favoring a comprehensive program to modernize, rehabilitate, and repair American homes at this time, thus contributing to the restoration of the building industry; to the Committee on Banking and Currency.

4698. Also, petition of the New York State College of Forestry at Syracuse University, Syracuse, N.Y., opposing the Ashurst amendment to the Taylor bill (H.R. 6462) transferring the Forest Service of the United States Department of Agriculture to the Department of the Interior; to the Committee on the Public Lands.

4699. Also, petition of the Woodhaven Republican Association, Woodhaven, Long Island, N.Y., favoring the Kenney bill, making it mandatory for teachers to take an oath pledging allegiance to the Constitution of the United States; to the Committee on Education.

4700. Also, petition of the National Retail Lumber Dealers Association, favoring proposed legislation to rehabilitate the home-building industry; to the Committee on Banking and Currency.

4701. By Mr. SADOWSKI: Petition of the Detroit section, American Society of Civil Engineers; to the Committee on Ways and Means.

4702. By Mr. STUDLEY: Petition of G. A. Bloodgood, legislative chairman, Albany Lodge, No. 861, and other residents of Albany, N.Y., petitioning the Congress of the United States to amend the Railway Labor Act; to the Committee on Labor.

4703. Also, petition of Arthur B. McLaughlin, of 215 East Burnside Avenue, Bronx County, N.Y., president of the Fur-Fin Feather Club, and other citizens, urging Congress to enact the Everglades National Park bill; to the Committee on the Public Lands.

4704. Also, petition of Lincoln Council, No. 312, Knights of Columbus, urging Senators and Representatives in Congress to support amendment to section 301 of Senate bill 2910 offered on behalf of Radio Station WLWL; to the Committee on Merchant Marine, Radio, and Fisheries.

4705. By Mr. WHITTINGTON: Petition of J. Spats and others, endorsing an amendment to section 301 of Senate bill 2910, for equity of opportunity for non-profit-making associations conducting radio stations; to the Committee on Merchant Marine, Radio, and Fisheries.

4706. Also, petition of Louise De Stefano and others, endorsing an amendment to section 301 of Senate bill 2910, for equity of opportunity for non-profit-making associations conducting radio stations; to the Committee on Merchant Marine, Radio, and Fisheries.

4707. Also, petition of Mrs. G. I. Lee and others, endorsing an amendment to section 301 of Senate bill 2910, for equity of opportunity for non-profit-working associations conducting radio stations; to the Committee on Merchant Marine, Radio, and Fisheries.

4708. By The SPEAKER: Petition of the Baltimore Rieger Club of St. Wenceslaus parish, urging adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4709. Also, petition of St. Catherine's rectory, Milwaukee, Wis., urging adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4710. Also, petition of the Boston College Club of Greater Lynn, urging adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4711. Also, petition of St. Lawrence Church, Paulist Fathers, Minneapolis, Minn., urging adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4712. Also, petition of Queen of the Most Holy Rosary Holy Name Society, Roosevelt, N.Y., urging adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4713. Also, petition of De Soto Council, No. 327, Knights of Columbus, urging adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4714. Also, petition of the Catholic Women's Club of Eastchester, Inc., New York, urging adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4715. Also, petition of the District Tuberculosis Association; to the Committee on the District of Columbia.

4716. Also, petition of the National Association for the Advancement of Colored People, supporting the Costigan antilynching bill; to the Committee on the Judiciary.

4717. Also, petition of H. E. Party, and others, supporting House bill 9596; to the Committee on Interstate and Foreign Commerce.

4718. Also, petition of depositors and stockholders of the Mount Airy National Bank, supporting the McLeod bank bill; to the Committee on Banking and Currency.

4719. Also, petition of the Citizens' Association of Takoma, D.C., opposing Senate bill 3289 and House bill 8986; to the Committee on the District of Columbia.

4720. Also, petition of T. L. Sheffer and others, supporting House bill 9596; to the Committee on Interstate and Foreign Commerce.

4721. Also, petition of the Transportation Brotherhood, supporting Senate bill 3231 and House bill 9596; to the Committee on Interstate and Foreign Commerce.

4722. Also, petition of Baguie, Mount Province, P.I.; to the Committee on Ways and Means.

4723. Also, petition of the Board of Supervisors of Lake, Wis., supporting House bill 7598; to the Committee on Labor.

4724. Also, petition of the Minneapolis & St. Louis Railroad Co., supporting House bills 9596 and 9597; to the Committee on Interstate and Foreign Commerce.

4725. Also, petition of the Continuation School, Boston, Mass.; to the Committee on Interstate and Foreign Commerce.

4726. Also, petition of members of the Aurora Postal Employees Credit Union, urging support of Senate bill 1639; to the Committee on Banking and Currency.

4727. Also, petition of the Board of Supervisors of the County of Maui, Territory of Hawaii; to the Committee on the Territories.

4728. Also, petition of the city of Toledo, Ohio, supporting the Wagner-Lewis Unemployment Insurance Act; to the Committee on Labor.

SENATE

TUESDAY, MAY 22, 1934

(Legislative day of Thursday, May 10, 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, Monday, May 21, 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 Secretary will call the roll.

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

Adams	Connally	Glass	McKellar
Ashurst	Coolidge	Goldsborough	McNary
Austin	Copeland	Gore	Metcalf
Bachman	Costigan	Hale	Neely
Bailey	Couzens	Harrison	Norbeck
Bankhead	Cutting	Hastings	Norris
Barbour	Davis	Hatch	Nye
Barkley	Dickinson	Hatfield	O'Mahoney
Black	Dieterich	Hayden	Overton
Bone	Dill	Johnson	Patterson
Borah	Duffy	Keyes	Pittman
Brown	Erickson	King	Pope
Bulkley	Fess	Logan	Reynolds
Bulow	Fletcher	Lonergan	Robinson, Ark.
Byrd	Frazier	Long	Robinson, Ind.
Byrnes	George	McCarran	Russell
Carey	Gibson	McGill	Schall

AUTHENTICATED U.S. GOVERNMENT INFORMATION GPO

Sheppard	Thomas, Okla.	Tydings	Walcott
Shipstead	Thomas, Utah	Vandenberg	Walsh
Smith	Thompson	Van Nuys	Wheeler
Steiwer	Townsend	Wagner	White
Stephens			

Mr. ROBINSON of Arkansas. I desire to announce that the Senator from California [Mr. McADOO] is absent because of illness, and that the junior Senator from Arkansas [Mrs. CARAWAY], the Senator from Missouri [Mr. CLARK], the Senator from Illinois [Mr. LEWIS], the Senator from Iowa [Mr. MURPHY], and the Senator from Florida [Mr. TRAMMELL] are necessarily detained from the Senate. I ask that this announcement may stand for the day.

Mr. FESS. I wish to announce that the Senator from Rhode Island [Mr. HEBERT] is absent on account of illness, and that the Senator from New Jersey [Mr. KEAN], the Senator from Pennsylvania [Mr. REED], and the Senator from Wisconsin [Mr. LA FOLLETTE] are necessarily detained from the Senate.

The VICE PRESIDENT. Eighty-five Senators have answered to their names. A quorum is present.

MESSAGES FROM THE PRESIDENT—APPROVAL OF BILLS

Sundry messages in writing from the President of the United States were communicated to the Senate by Mr. Latta, one of his secretaries, who announced that the President had approved and signed the following acts:

On May 21, 1934:

S. 1541. An act for the relief of Mucia Alger;

S. 1982. An act to add certain lands to the Mount Hood National Forest in the State of Oregon;

S. 1997. An act to compensate Harriet C. Holaday;

S. 2379. An act to provide for the selection of certain lands in the State of Arizona for the use of the University of Arizona;

S. 2566. An act authorizing the conveyance of certain lands to the State of Nebraska;

S. 2568. An act granting a leave of absence to settlers of homestead lands during the years 1932, 1933, and 1934;

S. 2671. An act repealing certain sections of the Revised Code of Laws of the United States relating to the Indians; and

S. 3235. An act to amend an act entitled "An act providing for the participation of the United States in A Century of Progress (the Chicago World's Fair Centennial Celebration) to be held at Chicago, Ill., in 1933, authorizing an appropriation therefor, and for other purposes", approved February 8, 1932, to provide for participation in A Century of Progress in 1934, to authorize an appropriation therefor, and for other purposes.

TARIFF COMMISSION REPORT ON MATCHES

The VICE PRESIDENT laid before the Senate a letter from the Chairman of the United States Tariff Commission, transmitting copy of a report (sent to the President and approved by him) by the Commission in an investigation, for the purposes of section 3 (e) of the National Industrial Recovery Act with respect to matches, which investigation was ordered at the request of the President in accordance with the provision of law above cited, which, with the accompanying report, was referred to the Committee on Finance.

ANALYSES OF IMPORT AND EXPORT TRADE

The VICE PRESIDENT laid before the Senate a letter from the Chairman of the United States Tariff Commission, which, with the accompanying papers, was referred to the Committee on Finance, and the letter was ordered to be printed in the RECORD, as follows:

UNITED STATES TARIFF COMMISSION,
Washington, May 19, 1934.

The honorable the PRESIDENT OF THE SENATE,
United States Senate.

SIR: On April 7, 1934, the Commission sent you such material as we had prepared up to that date in response to part I of Senate Resolution 334, Seventy-second Congress, second session. We take pleasure in transmitting herewith additional material, as follows:

1. A report on the balance of payments, showing the balance of the United States and each of the more important countries of the world for the most recent year available. In addition to the tables showing the totals for merchandise, gold and each of the invisible items, there is a general discussion applicable alike to all countries.

2. Trade analyses: Argentina, Belgium, Cuba, Germany, Mexico, Netherlands, Norway, United Kingdom, miscellaneous European countries, miscellaneous Central and South American countries, miscellaneous Asiatic and African countries.

3. Lists of tariff and trade restrictions imposed by foreign countries since 1922: Argentina, Belgium, Italy, Netherlands, Norway.

This completes the preparation of material in response to part I of the resolution, except for a few lists of tariff and trade restrictions, which will be sent at an early date.

Respectfully,

ROBERT L. O'BRIEN, *Chairman.*

MONETARY USE AND ACQUISITION OF SILVER (S.DOC. NO. 181)

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

To the Congress of the United States:

On January 11, 1934, I recommended to the Congress legislation which was promptly enacted under the title "The Gold Reserve Act of 1934." This act vested in the United States Government the custody and control of our stocks of gold as a reserve for our paper currency and as a medium of settling international balances. It set up a stabilization fund for the control of foreign exchange in the interests of our people, and certain amendments were added to facilitate the acquisition of silver.

As stated in my message to the Congress, this legislation was recommended as a step in improving our financial and monetary system. Its enactment has laid a foundation on which we are organizing a currency system that will be both sound and adequate. It is a long step forward, but only a step.

