degree. Credit would begin to expand and would be comparatively liquid in form. Such bank deposits would have a great advantage over bank deposits based on private debts due the bank on paper of 30 to 90 days. The new deposits based on Government bonds would have stability and could not be suddenly contracted.

The banks would have the same and better advantages of accommodation than they have now. Their deposits would rise in proportion to these purchases, and rise on a permanent basis. They would be thus enabled to extend short-time and long-time loans with no fear of such deposits being retired from the banking system.

This public policy of the United States would mean that property values were going to rise because of a rising volume of check money on deposits subject to Government control. The manufacturers, merchants, and bankers would also respond because

they would all visualize a rising market in commodities, in inventories, in property, and a certain increase in income.

The most important feature is that the Government would thus be able to expand credit to whatever extent necessary on grounds of absolute safety; to stop expanding when the ends were accomplished; and to contract such deposits if the commodity index went above par or, what is precisely the same thing, if the dollar index fell below par. All the Government would have to do to stop the rise in commodity values would be to sell its bonds and withdraw deposits of a like amount into the Federal Reserve banks or into the Treasury.

THE CONSTITUTIONAL DUTY OF CONGRESS

The Constitution, article I, section 8, paragraph 5, authorizes Congress to coin money and regulate the value thereof. Under this authority and obligation Congress has authorized subsidiary coin and paper money in an amount of $5,500,000,000, of which $500,000,000 is abroad or lost. Of this currency, about two fifths is estimated to be in hoarding, but this money is only one tenth of the national requirement, because the total money of the country in normal times is 10 times the United States currency. The check money system was made compulsory by the failure of the United States to furnish currency in an adequate amount. As a consequence, citizens established banks and issued loans and established deposits 10 times the amount of the currency they could command.

The checking system has substantial advantages in many ways, preserving a record of the people's business, and safeguarding their operations against theft and robbery of currency. But by the public ownership of Reserve banks, the Government can increase the deposits of banks to the extent required to furnish check money and can diminish it when necessary to prevent inflation. Only in this way can the Congress of the United States discharge this constitutional duty. The value of money depends on supply and demand, and the Government must be able to control and regulate the supply of money, and the plan you have proposed will accomplish it.

When money in adequate amount is furnished, the value of farm property and farm products and the products of all unorganized business will receive the benefits immediately. I remind you that the census of the Agricultural Department showed a shrinkage of the property of the farms and ranches from $79,000,000,000 to $58,500,000,000, a loss of over $20,000,000,000 due to the contraction of 1921. It is far worse now. I think the attempt to advance the farmers' interest by killing pigs would be disappointing. That remedy is based on the theory of overproduction of pigs. There can be no overproduction of 784 commodities, representing all the products of human labor. When the manufacturer spends his money to manufacture a product, the money he pays for salaries, wages, rent, maintenance, interest, etc., creates a buying power exactly equal to the cost. He may not make profit; he may suffer loss of capital; but he cannot create goods without creating coincidentally the purchasing power to buy such goods. Our difficulty is underconsumption, underproduction, and unemployment. Under Woodrow Wilson's administration and an expansion of credit and currency the country reached a high degree of prosperity, bank failures fell to zero, and we were not distressed by the cry of overproduction or unemployment. Highly organized industries can fix and regulate their prices as United States Steel does. Farmers cannot do so. When money is abundant the farm products will rise, and the balance between them and steel workers will tend to balance.

When the present administration declared the object of restoring the commodity index to normal (which is precisely the same thing as reducing the purchasing power of money to normal) and Congress passed the Thomas amendment, the commodity index by July 15 went from 60 to 71, and the value of stocks listed on the New York Stock Exchange rose from $19,900,000,000 to $36,300,000,000, and when it was announced that the administration would delay expanding credit and currency, the rise of stock-market values and of the general commodity index immediately stopped and it made no substantial increase since. Of course not.

I believe the plan proposed would be of the most far-reaching importance, and would have the happy effect of overcoming the complaints and difficulties of the administration's program for restoring employment and improving the conditions of industry.