As a part of the larger objective, some things have been clear. One is that we should move forward as rapidly as conditions permit in broadening the metallic base of our monetary system and in stabilizing the purchasing and debt-paying power of our money on a more equitable level. Another is that we should not neglect the value of an increased use of silver in improving our monetary system. Since 1929 that has been obvious.

Some measures for making a greater use of silver in the public interest are appropriate for independent action by us. On others international cooperation should be sought.

Of the former class is that of increasing the proportion of silver in the abundant metallic reserves back of our paper currency. This policy was initiated by the proclamation of December 21, 1933, bringing our current domestic production of silver into the Treasury, as well as placing this Nation among the first to carry out the agreement on silver which we sought and secured at the London Conference. We have since acquired other silver in the interest of stabilization of foreign exchange and the development of a broader metallic base for our currency. We seek to remedy a maladjustment of our currency.

In further aid of this policy it would be helpful to have legislation broadening the authority for the further acquisition and monetary use of silver.

I, therefore, recommend legislation at the present session declaring it to be the policy of the United States to increase the amount of silver in our monetary stocks with the ultimate objective of having and maintaining one fourth of their monetary value in silver and three fourths in gold.

The executive authority should be authorized and directed to make the purchases of silver necessary to attain this ultimate objective.

The authority to purchase present accumulations of silver in this country should be limited to purchases at not in excess of 50 cents per ounce.

The executive authority should be enabled, should circumstances require, to take over present surpluses of silver in this country not required for industrial uses on payment of just compensation, and to regulate imports, exports, and other dealings in monetary silver.

There should be a tax of at least 50 percent on the profits accruing from dealing in silver.

We can proceed with this program of increasing our store of silver for use as a part of the metallic reserves for our paper currency without seriously disturbing adjustments in world trade. However, because of the great world supply of silver and its use in varying forms by the world's population, concerted action by all nations, or at least a large group of nations, is necessary if a permanent measure of value, including both gold and silver, is eventually to be made a world standard. To arrive at that point, we must seek every possibility for world agreement, although it may turn out that this Nation will ultimately have to take such independent action on this phase of the matter as its interests require.

The success of the London Conference in consummating an international agreement on silver, which has now been ratified by all the governments concerned, makes such further agreement worth seeking. The ebb and flow of values in almost all parts of the world have created many points of pressure for readjustments of internal and international standards. At no time since the efforts of this Nation to secure international agreement on silver began in 1878 have conditions been more favorable for making progress along this line.

Accordingly, I have begun to confer with some of our neighbors in regard to the use of both silver and gold, preferably on a coordinated basis, as a standard of monetary value. Such an agreement would constitute an important step forward toward a monetary unit of value more equitable and stable in its purchasing and debt-paying power.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *May 22, 1934.*

Mr. PITTMAN. Mr. President, the message just read to the Senate and the action which the President desires taken on it are the culmination of several years of consideration of the silver question.

After what we may term the "Bryan era" there was such a prejudice in the United States with regard to the use of silver as money that for many years it was impossible to consider the question from a sane monetary standpoint. However, that prejudice has largely been removed. We have had the Senate Committee on Banking and Currency, the Senate Committee on Agriculture and Forestry, the House Committee on Banking and Currency, the House Committee on Coinage, Weights, and Measures studying numerous bills which have been introduced on the subject during the past 2 years. Many facts with regard to monetary silver and also with regard to the production, consumption, and movement of silver were learned by Congress and by the general public.

There was a fear, for instance, that, under the Gresham Law, if silver moved into this country too rapidly, gold would move out. With the unlimited coinage of silver by governments where there has been a different ratio established, that has been the effect in the past and might be the effect in the future. That condition does not exist, however, in relation to the purchase of silver, because the history of the purchase of silver from time immemorial has demonstrated that there is a world price for silver when silver is permitted to flow freely. For instance, today the world price of silver is 44 to 45 cents an ounce. The price of silver in the United States, by reason of restrictions against foreign silver and because of special acts in behalf of our own silver, is 64½ cents an ounce, but everywhere else in the world there is a uniform market price for silver.

There was a fear at one time that there were unlimited quantities of silver which might flow into the United States Treasury if an effort were to be made to acquire silver without limit. Of course, the message of the President puts a definite limit on the amount to be purchased, but I am discussing that matter temporarily from the other standpoint.

We have been told only recently, in editorials and otherwise, by distinguished economists that there are no accurate statistics with regard to silver, but that there are accurate statistics with regard to gold. That is an unfortunate mistake. The statistics with regard to the production, consumption, and movement of silver are far more accurate than with regard to gold. Gold was produced more easily throughout the early ages in that it might be removed from gravel in the form of nuggets and dust, and by placer mining in various forms, even with a frying pan. The history of the geology of the metals discloses the fact that nearly all silver is found in hard rock, in 70 percent of the cases being found combined with lead, zinc, copper, or gold.

While it was easy to remove gold from the alluvial gravels in early times, it was not easy to remove silver from the rocks, because until the discovery of powder by the Chinese some 400 years ago, the process of breaking rock was a very slow one. Those who doubt the statistics in this matter need not take alone the report of our Director of the Mint, which is based upon the history of the production of the metals. They may go back to the old German works or the old French works or even to the old Roman works and learn how accurate the statistics are. But I am passing that question for the time being. I say there is a limit now to be applied in this act.

Today the statisticians and economists tell us that there is not to exceed 12,000,000,000 ounces of silver throughout the entire world. Some of them, in computing depreciation and loss, say there is only 9,000,000,000 ounces of silver in the world. We know there is probably 2,500,000,000 ounces of silver in China alone, and it is hidden away in the adobe walls and in the ground. It is their store of wealth. We know that in India there are probably five or six billion ounces, depending on estimates of depletion and loss, largely in the form of jewelry of the women, because the women cannot inherit in that country, and that is the way they keep their wealth. So this fear has been largely dissipated.

There were those in this body and in the other House of Congress who, believing that there was no danger from the free and unlimited coinage of silver, because they did not believe that silver would move to this country, have advocated it. They have not advocated it on the narrow ground that it would benefit the mines of their State, and yet they have been charged with doing so. If that were true, why should we find 230 or 240 Members of the House advocating the remonetization of silver in some form, inevitably raising its price, if it depended solely upon the selfish purpose of the mine owners? There are probably only 25 or 30 Representatives and probably 10 or 12 Senators from the section of the country which produces silver, and yet we find this tremendous support of the remonetization of silver in the Senate and in the House. Yet in the face of the fact that able economists will stick to their dictum that there are no accurate statistics with regard to silver, and there may be an unlimited quantity, in the face of their continued assertion that silver will come out of India and will come out of China in spite of the history of the past, it becomes necessary, of course, as it is necessary in every legislative matter, that there be a rapprochement, a meeting of minds. Every step is an advantage.

What do we find in this message? We find that the principle underlying the request in the message is the readjustment of our maladjusted currency in this country. It is true that the message calls attention to the fact that for a further advance in the remonetization of silver and its stabilization throughout the world at some fixed price, such as that of $1.29, as it is in our country, or at 16 to 1, the President believes international action would be required. I may say that I do not agree with that conclusion. Nevertheless, everyone is entitled to his own opinion on the subject.

Now, let us see. This is not new. I desire to give some figures to show that there is a maladjustment of our currency.

Mr. President, at the suggestion of the Senator from Arkansas [Mr. ROBINSON], our leader, I am now about to introduce a bill which is an administration bill. It is a bill which was prepared by the Treasury Department under the instructions and supervision of the President of the United States. It is intended to carry out the message he has just sent to the Senate.

Let me say that while this is the President's bill, I do not feel that the President would desire to claim the entire credit for it. The fact is well known to this body and to the

people of the country that conferences have been proceeding here among groups in the Senate, and between those groups and the President, in several meetings, on and off, for 5 or 6 weeks. I may say that the foundation for this message and for this proposed legislation might be called the Dies bill, which came over from the House, was referred to the Committee on Agriculture and Forestry, reported out to this body, and is now on the calendar. That bill provided that foreign importers of our agricultural products might pay for those products in foreign silver at a value from 10 to 25 percent above the world market price.

When that bill went to the Committee on Agriculture and Forestry, an amendment was offered to it, I think, by the Senator from Oklahoma [Mr. THOMAS], which carried provisions very similar to those which were in the Wheeler silver purchase bill which was introduced and acted upon in this body some time ago. In other words, it provided for the purchase of 50,000,000 ounces of silver a month until the price of silver should go above $1.29 an ounce, or until the 1926 index level should be reached. There was added to that bill in the Committee on Agriculture and Forestry a provision such as I have mentioned for the purchase of silver.

The first conference that we had was participated in by the Senator from Utah [Mr. KING], the Senator from Idaho [Mr. BORAH], the Senator from Montana [Mr. WHEELER], the Senator from South Carolina [Mr. SMITH], the Senator from Colorado [Mr. ADAMS], the Senator from Oklahoma [Mr. THOMAS], the Senator from Minnesota [Mr. SHIPSTEAD], the Senator from Nevada [Mr. MCCARRAN], and myself. The Senator from Utah [Mr. KING] called the group together for the purpose of discussing among themselves in the first place the Dies bill, and any proper changes that might be made in it on the floor of the Senate. The Senator from Utah arranged, 5 or 6 weeks ago, the conference with the President, at which the Senators whose names I have read were present. The discussion at that conference naturally revolved around the pending legislation—that is, the Dies bill as amended, which is now on the calendar.

I think I violate no confidence when I say that the President was instantly opposed to the Dies bill as it came from the House. He felt that it would not accomplish the purpose which the agriculturists of the country thought it would accomplish. He felt that there would be retaliation which would offset any benefit that might be hoped to be obtained from it. I think he was firm and fixed in that view.

As to the other provisions, with regard to the purchase of 50,000,000 ounces of silver a month, the Secretary of the Treasury and Mr. Oliphant, the general counsel to the Secretary, who was of splendid assistance in this matter, urged that if the Government were required to purchase 50,000,000 ounces of silver a month, it would be at the mercy of sellers of silver throughout the world; that the very knowledge that the Government had no discretion, but must bid and bid and bid for silver until it received 50,000,000 ounces every month, would undoubtedly crowd the price of silver up to the limit of $1.29 an ounce, which is the monetary value at which it circulates as specie and in the form of silver certificates in this country, and one of the chief purposes of readjusting our maladjusted currency would be defeated by that very provision.

In this connection, Mr. President, let me read some figures. I take these figures from a speech which I delivered on September 21, 1933, and the figures were actually compiled from the Treasury Department's records.

There has been a constant fear expressed by those who are opposed to the expansion of silver currency of the United States that our currency would be overbalanced with silver. The statistics with regard to our total stock of money in the United States and the percentage thereof in silver in 1900 and on July 31, 1933, respectively, are as follows:

Now, note the change:

In 1900 the total money was $2,336,220,000; silver money, $648,995,000; or 27 percent of our entire currency was silver currency.

On July 31, 1933, the total money was $10,014,268,674; silver money, $838,662,359, or 8 percent. At the present time the silver money is about 12 percent of the total.

Going on with that statement, the total stock of silver as of July 31, 1933, was $838,662,359. Thus there could be added to the silver stock of July 31, 1933, before its percentage of the total stock of money in the United States would equal the percentage of 1900, $1,935,290,000 worth of silver.

Those figures were given by me in a statement made on the 17th day of November 1933 to the Committee for the Nation, of which at that time the Senator from Oklahoma [Mr. THOMAS] was acting as chairman. I think the same figures were given there.

I may say that that is the percentage of total currency. If we go back to 1900 to find what the percentage of silver coin and silver certificates issued against the coins in the Treasury was in ratio to the gold of the United States, we find that the percentage of silver was nearer 50 percent.

As I have said, the object is to secure the readjustment of a maladjusted currency. The cause of the maladjustment of the currency is easy to explain. In 1873 the Government ceased to coin standard silver dollars, but coined only halves, quarters, and dimes. But it continued the accumulation of gold, however, and the issuance of additional forms of gold currency in this country, and the disparity between gold and silver grew.

This idea of a readjustment of our currency is not new. I call attention, for instance, to the informal conferences held in Washington among the various governments at the invitation of the President of the United States in preparation for silver agreements at London, which considered a resolution, which was submitted to every government represented here, before the delegates went to London, providing that all governments should carry in their treasuries or in their central banks at least 20 percent of their metallic reserves in silver and could carry 25 percent in silver. There were those of us here who urged that they should carry a larger proportion than 25 percent in silver. Yet the President had recommended to the foreign governments at London that they carry 25 percent in silver in their reserves. So he has placed that amount in the bill.

I now introduce the bill, and I ask to have it read.

The VICE PRESIDENT. Does the Senator desire to have the bill read?

Mr. PITTMAN. I believe it will be sufficient to have it published in the RECORD. That will serve the same purpose as having it read.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

The bill (S. 3658) to authorize the Secretary of the Treasury to purchase silver, issue silver certificates, and for other purposes, was read twice by its title, ordered to lie on the table, and to be printed in the RECORD, as follows:

Be it enacted, etc., That the short title of this act shall be the "Silver Purchase Act of 1934."

SEC. 2. It is hereby declared to be the policy of the United States that the proportion of silver to gold in the monetary stocks of the United States should be increased, with the ultimate objective of having and maintaining one fourth of the monetary value of such stocks in silver.

SEC. 3. The Secretary of the Treasury is authorized and directed to purchase silver, at home or abroad, for present or future delivery with any direct obligations, coin, or currency of the United States, authorized by law, or with any funds in the Treasury not otherwise appropriated, at such rates, at such times, and upon such terms and conditions as he may deem reasonable and most advantageous to the public interest: *Provided*, That no purchases of silver shall be made hereunder (a) at a price in excess of the monetary value thereof or (b) whenever and so long as the monetary value of the stocks of silver is equal to or greater than 25 percent of the monetary value of the stocks of gold and silver: *And provided further*, That no purchases of silver situated in the continental United States on May 1, 1934, shall be made hereunder at a price in excess of 50 cents a fine ounce.

SEC. 4. Whenever and so long as the market price of silver exceeds its monetary value or the monetary value of the stocks of silver is greater than 25 percent of the monetary value of the stocks of gold and silver, the Secretary of the Treasury may, with the approval of the President and subject to the provisions of section 5, sell any silver acquired under the authority of this act, at home or abroad, for present or future delivery, at such rates, at such times, and upon such terms and conditions as he may deem reasonable and most advantageous to the public interest.

SEC. 5. The Secretary of the Treasury is authorized and directed to issue silver certificates in such denominations as he may from time to time prescribe in a face amount not less than the cost of all silver purchased under the authority of section 3. There shall be maintained in the Treasury as security for all silver certificates heretofore or hereafter issued and at the time outstanding an

amount of silver in bullion and standard silver dollars of a monetary value equal to the face amount of such silver certificates. All silver certificates heretofore or hereafter issued shall be legal tender for all debts, public and private, public charges, taxes, duties, and dues, and shall be redeemable on demand at the Treasury of the United States in standard silver dollars; and the Secretary of the Treasury is authorized to coin standard silver dollars for such redemption.

SEC. 6. Whenever in his judgment such action is necessary to effectuate the policy of this act, the Secretary of the Treasury is authorized, with the approval of the President, to investigate, regulate, or prohibit, by means of licenses or otherwise, the acquisition, importation, exportation, or transportation of silver and of contracts and other arrangements made with respect thereto; and to require the filing of reports deemed by him reasonably necessary in connection therewith. Whoever willfully violates the provisions of any license, order, rule, or regulation issued pursuant to the authorization contained in this section, shall, upon conviction, be fined not more than $10,000, or, if a natural person, may be imprisoned for not more than 10 years, or both; and any officer, director, or agent of any corporation who knowingly participates in such violation may be punished by a like fine, imprisonment, or both.

SEC. 7. Whenever in the judgment of the President such action is necessary to regulate the value of the money of the United States, he may by Executive order require the delivery to the United States mints of any or all silver by whomever owned or possessed. The silver so delivered shall be coined into standard silver dollars or otherwise added to the monetary stocks of the United States as the President may determine; and there shall be returned therefor in standard silver dollars, or any other coin or currency of the United States, the monetary value of the silver so delivered less such deductions for seigniorage, brassage, coinage, and other mint charges as the Secretary of the Treasury with the approval of the President shall have determined: *Provided*, That, in no case, shall the value of the amount returned therefor be less than the fair value at the time of such order of the silver required to be delivered as such value is determined by the market price over a reasonable period terminating at the time of such order. The Secretary of the Treasury shall pay all necessary costs of the transportation of such silver and standard silver dollars, coin, or currency, including the cost of insurance, protection, and such other incidental costs as may be reasonably necessary. Any silver withheld in violation of any Executive order issued under this section or of any regulations issued pursuant thereto shall be forfeited to the United States, and may be seized and condemned by like proceedings as those provided by law for the forfeiture, seizure, and condemnation of property imported into the United States contrary to law; and in addition any person failing to comply with the provisions of any such Executive order or regulation shall be subject to a penalty equal to twice the monetary value of the silver in respect of which such failure occurred.

SEC. 8. Schedule A of title VIII of the Revenue Act of 1926, as amended (relating to stamp taxes), is amended by adding at the end thereof a new subdivision to read as follows:

"10. Silver, etc., sales and transfers: On all transfers of any interest in silver bullion, if the price for which such interest is or is to be transferred exceeds the total of the cost thereof and allowed expenses, 50 percent of the amount of such excess. On every such transfer there shall be made and delivered by the transferor to the transferee a memorandum to which there shall be affixed lawful stamps in value equal to the tax thereon. Every such memorandum shall show the date thereof, the names and addresses of the transferor and transferee, the interest in silver bullion to which it refers, the price for which such interest is or is to be transferred, and the cost thereof and the allowed expenses. Any person liable for payment of tax under this subdivision (or anyone who acts in the matter as agent or broker for any such person) who is a party to any such transfer, or who in pursuance of any such transfer delivers any silver bullion or interest therein, without a memorandum stating truly and completely the information herein required, or who delivers any such memorandum without having the proper stamps affixed thereto, with intent to evade the foregoing provisions, shall be deemed guilty of a misdemeanor, and upon conviction thereof shall pay a fine of not exceeding $1,000 or be imprisoned not more than 6 months, or both. Stamps affixed under this subdivision shall be canceled (in lieu of the manner provided in sec. 804) by such officers and in such manner as regulations under this subdivision shall prescribe. Such officers shall cancel such stamps only if it appears that the proper tax is being paid, and when stamps with respect to any transfer are so canceled, the transferor and not the transferee shall be liable for any additional tax found due or penalty with respect to such transfer. The provisions of this subdivision shall extend to all transfers in the United States of any interest in silver bullion, and to all such transfers outside the United States if either party thereto is a resident of the United States or is a citizen of the United States who has been a resident thereof within 3 months before the date of the transfer or if such silver bullion or interest therein is situated in the United States; and shall extend to transfers to the United States Government (the tax in such cases to be payable by the transferor), but shall not extend to transfers of silver bullion by deposit or delivery at a United States mint under proclamation by the President or in compliance with any Executive order issued pursuant to section 7 of the Silver Purchase Act of 1934. The tax under this subdivision on transfers enumerated in subdivision 4 shall be in addition to the tax under such subdivision. This subdivision shall apply (1) with respect to all transfers of any interest in silver bullion after the enactment of the Silver Purchase Act of 1934, and (2) with respect to all transfers of any interest in silver bullion on or after May 15, 1934, and prior to the enactment of the Silver Purchase Act of 1934, except that in such cases it shall be paid by the transferor in such manner and at such time as the commissioner, with the approval of the Secretary of the Treasury, may by regulations prescribe, and the requirement of a memorandum of such transfer shall not apply.

"As used in this subdivision—

"The term 'cost' means the cost of the interest in silver bullion to the transferor, except that (a) in case of silver bullion produced from materials containing silver which has not previously entered into industrial, commercial, or monetary use, the cost to a transferor who is the producer shall be deemed to be the market price at the time of production determined in accordance with regulations issued hereunder; (b) in the case of an interest in silver bullion acquired by the transferor otherwise than for valuable consideration, the cost shall be deemed to be the cost thereof to the last previous transferor by whom it was acquired for a valuable consideration; and (c) in the case of any interest in silver bullion acquired by the transferor (after Apr. 15, 1934, and before the tax under this subdivision takes effect) in a wash sale, the cost shall be deemed to be the cost to him of the interest transferred by him in such wash sale, but with proper adjustment, in accordance with regulations under this subdivision, when such interests are in silver bullion for delivery at different times.

"The term 'transfer' means a sale, agreement of sale, agreement to sell, memorandum of sale or delivery of, or transfer, whether made by assignment in blank or by any delivery, or by any paper or agreement or memorandum or any other evidence of transfer or sale, or means to make a transfer as so defined.

"The term 'interest in silver bullion' means any title or claim to or interest in any silver bullion or contract therefor.

"The term 'allowed expenses' means usual and necessary expenses actually incurred in holding, refining, or transporting the interest in silver bullion as to which an interest is transferred (including storage, insurance, and transportation charges, but not including interest, taxes, or charges in the nature of overhead), determined in accordance with regulations issued hereunder.