I regret that I cannot help believe that the President is being advised by those who do not fully grasp the importance of regulating the value of money. Under this depression we have seen the value of money rise even in terms of the necessaries of life to 66 percent above normal, and in terms of stocks 600 percent, and in terms of some stocks 1,000 percent.

I think the administration has the greatest opportunity for human service in the recorded annals of man. It would be most deplorable if the fullest advantage were not taken of it.

Yours very respectfully,

ROBERT L. OWEN.

LOAN EQUIPMENT FOR SIXTEENTH ANNUAL CONVENTION AMERICAN LEGION

Mr. SEARS. Mr. Speaker, I ask unanimous consent for the present consideration of the bill (H.R. 9123) to authorize the Secretary of War to lend War Department equipment for use of the Sixteenth National Convention of the American Legion at Miami, Fla., during the month of October 1934, which I send to the desk and ask to have read.

The Clerk read as follows:

Be it enacted, etc., That the Secretary of War is authorized to lend, at his discretion, to the American Legion 1934 Convention Corporation, for use at the Sixteenth National Convention of the American Legion to be held at Miami, Fla., in the month of October 1934, such tents, cots, blankets, and mattresses or bed sacks and other available stock out of the Army and National Guard supplies as such corporation may require to house properly Legionnaires attending such convention: *Provided*, That no expense shall be caused the United States Government by the delivery and return of such property, the same to be delivered at such time prior to the holding of such convention as may be agreed upon by the Secretary of War and the American Legion 1934 Convention Corporation, through the executive vice president of such corporation, Charles A. Mills: *Provided further*, That the Secretary of War, before delivering such property, shall take from such corporation a good and sufficient bond for the safe return of such property in good order and condition, and the whole without expense to the United States.

The SPEAKER. Is there objection?

Mr. MARTIN of Massachusetts. Mr. Speaker, I reserve the right to object. Is this the usual bill that provides for the loan of equipment?

Mr. SEARS. Yes.

Mr. MARTIN of Massachusetts. And the bill comes with the unanimous report of the committee?

Mr. SEARS. Yes.

The SPEAKER. Is there objection?

There was no objection.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider laid on the table.

UNITED STATES BOTANIC GARDEN

Mr. KELLER. Mr. Speaker, I ask unanimous consent for the present consideration of House Joint Resolution 327, authorizing the appointment of a planning committee in connection with the United States Botanic Garden, and for other purposes.

The SPEAKER. Is there objection?

Mr. BLANTON. Mr. Speaker, is this the proposal that looks to transferring the Botanical Garden to the Agricultural Department?

Mr. KELLER. No. There has been a wrangle about this thing for about 20 years and we are asking for the appointment of a commission to study it and report back to the next Congress.

Mr. BLANTON. I am so unalterably opposed to transferring the Botanic Garden to the Department of Agriculture that I object to this bill, because I am afraid that such a transfer is its underlying purpose.

The SPEAKER. Objection is heard.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. KNUTSON, for today, on account of illness.

To Mr. BURKE of California, for 2 days, on account of important business.

To Mr. BROOKS, for 1 week, on account of important business.

To Mr. CADY, for 3 days, on account of important business.

LAWS RELATING TO INDIANS

The SPEAKER laid before the House the following message from the Senate:

The Clerk read as follows:

Resolved, That the Secretary be directed to return to the House of Representatives, in compliance with its request, the engrossed bill of the Senate (S. 2671) repealing certain sections of the Revised Code of Laws of the United States relating to the Indians.

The SPEAKER. The Clerk will report the Senate bill.

The Clerk read as follows:

Be it enacted, etc., That the following sections of title 25 of the Revised Code of Laws of the United States be, and they are hereby, repealed: Sections 171, 172, 173, 186, 219, 220, 221, 222, 223, 224, 225, and 226.

Mr. HOWARD. Mr. Speaker, I offer the following committee amendment, which I send to the desk.