"The term 'memorandum' means a bill, memorandum, agreement, or other evidence of a transfer.

"The term 'wash sale' means a transaction involving the transfer of an interest in silver bullion and, within 30 days before or after such transfer, the acquisition by the same person of an interest in silver bullion. Only so much of the interest so acquired as does not exceed the interest so transferred, and only so much of the interest so transferred as does not exceed the interest so acquired, shall be deemed to be included in the wash sale.

"The term 'silver bullion' means silver which has been melted, smelted, or refined and is in such state or condition that its value depends primarily upon the silver content and not upon its form."

SEC. 9. The Secretary of the Treasury is hereby authorized to issue, with the approval of the President, such rules and regulations as the Secretary of the Treasury may deem necessary or proper to carry out the purposes of this act or of any order issued hereunder.

SEC. 10. As used in this act:

The term "person" means an individual, partnership, association, or corporation;

The term "the continental United States" means the States of the United States, the District of Columbia, and the Territory of Alaska;

The term "monetary value" means a value calculated on the basis of $1 for an amount of silver or gold equal to the amount at the time contained in the standard silver dollar and the gold dollar, respectively;

The term "stocks of silver" means the total amount of silver at the time owned by the United States (whether or not held as security for outstanding currency of the United States) and of silver contained in coins of the United States at the time outstanding;

The term "stocks of gold" means the total amount of gold at the time owned by the United States, whether or not held as a reserve or as security for any outstanding currency of the United States; and

The term "silver bullion" means silver which has been melted, smelted, or refined and is in such state or condition that its value depends primarily upon the silver content and not upon its form.

SEC. 11. In addition to any sums appropriated by section 3, there is hereby appropriated, out of any money in the Treasury not otherwise appropriated, the sum of $500,000, which shall be available for expenditure, under the direction of the President and in his discretion, for any purpose in connection with the carrying out of this act; and there are hereby authorized to be appropriated annually such additional sums as may be necessary for such purposes.

SEC. 12. The right to alter, amend, or repeal this act is hereby expressly reserved. If any provision of this act or the application thereof to any person or circumstances is held invalid, the remainder of the act and the application of such provision to other persons or circumstances shall not be affected thereby.

SEC. 13. All acts and parts of acts inconsistent with any of the provisions of this act are hereby repealed, but the authority con-

ferred in this act upon the President and the Secretary of the Treasury is declared to be supplemental to the authority heretofore conferred.

Mr. PITTMAN. Mr. President, having in view the fundamental principle of the readjustment of our currency, finding that it was necessary, finding that we would bring the currency back nearly to normal, there could be no uneasiness with regard to those who fear inflation.

I think I should say in all frankness that the group of Senators who participated equally in all of these conferences with the President were successful, I may say, in convincing him that there were certain fundamental principles which must be embodied in the legislation or the legislation would not only be futile but would be damaging to the very cause of the remonetization of silver.

In the very nature of things, when the Secretary of the Treasury and his expert advisers and his attorneys started to draft a measure, they desired that there be no mandatory features whatever in the measure. I can understand their feeling. They know little about silver. They suspect much with regard to silver. They are misadvised by distinguished and learned professors who know less about silver.

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

Mr. PITTMAN. I am sorry; I cannot yield.

In the nature of things, until they have 25 percent of the metallic reserves in silver, they desire that the provision in regard to the purchasing of silver be purely permissive, that it be provided that they might take the action if they saw fit.

They have that permissive power now, under existing law. There were none of this group favorable to that permissive principle. We insisted that if the principle were correct—that is, that we should maintain at least 25 percent of our metallic reserves in silver—and if the President favored that, and if he intended to carry it out in the spirit in which it was intended, then there was nothing improper, in using the ordinary terms we use in bills, in saying that we not only authorized but we authorized and directed, the Secretary of the Treasury to purchase silver until the desired end was accomplished.

There had to be limitations, of course. The first limitation was that when the monetary value of silver went over $1.29 an ounce, which is the measure at which the silver certificates are circulated, and all silver dollars are circulated, then it went above the parity price, and it would probably pay to melt up our coin and sell it as bullion.

There was a power already in the President of the United States to stop that. That power had been used before. There is a general parity act, which authorizes the President to sell even standard silver dollars in order to prevent the price from going above the parity price. The power was used in 1920 to beat the war price down from $1.38 an ounce to below a dollar. But in order that there might be no misunderstanding, so that it would be definite, two limitations were placed upon the purchases. One of them was that when the price, if it should do so, went above $1.29 an ounce, not only should the Treasury cease to purchase, but that it should have the right to sell silver in order to prevent it from going higher.

There was another limitation, that when the Secretary of the Treasury had acquired a sufficient amount of silver to amount to 25 percent of our metallic monetary reserves, then he should cease to purchase.

There was a permissive feature, and it was as to that that this group finally compromised with the President. The President yielded with regard to the mandatory provision about purchasing silver until he got 25 percent of the reserves, and we yielded on the point that he should not be required to purchase 50,000,000 ounces a month, or any other particular amount. We yielded and allowed him his discretion in good faith to buy silver at such times and upon such terms and conditions as he might consider in the interest of the Government of the United States, but that he should in good faith ultimately acquire sufficient silver to equal 25 percent of our reserves.

There was another difference between this group and the Treasury Department, and that difference was simply this: There was no provision in the Treasury bill for the utilization of the silver they bought. Of course, it is apparent that to buy in the course of time 1,700,000,000 ounces of silver, and store it in the vaults of the Treasury, and never use it, would not result in eliminating the maladjustment of our silver currency. It might raise the price and have its effect in that way on our export and import trade. The raising of the price would undoubtedly answer Japan, and it is the only answer we have to them. Raise the price of the exchange value of the silver of the world and Japanese costs rise that much. On the other hand, the purchasing power of those people in our own country will be greater. The raising of the price of silver, as far as foreign countries are concerned, has exactly the same relative effect as the depreciation of our currency or the depreciation of any other currency. Therefore, there must be a provision in the act that the silver, when acquired, shall be utilized for the purpose of bringing our currency up to a normal condition.

We of the group here, in preparing the act as we saw it, provided that the silver should be bought with silver certificates. But we were answered by the experts of the Treasury Department, "We may prefer to buy it with gold, or with Federal Reserve bank notes, or with credit, or with any other form of money." We said, "Very well; that is true. Then if you do not see fit to buy with silver certificates, issue silver certificates against the bullion you have in the Treasury to the amount of one dollar's worth of silver certificates for every dollar you spend in buying it, and let those silver certificates be based on the same kind of silver in their issue as all our silver certificates are. In other words, that there be a dollar issue of silver certificates or standard silver dollars against every 371¼ grains of silver, which is the present measure. Or if, under the amendment I offered to the gold act, the President sees fit to reduce the silver content of the silver dollar from 371 grains to one half that, then one silver dollar certificate against whatever the monetary unit of the standard silver dollar is.

When that matter was explained to the President of the United States he concurred absolutely with the members of this voluntary committee who presented the matter to him. So we have before us the bill I have presented, which would accomplish three or four things. The main thing it would result in would be requiring the Secretary of the Treasury to purchase silver until he had acquired a sufficient amount of silver to constitute 25 percent of our monetary reserve.

It requires him either to purchase that with silver certificates on the basis of the issue of our existing silver certificates, or he may change the content of the dollar upon that basis, and to circulate those silver certificates in the ordinary course of business. Those are the fundamental principles of this bill.

The bill right at the start makes this declaration:

It is hereby declared to be the policy of the United States that the proportion of silver to gold in the monetary stocks of the United States should be increased, with the ultimate objective of having and maintaining one fourth of the monetary value of such stocks in silver.

That is the heart of the bill. That is the chief purpose of the bill. That is carried out by the methods I have indicated.

There are other permissive features of this bill. There is a provision in the bill which authorizes the President of the United States to nationalize silver. In other words, it permits him to do with regard to silver what he has done with regard to gold; that is, he may commandeer the silver in this country by paying for it its value. There is a detailed method of arriving at that. It is very carefully worked out, as was done with regard to gold, so as to come within the Constitution, and to make sure that no one is deprived of silver bullion without due process of law.

There is still another provision in this bill which has to do with a tax. That tax feature provides that any silver sold after this bill goes into force and effect shall carry stamps which measure one half of the profit between what the seller paid for it and what he got for it. That tax is effective on sales made after the bill passes and becomes law.

However, the framers of the bill desired to take care of sales that might be made while this bill was being discussed and enacted, so they said that from the 15th day of May of this year any sales which were made should not carry with them the use of stamps, because the sales would probably be made before this bill was passed, but those sales should be subject to an excess-profits tax of 50 percent on the profits made on the sales and accounted for.

The nationalization is permissive. Whether or not the President will see fit to put it into effect will have to be determined. I do not think he has his mind made up.

As to the tax, that is fixed. I wish to say that the tax does not apply to silver which is acquired in stocks for manufacture, because when a manufacturer buys silver to use for manufacturing purposes he does not sell that silver, but uses it, and there is no profit actually on the purchase of the silver unless it possibly can be reflected in the profits of his manufacturing industry, and such profits, of course, are taken care of by the income tax. It does not apply, and it is expressly provided in the bill that it shall not apply, to silver mined in the United States, under the proclamation of the President. So with the value of 64½ cents an ounce it is expressly provided the tax shall not apply to such silver. It has no tax to pay, because it is not a profit transaction. It is simply a transaction of surrendering to the Government one's silver and having it coined on the seigniorage basis, or giving to the Government half of the silver for the purpose of having the other half coined into silver dollars.

I am calling this to the attention of the Senate so that there may be no misunderstanding and no fear with regard to this entire proposition.

It is urged, of course, and has been urged time and again that nothing can be done with regard to silver except by international agreement. Is it possible that anyone would contend that each government does not have the authority to regulate its own currency? Is it possible that we may not decide the limit to which we will permit the issue of Federal Reserve bank notes, the limit of national bank notes, the limit of gold notes, the limit of silver certificates?

Since the very beginning of the Government it has been the function of Congress not only to coin and issue money but to regulate money, and we do regulate money. We have attempted to regulate, through the Federal Reserve Board, the flow of money, and the expansion of credit, through its power of raising the rediscount rate.

Now, when we find ourselves with a maladjusted currency, the different forms rapidly drifting farther and farther apart, to say that it requires international action seems to me almost absurd.

Of course if one is driving to the ultimate end of having all governments give exactly the same measure to their currency that we and other governments give, then there is just as much necessity for international agreement with regard to silver as there is with regard to gold. There is not any doubt whatever that ultimately there will be an agreement among the great powers as to how many grains of gold the pound sterling will buy, and how many grains of gold the dollar will buy, and when that is once adjusted, then the relative exchange value of the pound sterling and the dollar is adjusted. All know that. All are driving to that end.