The Clerk read as follows:

Amendment by Mr. HOWARD: Strike out all after the enacting clause and insert the following:

"That sections 2111, 2112, 2113, 2120, 2134, 2147, 2148, 2149, 2150, 2151, 2152, and 2153 of the Revised Statutes (U.S.C., title 25, secs. 171, 172, 173, 186, 219, 220, 221, 222, 223, 224, 225, and 226), are hereby repealed."

Mr. BLANCHARD. Mr. Speaker, will the gentleman from Nebraska make a brief statement as to the purpose of the amendment?

Mr. HOWARD. Mr. Speaker, the bill we reported the other day was erroneously reported. We reported the code sections instead of the sections of the statute.

The SPEAKER. The question is on agreeing to the committee amendment.

The amendment was agreed to; and the bill as amended was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider laid on the table.

A BIG ISSUE FOR RELIGION; ABOLITION OF WAR

Mr. BIERMANN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and insert excerpts from an address by Dr. Stoddard Lane, of Des Moines, before the annual meeting of the Congregational Christian Conference of Iowa at Cedar Rapids a few days ago.

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

There was no objection.

Mr. BIERMANN. Mr. Speaker, under unanimous consent to extend my remarks in the RECORD, I include excerpts from an address by Dr. Stoddard Lane, of Des Moines, before the annual meeting of the Congregational-Christian Conference of Iowa at Cedar Rapids a few days ago. Dr. Lane states in an able manner the duty of Christian churches and of professing Christians to devote themselves seriously and zealously to the prevention of war and to the promotion of enduring peace:

A BIG ISSUE FOR RELIGION; ABOLITION OF WAR

All of us recognize the fact that religion has to do with international relations. However you define religion, it must be concerned with the question of war and peace. The abolishment of war and the creation of peace is, to my mind, the main religious issue of the day.

Dr. Fosdick has said that "the essence of the Christian religion is reverence for human personality." There is nothing that degrades human personality so deeply and destroys human personality so effectually as war. It kills not only the bodies but the souls of men. War is the arch enemy of religion. It denies all that religion stands for.

MUST CARE ABOUT WAR

The Christian church must take this thing in earnest. If we care about the future of religion, or the future of the church, or the future of humanity, we have to care about war. How much in earnest are we in this matter? The recent questionnaire sent out by Kirby Page, to which 20,870 Protestant ministers and Jewish rabbis replied, clearly shows that there is a large group of clergymen in this Nation who are taking this issue in earnest.

Nearly 13,000 declared their determination not to sanction or participate in any future war. About 14,000 declared that the churches should now go on record as refusing to sanction or support any future war. About 16,000 favor substantial reduction in armaments even if the United States is forced to take the initiative and make proportionately greater reduction than other nations are willing to do. This is a significant expression of opinion and shows a large body of ministers who are vitally concerned with these issues.

WHERE DO LAYMEN STAND

But what about the laymen? What about the Congregational-Christian laymen of Iowa? The recent referendum on international affairs sent out to all Congregational-Christian churches of Iowa brought in some very interesting returns. The main trouble with these returns was their numerical inadequacy.

There are 181 Congregational-Christian churches in Iowa with active ministers. Only about 30 churches took action on the referendum with only about 1,200 people voting. I know that this is not a real index of the interest of Iowa Congregationalists in these vital questions.

I have been trying to analyze the replies and to see the trend of our thinking in these matters. We seem to be surest on the question of war materials. By a vote of 1,138 to 108, we believe that the greed of armament makers for private profit has much to do with the production of war scares and with the starting and continuation of armament races.

WOULD NATIONALIZE MUNITIONS

It is significant that by a vote of 1,065 to 98 we also believe that war-material industries of all kinds should be nationalized. This means that we are waking up to the power and peril of private munition makers.

The next point on which we are most nearly agreed is that of military training. By a vote of 878 to 342, we are opposed to compulsory military training in tax-supported schools. We are, however, not nearly so sure that our churches should urge the boys to refuse to take military training. By a small majority of 622 to 522 we are in favor of this move. I presume that with some the issue of military training is not a moral issue at all; they regard it simply as a waste of time. Probably with some others, the idea is that we must not encourage the boys in disobedience of the law. There is no State or Federal law making military training compulsory. It is simply a university ruling or a regulation laid down by a board of education. But apparently there are some who feel that in any case it must be obeyed.

AGAINST A BIG NAVY

We are against the big-navy policy by a vote of 830 to 369. We do not believe that you get peace by preparing for war. We are convinced that armaments are a primary cause of war and that they had much to do with producing the world catastrophe in 1914. We are doing today just what Europe was doing then. The world is spending $4,500,000,000 a year on armaments, with the United States leading the way. And now we have our Vinson bill making possible the building of $1,000,000,000 worth of ships. And so another armament race is on, and armament races always wind up in war.

The last two questions of the referendum had to do with acts of good will. With a comparatively small vote we are in favor of the repeal of the Platt amendment. Much to my surprise, we voted against the repeal of the Japanese Exclusion Act by a vote of 595 to 505. I am convinced that some of this voting is due to a misunderstanding. I am sure that many people do not realize that the admission of the Japanese to the United States on a quota basis on a par with European nations would mean the admission of not more than 200 Japanese a year. Perhaps also they do not realize what a thorn in Japanese flesh this Exclusion Act has been.

A DIFFERENT BASIS USED

We have excluded orientals on a different basis from anybody else, on a basis solely of race, which has been a sore blow to Japanese pride. Perhaps some of this vote is an expression of resentment. Doubtless some people feel resentful against the Japanese because of their disregard for treaty obligations in Manchuria and their recent pronouncement of a "hands-off policy." They may feel that Japan is an outlaw nation which deserves no consideration. My own feeling is that you cannot promote good will through resentment.

The results of the referendum convince me that there is a large number of people who are taking these questions in earnest and trying to think them through on a Christian basis. We must keep on thinking and we must keep on devising ways of constructive action. We must find ways of strengthening the peace machinery of the world; we must find ways of dramatizing the peace movement; we must find ways of capturing patriotism for peace; we must be definite and positive.

SENATE ENROLLED BILLS SIGNED

The SPEAKER announced his signature to enrolled bills and an enrolled joint resolution of the Senate of the following titles:

S. 2313. An act providing for the suspension of annual assessment work on mining claims held by location in the United States and Alaska;

S. 2566. An act authorizing the conveyance of certain lands in the State of Nebraska;

S. 2825. An act to provide for an appropriation of $50,000 with which to make a survey of the old Indian trail known as the "Natchez Trace", with a view of constructing a national road on this route to be known as the "Natchez Trace Parkway"; and

S.J.Res. 36. Joint resolution authorizing the President of the United States of America to proclaim October 11, 1934, General Pulaski's Memorial Day for the observance and commemoration of the death of Brig. Gen. Casimir Pulaski.

BILL PRESENTED TO THE PRESIDENT

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee did on May 8, 1934, present to the President, for his approval, a bill of the House of the following title:

H.R. 3900. An act authorizing the Secretary of the Treasury to pay subcontractors for material and labor furnished in the construction of the post office at Las Vegas, Nev.

ADJOURNMENT

Mr. BYRNS. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 8 minutes p.m.) the House adjourned until tomorrow, Thursday, May 10, 1934, at 12 o'clock noon.

COMMITTEE HEARINGS

COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE

(Thursday, May 10, 10 a.m.)

Continuation of the hearings on H.R. 8301, communications bill.

COMMITTEE ON MERCHANT MARINE, RADIO, AND FISHERIES

(Thursday, May 10, 10 a.m.)

Hearings on H.R. 9223.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. CULLEN: Committee on Ways and Means. H.R. 9322. A bill to provide for the establishment, operation, and maintenance of foreign-trade zones in ports of entry of the United States, to expedite and encourage foreign commerce, and for other purposes; with amendment (Rept. No. 1521). Referred to the Committee of the Whole House on the state of the Union.