At the London Conference I think every great economist there agreed that never again could we have the form of the gold standard that we have had in the past. They all agreed that gold would have to be utilized in a closed circuit between treasuries and central banks for the sole purpose of settling international balances; that there was no more than enough gold for that purpose, if there was enough for that; and that the transfer of gold should be handled as banks in great cities handle their settlements through the clearing house.

But when that is done, how about silver money? There is silver money in the world. We have $800,000,000 worth of silver money in this country. As I have said, at one time we had 50 percent of our metallic money in silver. Even today it represents 12 percent of all our currency. Great Britain has silver money. France has silver money. Italy has silver money. It is all a part of their monetary systems. Many think that perhaps China and India are the only countries which have silver money. Today in South America the only hard money that is ever seen is silver money. In Mexico the only hard money that is ever seen is silver money. Ninety percent of their transactions are carried on with silver money. Silver is still and always has been used as money throughout the world.

We are not creating anything new. It is true, sir, that for the first time since 1873 silver has a different status. It has been declared full legal tender and by that act was remonetized.

When H.R. 3835—Public, No. 10, Seventy-third Congress—an act to relieve the existing national economic emergency by increasing agricultural purchasing power, and so forth, was under consideration, I offered this amendment to it:

> Such notes and all other coins and currencies heretofore or hereafter coined or issued by or under authority of the United States shall be legal tender for all debts public and private.

That, sir, has been the law of the United States since May 12, 1933.

I contend, therefore, and have contended before the experts of the Treasury Department and our own group, that that very provision of law in itself makes silver primary money. When I say "primary money" I mean money that does not depend for its purchasing power upon any other money or any other thing. It has the same intrinsic value, if one wishes to go back to intrinsic value, that gold has—in different proportions. The standard silver dollar has a higher percentage in intrinsic value by measuring the value of the silver content than any of our currency except gold coins. The Federal Reserve bank note only had 40 percent behind it. When silver has reached the price of 64½ cents an ounce, we will have 50 percent intrinsic value behind every standard silver dollar. When it reaches $1.29, we will have 100 percent, because a silver certificate will be issued only against a 100-percent dollar in the Treasury. Therefore, we have reached a point where our Government has taken a broad step, whose soundness cannot be questioned by any financier or economist in this country. We are going back to the normal adjustment of our currency as of 1900; yes, slightly below what it was at that time, because in 1900 27 percent of our currency was silver, whereas this bill only provides that 25 percent shall be silver. In 1873 and prior thereto the percentage of silver in our currency was much greater, for, taking the metallic base as of 1900, as I say, it was practically 50 percent. Today, according to the metallic base, it is probably 12 percent. So, Mr. President, we are simply readjusting our currency back to normal, and there is no necessity whatever of calling on foreign countries to take action.

This matter with regard to silver was submitted to the monetary section of the London conference. Of that section I happened to be chairman. When the proposition of a silver reserve was submitted to them there was no contention against carrying this reserve. The contention, however, was made by the delegates of 13 governments that they already carried 30-percent reserve in silver, and they would not consent to lower that percentage. There was also a great dispute as to what should be the limit of the value of silver in measuring such reserves. We withdrew that resolution, not because all the governments probably, except one, did not favor carrying such silver reserves, but because they wanted to carry more in many instances than the resolution provided. So that resolution was withdrawn.

Now when we shall carry out this proposed act, we will be doing what our Government proposed to 66 other governments of the world; we will be doing that with regard to our own currency which we have a right to do, and which it is our duty to do; and we will be taking the initiative and setting an example to the other nations of the world in the manner in which we advised them to proceed.

Inflation. That is a condition which many in this country fear; but I think we have deflated our money and credits

until the debtor today has to pay twice as much in products and labor as he had to pay when he borrowed the money. I do not want to get into that argument, for it is an endless one; but I wish to say that the total amount of silver required to bring it up to the desired percentage will not be in excess of 1,700,000,000 ounces. Upon such an amount there might be based over $2,000,000,000 of silver certificates issued in currency. That, however, will not be a sudden transaction. Unfortunately, it might be impossible at this time to buy 300,000,000 ounces of silver without reaching the point in price, $1.29 an ounce, at which we could not buy any more. I think that is the consensus of opinion of statisticians and experts who have studied the question. The process of acquiring silver, of course, has to be a slow one.

The total world production of silver last year was only 160,000,000 ounces, and 20 percent of that was used in the arts. India and China from time immemorial have taken two thirds of the production of silver in the world. We cannot look to get 1,700,000,000 ounces of silver from the current annual production of the world. There is no hope of any sudden production of silver, no matter what the price may be, because throughout the entire world 70 percent of the silver produced is as a byproduct of lead, zinc, and copper; when there is no market for lead, zinc, and copper those commodities are not produced, and when they are not produced silver is not produced. In 1923 we produced 67,000,000 ounces of silver in this country, which was our greatest production of that metal, and that was on account of the enormous production of copper, lead, and zinc, principally lead. Last year our production of silver was less than 24,000,000 ounces, because of the low production of copper, lead, and zinc.

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

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

Mr. PITTMAN. Certainly.

Mr. VANDENBERG. As I understand the theory of the Senator's proposal, while the objective is mandatory, to wit, 75–25, the approach to that objective is entirely in the discretion of the President and the Secretary of the Treasury. Is that correct?

Mr. PITTMAN. That is absolutely correct.

Mr. VANDENBERG. What would the Senator's interpretation be respecting the duty of the President and the Secretary in the use of this discretionary power? In other words, would it be the Senator's interpretation that the President would be under obligation to buy all the silver that was offered and was available until such time as it reached a price of $1.29 an ounce, or would there be a discretion in him not to go into the silver market at all if he should not want to do so?

Mr. PITTMAN. The latter is absolutely correct, by reason of the fact that it is far more important to our Government to acquire the silver and utilize it than it is to run the price up to $1.29 an ounce; and, having the higher purpose in mind, the President would naturally realize that taking all the silver offered to him would have the effect of suddenly bringing the price of silver up to the limit at which he could not buy and destroy the chief purpose of the proposed act.

Mr. VANDENBERG. So that the matter of purchase and the speed of purchase is entirely and exclusively discretionary?

Mr. PITTMAN. Entirely so, and that discretion, of course, the President would not surrender, because there are other reasons, I may say, for it. It is almost as disastrous for a foreign country that uses silver, such as China and India, and even Mexico very suddenly to increase the exchange value of its money as it is suddenly to have it depressed, because frequently contracts are based in those countries on 6 months' time, and if there shall be a sudden change in the exchange value of their silver money—and a change is always with the price of silver either up or downward—someone is going to lose. These is no desire on the part of our Government to disrupt the monetary systems of other countries; in fact, we regret and deplore that other governments have taken advantage of their legal rights so suddenly to depreciate the value of their currencies as to disrupt our own commercial transactions in this country, and we are all aware that that has happened.

Mr. VANDENBERG. Then, would it be the Senator's idea, if the extension of this process should cause a sharp increase in silver values, that the purchase program probably would stop at that point?

Mr. PITTMAN. I have not any doubt that the President would refrain from buying while such conditions were threatened.

Mr. VANDENBERG. How long does the Senator think it would take over a term of years to reach the 75–25-percent objective which is set up in the bill?

Mr. PITTMAN. I should say that would depend very largely upon the policy and desire of our Government and the redistribution of gold among the various governments of the world. It is perfectly evident that France and the United States cannot continue to hold over half the gold of the world and still have gold as the standard of 66 countries in the world. There is the problem of gold redistribution, which, of course, is in the mind of everyone. Exactly when that will be worked out, so that it will be safe to part with the gold, and it will be known that there will be no danger of loss, the redistribution of gold must take place and in connection with that redistribution there must then be more or less a redistribution of silver. In that case the redistribution would be brought about in an orderly way, and very much sooner than it would if carried on simply by a process of sudden bidding. It is totally impossible for us now, at least, for me, to visualize ahead what may happen to both gold and silver in the next few years, but the purpose or intent of the President is clearly in mind, and I think no one whatever doubts it.

I think that this bill is an excellent one; I think it is a magnificent compromise; and I think that each Senator of the group has had as much to do with it as any other Senator has had. I think that the President of the United States has been in sympathy with us all the time, even if some of his experts were not in sympathy with us; and I feel that we have won a great victory in getting the President of the United States to concur with us so far as he has concurred with us, although I know he had the antagonism of nearly every one of the Treasury Department economists.

Mr. COSTIGAN. Mr. President——

The PRESIDING OFFICER. Does the Senator from Nevada yield to the Senator from Colorado?

Mr. PITTMAN. I yield.

Mr. COSTIGAN. As I understand the able Senator from Nevada, he does not dissent from the constructive recommendations of the President, but is rather in strict agreement with the suggestion that the metallic base of our credit structure should be broadened by the much wider use of silver for monetary purposes, and that we should proceed by adopting an independent national policy in certain important respects and by seeking international agreements in other vital respects.

Mr. PITTMAN. That is exactly the thing for which we all look. In other words, there is no doubt that practically every member of the voluntary group which was called together is absolutely convinced that the monetary systems of the world which existed prior to 1800 were the soundest systems that ever existed—sounder than any which have existed since. Those systems worked through the ages when money was not used for the purpose of taking away the commerce of one government and another government. The members of this group, who have studied the question for years and years, are not exceptionally expert with regard to financial transactions, but the history of the use of silver as money from the earliest dawn of time down to the present, the history of its production, of its consumption, of its movement, of its present whereabouts, is fairly accurately known to all of them.

The question of whether or not we shall have two standards of measure, or whether we shall have one standard of measure, and whether all other standards of measure shall conform to the one standard of measure is not so material and is not so important as the fact that there is nothing so safe and nothing that so inspires confidence as the precious metals themselves. Governments may fail and disappear, printing presses may run off paper money by the ream which becomes valueless, but every man who has a chunk of silver or a chunk of gold knows it is a precious metal, not only in his own country but in every country throughout the world, and that with that chunk of precious metal he can buy food and clothing.

Therefore, those who clung to the gold standard clung to it for exactly the same reasons that apply to silver. It is because those articles are both precious metals. Since the very beginning of time there was never over a billion ounces of gold produced. Every effort of science and every effort of mechanics has been unable to stimulate much the production of gold or of silver. Having the knowledge that it is a precious metal, that it is good everywhere, people have confidence in it. Not only that, but its production throughout the ages has been uniform. It is found everywhere in the world, though in no great quantities. Not only is the production of each of these metals uniformly about 3 or 4 percent per annum but the relative production of each metal is approximately the same and bears to each other a remarkably uniform character.