Mr. JONES: Committee on Agriculture. H.R. 9471. A bill to amend the Grain Futures Act to prevent and remove obstructions and burdens upon interstate commerce in grains and other commodities by regulating transactions therein on commodity future exchanges, by providing means for limiting short selling and speculation in such commodities on such exchanges, by licensing commission merchants dealing in such commodities for future delivery on such exchanges, and for other purposes; without amendment (Rept. No. 1522). Referred to the Committee of the Whole House on the state of the Union.

Mr. DIMOND: Committee on the Territories. H.R. 9402. A bill to authorize the incorporated town of Fairbanks, Alaska, to undertake certain municipal public works, including construction, reconstruction, and extension of sidewalks; construction, reconstruction, and extension of sewers, and construction of a combined city hall and fire-department building, and for such purposes to issue bonds in any sum not exceeding $50,000; without amendment (Rept. No. 1523). Referred to the House Calendar.

Mr. DIMOND: Committee on the Territories. H.R. 9468. A bill 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 a municipal light and power plant in the town of Seward, Alaska; without amendment (Rept. No. 1524). Referred to the House Calendar.

Mrs. GREENWAY: Committee on Indian Affairs. H.R. 8982. A bill to define the exterior boundaries of the Navajo Indian Reservation in New Mexico, and for other purposes; with amendment (Rept. No. 1525). Referred to the Committee of the Whole House on the state of the Union.

Mr. HARLAN: Committee on the District of Columbia. H.R. 9178. A bill to regulate the business of life insurance in the District of Columbia; without amendment (Rept. No. 1526). Referred to the Committee of the Whole House on the state of the Union.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. ROBINSON: A bill (H.R. 9562) granting certain lands to the University of Utah in Salt Lake County, Utah; to the Committee on Military Affairs.

By Mr. SMITH of Washington: A bill (H.R. 9563) authorizing the county of Wahkiakum, a legal political subdivision of the State of Washington, to construct, maintain, and operate a bridge and approaches thereto across the Columbia River between Puget Island and the mainland, Cathlamet, State of Washington; to the Committee on Interstate and Foreign Commerce.

By Mr. BOYLAN: A bill (H.R. 9564) to reclassify salaries of employees in the custodial service of the Treasury and Post Office Departments of the United States; to the Committee on the Civil Service.

By Mr. McCORMACK: A bill (H.R. 9565) to authorize and empower the Federal Emergency Administration of Public Works to make loans to veterans' organizations for the construction or repair of quarters for local posts or units; to the Committee on Ways and Means.

By Mr. LEMKE: A bill (H.R. 9566) to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, and acts amendatory thereof and supplementary thereto; to the Committee on the Judiciary.

By Mr. MOREHEAD: A bill (H.R. 9567) to extend the times for commencing and completing the construction of a bridge across the Missouri River at or near Brownville, Nebr.; to the Committee on Interstate and Foreign Commerce.

By Mr. McCANDLESS: A bill (H.R. 9568) to withdraw and restore to their previous status under the control of the Territory of Hawaii certain Hawaiian homes lands now in use as an airplane landing field; to the Committee on the Territories.

By Mr. COCHRAN of Missouri: A bill (H.R. 9569) authorizing the Comptroller General of the United States to allow credit in the accounts of disbursing officers for overpayments of wages on Civil Works Administration projects and waiving recovery of such overpayments; to the Committee on Expenditures in the Executive Departments.

By Mr. LANZETTA: A bill (H.R. 9570) to amend the act of May 9, 1934, entitled "An act to include sugar beets and sugar cane as basic agricultural commodities under the Agricultural Adjustment Act, and for other purposes"; to the Committee on Agriculture.

By Mr. CONNERY: A bill (H.R. 9571) granting the consent of Congress to the county commissioners of Essex County, in the State of Massachusetts, to construct, maintain, and operate a free highway bridge across the Merrimack River in the city of Lawrence, Mass.; to the Committee on Interstate and Foreign Commerce.

By Mr. DELANEY: Resolution (H.Res. 379) requesting the Navy Department to submit to the House Naval Affairs Committee on or before December 31, 1934, figures showing the estimated cost to construct at Floyd Bennett Field, Brooklyn, N.Y., suitable facilities to house dirigibles, airplanes, and seaplanes; to the Committee on Naval Affairs.

By Mr. PALMISANO: Resolution (H.Res. 380) for the consideration of S. 3272, a bill for the relief of the city of Baltimore; 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. DICKINSON: A bill (H.R. 9572) granting a pension to Eliza James; to the Committee on Invalid Pensions.

By Mr. DUFFEY: A bill (H.R. 9573) for the relief of Justin G. Ballou; to the Committee on World War Veterans' Legislation.

Also, a bill (H.R. 9574) for the relief of Jacob Santavy; to the Committee on Claims.

By Mr. HANCOCK of New York: A bill (H.R. 9575) granting a pension to Mary Metzger; to the Committee on Invalid Pensions.

By Mr. HILL of Alabama: A bill (H.R. 9576) for the relief of the State of Alabama; to the Committee on Military Affairs.

By Mr. LLOYD: A bill (H.R. 9577) for the relief of Raymond H. Weller; to the Committee on Military Affairs.

By Mr. McCORMACK: A bill (H.R. 9578) for the relief of Joseph Thomas Croke; to the Committee on Naval Affairs.

Also, a bill (H.R. 9579) for the relief of Thomas J. Duffy; 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:

4581. By Mr. CONNERY: Petition of New England Section of National Association of Amusement Parks, relative to the

responsibility of publicly owned parks, pools, and beaches under national industrial codes; to the Committee on Banking and Currency.

4582. By Mr. LINDSAY: Petition of the New York Mercantile Exchange, New York City, objecting to certain features of S. 3326; to the Committee on Interstate and Foreign Commerce.

4583. Also, telegram from Adelaide J. Huff, Brooklyn, N.Y., opposing the passage of the Vinson bill (H.R. 9068); to the Committee on Naval Affairs.

4584. Also, petition of the Associated General Contractors of America, Inc., Washington, D.C., endorsing the Cartwright bill (H.R. 8781) for highway funds; to the Committee on Roads.

4585. Also, petition of the New York State Association of Highway Engineers, Rochester, N.Y., urging support and passage of the Cartwright bill (H.R. 8781); to the Committee on Roads.

4586. Also, petition of Joseph Byrne, New York City, opposing the stock exchange regulatory bill as passed by the House; to the Committee on Interstate and Foreign Commerce.

4587. By Mr. McLEOD: Petition of approximately 95 citizens of Grayville, Ill., urging the immediate enactment of the McLeod bank depositors pay-off bill; to the Committee on Rules.

4588. Also, petition of approximately 8,000 citizens of Detroit, Mich., forwarded by the Detroit Times, urging the immediate enactment of the McLeod bank depositors pay-off bill; to the Committee on Rules.

4589. Also, petition of approximately 25,000 citizens of the State of Ohio, forwarded by the Cleveland News, Cleveland, Ohio, urging the immediate enactment of the McLeod bank depositors pay-off bill; to the Committee on Rules.

4590. By Mr. SMITH of Washington: Petition containing approximately 550 names of residents in southwestern section of State of Washington in support of the Townsend old-age revolving pension fund; to the Committee on Labor.

4591. By Mr. RUDD: Petition of Catholic Central Verein of America, New Jersey branch, Union City, N.J., favoring the passage of the Rudd bill (H.R. 8977) to amend the Radio Act of 1927, approved February 23, 1927; to the Committee on Merchant Marine, Radio, and Fisheries.

4592. Also, petition of the Associated General Contractors of America, Inc., favoring the passage of the Cartwright bill (H.R. 8781); to the Committee on Roads.