So the gold-standard people said "this is money" for the reasons I have described. Not only is it money but if we limit the issue of paper money by the amount of gold we have and if we limit it within the multiple that history tells us is safe and do not go beyond it, then our paper money is safe. So it is with silver. If we limit the issue of paper within the reasonable rate that is indicated by the history of silver, then there is no danger from the paper money based upon silver. But there is danger from paper money in every form, as there was in the case of the mark, and as there has been in the case of the greenback and everything else in history, that is not limited by the amount of gold and silver as a base which has a real intrinsic value everywhere in the world.

Of course, as I said, we of this group think that the soundest money in the world was the gold and silver money of the ages down to 1800. We know that never has either one of those moneys been discredited except by law, artificial laws of the various countries, inaugurated for the purpose of giving one country advantage over another, inaugurated for the purpose of one country stealing the trade of another, inaugurated for the same purposes involved in the depreciation in the currencies of Europe in which they were engaged for the purpose of taking our trade and the trade of other countries.

Mr. President, so far as I am concerned, I think this is, I may say, the third great step forward. The first great forward step was taken when 66 governments at London unanimously—and it had to be unanimous under the rules of the League of Nations—adopted three principles: That they would not permit the melting up or debasement of their silver coins, that they would replace lower-valued currency with silver, and that they would refrain from enacting any legislation which could substantially depreciate the price of silver in the world market.

By those three solemn agreements they have ended forever all the acts which have been destructive of silver throughout the world and of the monetary systems of the various countries of the world. When they persuaded India and China and Spain to limit the sale of their silver and provided that each and every government of producing countries should take the same amount out of their mines for their treasuries for a period of 4 years, after which there should be nothing but mine production, they made silver safe. Then the President issued a proclamation opening the mints of this country to the coinage of silver, which was the second great move. It is the first free coinage of silver we have had since 1873. It is true the President took half of that silver bullion as seigniorage, out of which our Government will me a tremendous profit, but by that very act it gave 64½ cents to the producer, and raised the value of our silver 59 percent above the world price of silver.

Now, by this third step, in restoring our silver metallic reserve, the President is tending to absorb the surplus silver of the world already accumulated by the destruction of its monetary use by many governments, and is encouraging other governments to do the same thing.

Silver will slowly but steadily throughout the world seek its natural level based on supply and demand, and when it does then it will be a simple matter for great governments like Great Britain, the United States, Italy, France, Germany, Switzerland, Mexico, Canada, and the South American countries, to come together so they may safely open their mints to the coinage of silver from every place on earth.

Mr. PITTMAN subsequently said: Mr. President, I desire to amend the bill I introduced this morning relating to the silver question, and which is on the table.

The first amendment is to come on page 1 of the bill as submitted, line 6 in section 3, after the words "public interest" and before the comma, to insert the words "until the proportion of silver to gold in the monetary stocks of the United States shall equal one fourth of the monetary value of the stocks as set forth in section 2."

I will state the object of the amendment. Section 2 provides:

> It is hereby declared to be the policy of the United States that the proportion of silver to gold in the monetary stocks of the United States shall be increased, with the ultimate objective of having and maintaining one fourth of the monetary value of such stocks in silver.

There is no question that it was the intention of the President that the Treasury should be authorized to continue buying until there had been obtained one fourth of such stock. In fact, the President stated very frankly to the group that met with him that he would carry that intention out in the spirit in which it was suggested. However, it has been suggested that possibly that might be subject to misinterpretation. We do not desire any such possibility, and therefore I have suggested this amendment.

Another amendment is to strike out section 8 and section 11. Section 8 is the revenue provision; section 11 is the appropriation provision.

I realized at the time I introduced the bill that revenue measures must originate in the House of Representatives. It has sometimes been held, however, that where a revenue provision is purely incidental to other legislation, such a provision might originate in the Senate. To save any trouble in regard to that matter, however, I am now perfecting my bill by striking out section 8, which is the revenue provision, and also by striking out section 11, which is the appropriation provision.

I wish to say that this bill, with the exception of a date in the revenue provision, which I am striking out, is in the exact language in which it was read to the group of us by the President at the White House at the last meeting we had. The only doubt that has arisen that I know of is as to the construction of the language, which was suggested to me by the Senator from Montana [Mr. WHEELER], and by the Senator from Louisiana [Mr. LONG], and others, which is now corrected.

I am authorized, on behalf of the President, to whom I talked over the telephone, to make these changes, and also to state that, at the time the question was raised by the Senator from Oklahoma [Mr. THOMAS], that the bill did not make silver primary money; the President expressed his ignorance of what the words "primary money" meant, and that he is willing to give to silver the same position in our monetary reserve system as is given gold; and that is done in section 2. There is no provision for the redemption of silver by gold at the present time, and the other provision, making silver coins and silver certificates full legal tender for both private debts and public dues, in the act itself, in addition to other acts, seems to place silver on exactly the same footing with gold.

Mr. LONG. Mr. President, I wish to say to the Senator that the amendments which he has made seem to be very good amendments. By striking out section 8, the Senator makes possible an American market for silver, instead of having the price fixed in the London market. I think the two amendments the Senator has suggested, so far as I see now, effect a great difference in the bill.

Mr. PITTMAN. I may say that personally I have always been in favor of the American market, but we are all trying to get together, and it is not mandatory.

I wish to add that it is my purpose, whenever the so-called "Dies bill", which is on the calendar, shall be considered, to move to strike out all after the enacting clause and to substitute my bill as now perfected.

The bill introduced by Mr. PITTMAN, as modified, was ordered to be printed, to lie on the table, and to be printed in the RECORD, as follows:

S. 3658

A bill to authorize the Secretary of the Treasury to purchase silver, issue silver certificates, and for other purposes

Be it enacted, etc., That the short title of this act shall be the "Silver Purchase Act of 1934."

SEC. 2. It is hereby declared to be the policy of the United States that the proportion of silver to gold in the monetary stocks of the United States should be increased, with the ultimate objective of having and maintaining one fourth of the monetary value of such stocks in silver.

SEC. 3. The Secretary of the Treasury is authorized and directed to purchase silver, at home or abroad, for present or future delivery with any direct obligations, coin, or currency of the United States, authorized by law, or with any funds in the Treasury not otherwise appropriated, at such rates, at such times, and upon such terms and conditions as he may deem reasonable and most advantageous to the public interest until the proportion of silver to gold in the monetary stocks of the United States shall equal one fourth of the monetary value of such stocks as set forth in section 2: *Provided*, That no purchases of silver shall be made hereunder (a) at a price in excess of the monetary value thereof, or (b) whenever and so long as the monetary value of the stocks of silver is equal to or greater than 25 percent of the monetary value of the stocks of gold and silver: *And provided further*, That no purchases of silver situated in the continental United States on May 1, 1934, shall be made hereunder at a price in excess of 50 cents a fine ounce.

SEC. 4. Whenever and so long as the market price of silver exceeds its monetary value or the monetary value of the stocks of silver is greater than 25 percent of the monetary value of the stocks of gold and silver, the Secretary of the Treasury may, with the approval of the President and subject to the provisions of section 5, sell any silver acquired under the authority of this act, at home or abroad, for present or future delivery, at such rates, at such times, and upon such terms and conditions as he may deem reasonable and most advantageous to the public interest.

SEC. 5. The Secretary of the Treasury is authorized and directed to issue silver certificates in such denominations as he may from time to time prescribe in a face amount not less than the cost of all silver purchased under the authority of section 3. There shall be maintained in the Treasury as security for all silver certificates heretofore or hereafter issued and at the time outstanding an amount of silver in bullion and standard silver dollars of a monetary value equal to the face amount of such silver certificates. All silver certificates heretofore or hereafter issued shall be legal tender for all debts, public and private, public charges, taxes, duties, and dues, and shall be redeemable on demand at the Treasury of the United States in standard silver dollars; and the Secretary of the Treasury is authorized to coin standard silver dollars for such redemption.

SEC. 6. Whenever in his judgment such action is necessary to effectuate the policy of this act, the Secretary of the Treasury is authorized, with the approval of the President, to investigate, regulate, or prohibit, by means of licenses or otherwise, the acquisition, importation, exportation, or transportation of silver and of contracts and other arrangements made with respect thereto; and to require the filing of reports deemed by him reasonably necessary in connection therewith. Whoever wilfully violates the provisions of any license, order, rule, or regulation issued pursuant to the authorization contained in this section shall, upon conviction, be fined not more than $10,000, or, if a natural person, may be imprisoned for not more than 10 years, or both; and any officer, director, or agent of any corporation who knowingly participates in such violation may be punished by a like fine, imprisonment, or both.

SEC. 7. Whenever in the judgment of the President such action is necessary to regulate the value of the money of the United States, he may, by Executive order, require the delivery to the United States mints of any or all silver by whomever owned or possessed. The silver so delivered shall be coined into standard silver dollars or otherwise added to the monetary stocks of the United States as the President may determine; and there shall be returned therefor in standard silver dollars, or any other coin or currency of the United States, the monetary value of the silver so delivered less such deductions for seigniorage, brassage, coinage, and other mint charges as the Secretary of the Treasury with the approval of the President shall have determined: *Provided*, That, in no case, shall the value of the amount returned therefor be less than the fair value at the time of such order of the silver required to be delivered as such value is determined by the market price over a reasonable period terminating at the time of such order. The Secretary of the Treasury shall pay all necessary costs of the transportation of such silver and standard silver dollars, coin or currency, including the cost of insurance, protection, and such other incidental costs as may be reasonably necessary. Any silver withheld in violation of any Executive order issued under this section or of any regulations issued pursuant thereto shall be forfeited to the United States, and may be seized and condemned by like proceedings as those provided by law for the foreiture, seizure, and condemnation of property imported into the United States contrary to law; and in addition any person failing to comply with the provisions of any such Executive order or regulation shall be subject to a penalty equal to twice the monetary value of the silver in respect of which such failure occurred.

SEC. 8. The Secretary of the Treasury is hereby authorized to issue, with the approval of the President, such rules and regulations as the Secretary of the Treasury may deem necessary or proper to carry out the purposes of this act, or of any order issued hereunder.

SEC. 9. As used in this act:

The term "person" means an individual, partnership, association, or corporation;

The term "the continental United States" means the States of the United States, the District of Columbia, and the Territory of Alaska;

The term "monetary value" means a value calculated on the basis of $1 for an amount of silver or gold equal to the amount at the time contained in the standard silver dollar and the gold dollar, respectively;

The term "stocks of silver" means the total amount of silver at the time owned by the United States (whether or not held as security for outstanding currency of the United States) and of silver contained in coins of the United States at the time outstanding;

The term "stocks of gold" means the total amount of gold at the time owned by the United States, whether or not held as a reserve or as security for any outstanding currency of the United States; and

The term "silver bullion" means silver which has been melted, smelted, or refined and is in such state or condition that its value depends primarily upon the silver content and not upon its form.