4593. Also, petition of New York Mercantile Exchange, New York City, opposing certain features of Senate bill 3326; to the Committee on Interstate and Foreign Commerce.

4594. Also, petition of the New York State Association of Highway Engineers, Rochester chapter, favoring the passage of the Cartwright bill (H.R. 8781); to the Committee on Roads.

4595. By the SPEAKER: Petition of Henry C. Carr and others, urging the adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4596. Also, petition of the Altar Sodality of St. Edmunds Parish, Watseka, Ill., urging adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4597. Also, petition of St. Edmunds Parish, Watseka, Ill., urging adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4598. Also, petition of Catholic Daughters of America, Beloit, Kans., urging adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4599. Also, petition of Catholic Chinese Social Center, San Francisco, Calif., urging adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

SENATE

THURSDAY, MAY 10, 1934

The Chaplain, Rev. ZeBarney T. Phillips, D.D., offered the following prayer:

O God, the King of Glory, who, though enshrined in mystery, dost ever reveal Thyself in the wondrous sacrament of love: Vouchsafe unto us at this morning hour a glimpse of the invisible which hovers like a consecration over the gross world of sense, touching its homely nature with the unearthly gleam of a divine beauty, that our work may be transfigured as we pursue the quest of Thy eternal purpose.

Implant in us the spirit of reverence for that order whereby past is knit to present, and give us each day a deeper sense of fellowship, that we may become a united people, a holy nation crowned with righteousness and courage, and march breast forward to the city of our God. We ask it in the name of Jesus Christ our Lord. Amen.

THE JOURNAL

The Chief Clerk proceeded to read the Journal of the proceedings of the calendar day of Wednesday, May 9, when, on motion of Mr. ROBINSON of Arkansas, and by unanimous consent, the further reading 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	Costigan	Hebert	Pittman
Ashurst	Couzens	Johnson	Pope
Austin	Cutting	Kean	Reynolds
Bachman	Davis	Keyes	Robinson, Ark.
Bailey	Dickinson	King	Schall
Bankhead	Dill	La Follette	Sheppard
Barbour	Duffy	Lewis	Shipstead
Barkley	Erickson	Logan	Smith
Black	Fess	Lonergan	Steiwer
Bone	Fletcher	McCarran	Stephens
Borah	Frazier	McGill	Thomas, Okla.
Brown	George	McKellar	Thomas, Utah
Bulkley	Gibson	McNary	Thompson
Byrd	Glass	Metcalf	Townsend
Byrnes	Goldsborough	Murphy	Trammell
Capper	Gore	Neely	Tydings
Caraway	Hale	Norbeck	Vandenberg
Carey	Harrison	Norris	Van Nuys
Clark	Hastings	Nye	Walcott
Connally	Hatch	O'Mahoney	Walsh
Coolidge	Hatfield	Overton	Wheeler
Copeland	Hayden	Patterson	

Mr. ROBINSON of Arkansas. I desire to announce that the Senator from California [Mr. McADOO] is absent because of illness; that the Senator from Georgia [Mr. RUSSELL] is absent on account of a death in his family, and that the Senator from Louisiana [Mr. LONG] is necessarily detained from the Senate.

Mr. HEBERT. I wish to announce the unavoidable absence of the Senator from Pennsylvania [Mr. REED], the Senator from Indiana [Mr. ROBINSON], and the Senator from Maine [Mr. WHITE]. I ask that this announcement shall stand for the day.

The VICE PRESIDENT. Eighty-seven Senators have answered to their names. A quorum is present.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its clerks, announced that the House had passed the following bills of the Senate, each with an amendment, in which it requested the concurrence of the Senate:

S. 752. An act to amend section 24 of the Judicial Code, as amended, with respect to the jurisdiction of the district courts of the United States over suits relating to orders of State administrative boards; and

S. 2671. An act repealing certain sections of the Revised Code of Laws of the United States relating to the Indians.