SEC. 10. The right to alter, amend, or repeal this act is hereby expressly reserved. If any provision of this act or the application thereof to any person or circumstances is held invalid, the remainder of the act and the application of such provision to other persons or circumstances shall not be affected thereby.

SEC. 11. All acts and parts of acts inconsistent with any of the provisions of this act are hereby repealed, but the authority conferred in this act upon the President and the Secretary of the Treasury is declared to be supplemental to the authority heretofore conferred.

Mr. THOMAS of Oklahoma obtained the floor.

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

The PRESIDING OFFICER. The clerk will call the roll.

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

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

The PRESIDING OFFICER. Eighty-five Senators have answered to their names. A quorum is present.

Mr. THOMAS of Oklahoma. Mr. President, I desire to submit a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state the parliamentary inquiry.

Mr. THOMAS of Oklahoma. Has a bill been introduced recently on the subject of silver?

The PRESIDING OFFICER. The Chair understands that the Senator from Nevada [Mr. PITTMAN] this morning

introduced a bill on the subject of silver, which was ordered to lie on the table.

Mr. THOMAS of Oklahoma. Mr. President, I presume that bill was introduced in pursuance of the message which has just reached the Senate; and in order that the RECORD may state an interpretation of the message and the bill introduced pursuant to the message, I desire to take just a few moments of the time of the Senate.

The message on silver, interpreted in a word, simply provides for a wider use of silver in our monetary stocks.

At the present time we have gold in our monetary stocks; we have some silver in our monetary stocks; we have some nickel in our monetary stocks; and we have some copper in our monetary stocks. Also, we have eight different forms of paper money in our monetary stocks—gold certificates, silver certificates, Treasury notes of 1890, Treasury notes or so-called "greenbacks", Federal Reserve notes, Federal Reserve bank notes, national currency, and national-bank notes. The total of these various forms of money is more than $13,000,000,000.

The message says that silver should be added to our monetary stocks. In other words, under the terms of the message, and the bill which has been introduced in pursuance of the message, we are to make a wider use of silver.

The present status of silver is not to be changed in any particular. At the present time silver is token money only, and under the message and under the bill this status is not changed. We do propose, under the measure, to acquire some more silver, somewhere, at some time, somehow.

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

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

Mr. THOMAS of Oklahoma. I yield.

Mr. LONG. In common parlance, we have another baby rattle, have we not; another all-day sucker; something to play with? That is what we got last time.

Mr. THOMAS of Oklahoma. Mr. President, in interpreting this bill I refer to the first paragraph of the message upon which the bill is predicated. In the second and third lines of the message we have referred to the act passed by this Congress during the early days of this session, known as the "Gold Reserve Act of 1934." That was an act dealing with gold as the reserves back of the financial system. In the bill just introduced, in the first section, we have the measure correctly defined as the "Silver Purchase Act of 1934." The proposed bill does not improve silver as a monetary metal. It does not make silver the base for the issuance of additional currency. In no sense is silver to be used as standard primary money. Silver is to be added to our monetary stock. If the bill should be enacted, gold and silver will be as far apart, insofar as they are primary monetary metals, as the titles to the two bills indicate. One is the "Gold Reserve Act of 1934" and the other is the "Silver Purchase Act of 1934."

I make the statement that if this bill shall become a law, the status of silver in the United States will not be changed. We may acquire some more silver; I hope we shall; but that is the only change that will be made.

Mr. President, the silver question and the money question have been pending before the Congress for a long time, but this message and this bill simplify the activity of Congress regarding silver. The bill contains, in section 8, a taxing clause. The message says, on page 2:

> There should be a tax of at least 50 percent on the profits accruing from dealing in silver.

Then in section 8 of the bill which accompanied the message we have a formula for the imposition of this tax.

That being true, this bill cannot originate in the Senate. It can be introduced here, but it cannot be effectively considered. It cannot be passed by this body first. Taxing bills must originate in the House of Representatives. Therefore, this bill has no place in this body, and it can have no place in this body until that feature is removed, or until the House of Representatives passes upon the matter and sends it here in the regular order.

If this bill is introduced in the House of Representatives it must go to the Ways and Means Committee, because that committee has exclusive jurisdiction of taxation matters. It cannot be handled by the Committee on Agriculture in the House. It cannot even be handled by the Committee on Coinage, Weights, and Measures in the House. It must go to the Ways and Means Committee. Therefore, Mr. President, in the closing days of this session, a new bill, originating as it must in the House, must be considered by the Ways and Means Committee, and I think it is no secret that that committee is not friendly to silver. Silver legislation is a hopeless attainment during the closing days of this session.

Mr. President, before I close, let me refer to the bill in one or two particulars.

The first section defines the bill as being a "Silver Purchase Act for 1934."

The second section of the bill limits the amount of silver to be purchased; and that is an amount of silver in terms of money which is $1.29 for each ounce of silver until the total stock of silver, at such value, equals 25 percent of our total metallic stock of money.

Silver is not made money by this bill any more than greenbacks are made money. Silver is not made money under the terms of this bill any more than nickel is made money. Silver is not made money under the terms of this bill any more than copper is made money. Silver is not made money under the terms of this bill any more than greenbacks, national-bank notes, Federal Reserve notes, Federal Reserve bank notes, or Treasury notes of 1890, are made money.

We should not get the impression that we are to vote on a silver bill, making silver the basis for the issuance of currency, save the silver certificate issued against the particular silver in the Treasury. In no sense does this bill make silver a part of our metallic reserves on a par with gold in the reserves of the monetary systems of the United States.

Section 3 requires the purchase of some more silver. We have to depend upon the discretion of the Treasury Department, because section 3 provides that "the Secretary of the Treasury is authorized and directed to purchase silver, at home or abroad, for present or future delivery with any direct obligations, coin, or currency of the United States." That means that the Secretary of the Treasury can use gold which he now has and trade it for silver. It means that the Secretary of the Treasury can use any sort of paper money which he now has in the Treasury, and trade that for silver. It does not mean necessarily that the currency of the Nation shall be expanded a single copper. In the conferences where I have been present every agreement has provided that if we acquired any silver, we would issue against it silver certificates. Not so under this bill.

At a later date I shall take some time to explain more at length my viewpoint relative to the money question. I do not come from a silver-producing State. If any silver is produced in my State, it is very small in quantity. There is a large lead and zinc field in Oklahoma, and it may be that a small portion of silver is a by-product of the production of lead and zinc. So silver, as silver, has no interest whatever for me. Unless we can use silver in some way to expand the currency, and cheapen the dollar, and raise commodity prices, I am not interested in any sense in silver.

Mr. President, because I have a conviction upon the question, at an appropriate time I shall use some time in discussing the subject I have just mentioned.

Mr. LONG. Mr. President, I introduced a silver bill in the Senate, I believe, about 18 months ago, what was known as the "Cross bill" in the House of Representatives. The Senator from Montana [Mr. WHEELER] introduced the so-called "Wheeler bill" as a substitute, and I have supported the Wheeler bill. Later in the same year, or in the following year, I introduced the same silver bill again, and again the Senator from Montana offered his 16-to-1 substitute, which was defeated by a rather small vote.

Some few days ago, when the agitation again began for silver, I undertook to persuade the Senator from Oklahoma [Mr. THOMAS] to allow me to offer as an amendment to the Glass bill, the agricultural bill, which had been reported as a substitute for the Dies bill, which came to the Senate from the House, and the Senator from Oklahoma offered his bill as a substitute for my amendment.

While I was in Louisiana, upon receiving a telegram from the Senator from Oklahoma, I directed a telegram to the Senator from Idaho, as well as to the Senator from Oklahoma, so that both of them might take notice of the withdrawing of my amendment with the understanding that it would be more or less acceptable to the Democratic and Republican contentions, to those who were supporting silver legislation.

Mr. President, I am glad to hear the remarks of the Senator from Oklahoma, as plain as they are. I do not pretend to be a great scholar on the silver question, but I am very sorry the Senator from Nevada [Mr. PITTMAN] is not in the Chamber at this moment, because I can give him some information in regard to this bill which I do not think he has.

This bill does not, topside, face, or bottom, give us anything at all, not a thing on God's living earth, and if there is any man in this body or outside of this body who does not know any better than to think it does, I hope that he will not let me get off this floor without showing him, even with my very limited knowledge of the question, that this bill is not anything at all but a measure providing that if the President wants to do something which the Treasury Department is willing to have done, the President may do it. We know the Treasury Department does not want anything done for silver, and we know the President is not going to want it done, and we know it is not going to be done, and even if the President did try to do anything, I do not know how he could do it under this bill.

I want this thing understood. I do not know whether it is as hopeless as it appears. If the silver bloc, the men in the Senate who are in favor of silver, will stand as I intend to stand on this issue, we are not going to take this all-day sucker and go back in a corner and be pacified with it. They cannot hand me any baby rattle and have me go over here and play with it. We will put the bill which came out of the Committee on Agriculture on something which goes through the Senate, and we will make a law out of it.

I was afraid that the Senator from Oklahoma would fall for this bill after listening to the very eloquent address of the Senator from Nevada.

Not a dime's worth of silver is produced in my State. We do not mine any silver, and I do not own any silver stock. I was hoping the other day, when there was an effort to discredit the silver movement, that the officials would find that somebody had bought some silver for me, because I have introduced about as many silver bills as anyone else has. I would certainly have claimed the ownership of the silver if they had found anybody who had thought kindly enough of me to include my name in the pot; but it was not found there, and I am only sorry it was not.

No silver is mined in my State, and I do not own any silver; and if I have any friend who owns any silver I do not know who it is. We are trying to get silver made into money in order that we can do what some claim they are trying to do with iniquitous tariff bill we have before us. They are here with a bill seeking to empower the President of the United States to become the treaty-making power without referring treaties back to the Senate, and to give him authority to levy taxes; and they are trying to do that on the ground that they want to restore world commerce. Do they want to restore world commerce?

The population of the world, I believe, is 1,700,000,000 people, and 65 to 70 percent of those people use silver as the yardstick of their money; and we are trying to get silver remonetized, not in order to sell some private individual's little stock of silver which he may have somewhere, not for the purpose of playing the market, but in order to have a recourse to the trade of the entire world, which we have not now because of the fact that we must deal with them only on a basis of silver if we expect to enter the kind of markets they have.

At a later time I may have some extended remarks to make on this question myself—rather extended—before the Congress shall adjourn. It is almost impossible to suppress the desire I have, although I hope that the gentlemen in the Senate who are seriously advocating the remonetization of silver in this country, who are making a serious effort to secure silver legislation, will be open and frank with themselves and with their people and let it be known that they will not take one of the remedies prescribed here simply for the purpose of putting the thing out the window to an easy death, but that they will demand that a bill be passed such as that which came from the Committee on Agriculture; and there is no reason why we should be unsuccessful.

It is time the silver people stood on their hind feet and were men. It is time for the silver people to be Senators. It is time for these people who have been waiting away back in the interior of this country for legislation to have it or to know why they do not get it. It is up to Congress to act.

We do not have to run away from Washington in any such hurry. These do not have to be the closing days of the session, when there is a necessity for this kind of important legislation, which ought to have been considered a long time before now.

Instead of having this "hurally" we have here with the tariff bill, we ought to have discussed the money question long before we ever started with this kind of superficial legislation we are considering now. We are considering something that was denounced by the party, considering something the party said it would not do, considering something which the President of the United States said he would not do, considering something which the President of the United States said would be a monstrous outrage against civil government and against constitutional government—those were his very words—considering something which was condemned by the leaders of our party, considering something we promised the people of the United States we would not do.

After going out and telling the people of the United States we would not do it, swearing we would not do it, pledging ourselves that we would not do it, telling the Almighty above that we would not do it, and calling the stars in as witnesses that we would not do any such monstrous act as is proposed here by this iniquitous tariff, treaty-making, taxing-power measure, proposing to take the power away from the Congress, here we are trying to do something we promised the people we would not do, and talking about adjourning the Congress without settling this monetary question, a settlement of which is demanded by the people of the United States, a thing which would actually give a market for our products, if anything is to be done.

I hope that this does not mean the death knell of silver legislation at this session of the Congress. It does not need to be. If it is, let us place the responsibility where it should be. Let it be known where the responsibility should stand. Let us take the bill which came from the Committee on Agriculture and make that the basis of our fight, and let the people of the United States know who prevented silver legislation and how it is that silver legislation was prevented at this session of the Congress.

Let us put ourselves on record here in favor of sound, sane, silver remonetization legislation. Let us do it in an unequivocal, open manner. We have tried in every way that it possibly could be done to get some kind of compromise. The only kind of compromise we will ever get will be a compromise that does not provide for silver money. I have said in the Senate for the 2 years I have been in this body that the only kind of compromise we are ever going to get will be a compromise which does not make money out of silver, and if it is desired to make money out of silver, the only way we are ever going to be able to get it is to put the people's will—and such is the people's will of this country, Mr. Presi-

dent, if I know anything about public sentiment—into unequivocal legislation expressly designed to make silver money in the United States.

I do not want to be a party to breathing death into this silver move. I do not want to make anyone's bed easy in the fall election. If the purpose of this bill is to ride this thing out, with the band playing so the people cannot see what we are doing, if someone wants to disguise the fact that we have a hearse in our midst and are rolling it through the streets, I am not going to keep up any bonfire so the people will not know what we are doing.

Mr. President, this is a hearse. This is not a bill, this is a coffin, and silver legislation has been embalmed and encased here with all the disfiguring disguises that can be placed upon it. That is all this thing is. It is not a bill remonetizing silver; it is a bill destroying silver legislation. If any Senator here has no better knowledge of the silver question than not to know it, then he knows less about the subject than I do, and I know no one in the Senate who I think is a member of the silver bloc who has as little information upon the silver question as myself. [Laughter.] It is plain enough to me.

With respect to the message concerning an adequate and sound currency, I should like to ask what is meant by "adequate and sound currency." We started out here a year ago with about six and one half billion dollars of money, and we are going to expand the currency, with the purpose of having an adequate and sound currency, and today we have less than five and one half billion dollars of currency—money of all kinds. That is not what I call an adequate and sound currency. Nor am I interested in any kind of suggestion that some one might buy a little silver from some one else, or that we might make it a little bit easier for the foreign debtors to discharge the debts they owe by paying us off in silver.

Our only concern, Mr. President, is to expand the monetary metallic base. Our only effort is to give the people more money, money which has a wider use, and will give our agriculture and industrial products recourse through a monetary exchange that is used by 65 percent of the people of the world, and largely used by the remainder of the people of the world.

Mr. GORE. Mr. President, I ask unanimous consent to have inserted in the RECORD, in connection with the debate on the silver question, a resolution on the subject of silver signed by Dr. Arthur B. Adams, of the State University of Oklahoma, and a number of other economists.

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

Resolution opposing the silver measures before Congress, by the executive committee of the Economists' National Committee on Monetary Policy

The executive committee of the Economists' National Committee on Monetary Policy is gravely concerned about the various silver measures introduced and proposed in Congress and wishes to go on record as opposing all these proposals, whether they involve the introduction of bimetallism or symmetalism or the purchase of silver for the purpose of increasing our silver reserves or the circulation of silver or silver certificates.

This committee believes that the lessons of monetary history and the principles of money should have an important place in the consideration of monetary legislation in this country and, therefore, desires to express the following convictions:

1. That no additional silver should be purchased at any price.

2. That the purchase of silver bullion at artificial prices will not promote sound recovery, but on the contrary will add to the liabilities of the Government and reduce confidence in the Nation's currency.

3. That the restoration of bimetallism at the market ratio would cause national injury and retard recovery.

4. That the restoration of bimetallism at a ratio of 16 to 1 would be a national calamity.

5. That a rise in the price of silver benefits materially neither domestic industry nor the foreign trade of the United States.

Perhaps a brief survey of our experiences with bimetallism and of the past efforts to do something for silver will be of some service in enabling the public to see the present proposals before Congress in their proper perspective.

The double or bimetallic standard, as established in 1792 with a mint ratio between gold and silver of 15 to 1 (gold having a value 15 times that of silver at the mint), never functioned well. Our experience has been that of alternating between gold and silver because of the well-known fact that when the market ratio between gold and silver differs from the mint ratio, the metal undervalued by the mint will be driven out of the country or into hoarding by the cheaper metal. Since the market ratio between gold and silver varies from day to day and the mint ratio is a legal, artificial ratio rarely changed by a country, discrepancies between the mint and market ratios are the usual thing. The consequence is that when countries in the past tried to use bimetallism, they usually found that they had alternating standards—either silver or gold—rather than a bimetallic standard. It is for this reason that no country in the world has had actually functioning bimetallism since the early 1870's. It should be emphasized that a very small discrepancy between the mint and market ratios will cause the overvalued metal to expell the undervalued one. Yet there are in Congress today men who are advocating the reintroduction of bimetallism at the ratio of 16 to 1, although the market ratio is about 78 to 1.

The experience of our country illustrates this fundamental weakness in bimetallism. In general, it may be said that during the years 1806 to 1834 we were in a silver period, due to the fact that the market ratio between gold and silver was higher (as, for example, 1 to 15.5) than the mint ratio of 1 to 15. Most of our gold went to England and France. The coinage of the silver dollar was suspended from 1806 to 1836, and even our fractional silver coin was driven out by foreign silver coins and by the cheaper paper money. The result was that our attempt to maintain bimetallism during this period was very unsatisfactory.

In 1834 Congress changed the mint ratio to 16.002 to 1 and again in 1837 to 15.9884 to 1, the latter being commonly referred to as 16 to 1. This ratio reversed the relationship existing between the mint and market ratios, the mint ratio now undervaluing silver, since the market ratio remained below 16 to 1. Under this mint ratio relatively little silver, as compared with gold, was coined. Silver disappeared rapidly, and this included fractional silver coins, which were then of the same proportionate pure silver content as the dollar and were full legal tender. The resulting scarcity of "small change" caused great inconvenience in retail trade. In 1853 Congress discontinued the free coinage of all silver coins below the dollar and created the relatively lightweight fractional silver coinage, which, except for a minor change in the weight in 1873, we have today. The silver dollar was left a standard coin, but it was coined between 1836 and 1860 only in trivial quantities, principally for coin collections or for shipment to China. The piece was sold by the mint as a curiosity, at a price of $1.05 or more in gold. Thus, the silver dollar, from the birth of this Nation to 1873, was a little-used coin in a country that, though legally bimetallic, was in actual fact on a gold basis from 1834 to 1862, and on a paper basis from 1862 to 1879. The 16-to-1 ratio established in 1837 was never effective at any time in bringing the silver dollar into circulation.

In 1873 the coinage laws were revised and codified. The bill was before Congress for 3 years. In this revision the silver dollar was dropped. In 1874 there was a fall in the gold value of silver. It was then discovered that, if the law of 1837 had not been repealed by the law of 1873, the coinage of silver dollars at the ratio of 16 of silver to 1 of gold would have been profitable. The silver interests began in that year a propaganda to restore the free coinage of silver at the ratio of 16 to 1 which, under the new calculation, would have been very profitable to the silver owners, and they have carried on propaganda to this end up to the present day.

On four occasions the silver interests have managed to get through Congress legislative measures which gave them a Government subsidy. In 1878 the Bland-Allison Act, passed over Hayes' veto, commanded the Treasury to buy not less than $24,000,000 worth of silver bullion per year and to coin it into silver dollars. In 1890 the Sherman Silver Purchase Act was passed. This greatly increased the amount the Government had to buy. In fact, it was virtually an arrangement by which the Government was forced to buy the total output of the American mines. The people declined to use, to any considerable extent, the clumsy silver dollar pieces, except in the West, where propaganda and the expense of sending them in for redemption encouraged their use, and in the South, where the unfamiliarity of the Negroes with printed symbols made paper money unpopular. Elsewhere the silver dollar was very unpopular. In 1878 the Treasury had devised the silver certificates which enabled the clumsy silver dollar to circulate by proxy and which permitted the coin to lie buried in the vaults of the Treasury. By 1893 the bullion value of the silver dollar had fallen below 60 cents and over four hundred millions had been coined. In that year the strain on the gold supply resulting from adverse economic conditions and the dread of further silver coinage contributed to a financial panic which ushered in the grievous depression of the next 4 years. Subsequently, on the recommendation of President Cleveland, Congress repealed the silver-purchase clause of the Sherman Act which had been largely responsible for the panic.

Considering the similarity between the present efforts to "to do something for silver" and those of 1878 and 1890, it would seem that we might profit from a part of President Cleveland's message of December 2, 1895, in which he referred to the Bland-Allison Act of 1878, the Silver Purchase Act of 1890, and the agitation for free coinage of silver. He said:

"Twice in our recent history we have signally failed to raise by legislation the value of silver. Under an act of Congress passed in 1878 the Government was required for more than 12 years to expend annually at least $24,000,000 in the purchase of silver bullion for coinage. The act of July 14, 1890, in a still bolder effort, increased the amount of silver the Government was compelled to

purchase and forced it to become the buyer annually of 54,000,000 ounces, or practically the entire product of our mines. Under both laws silver rapidly and steadily declined in value. * * *

"Every dollar of fixed and stable value has, through the agency of confident credit, an astonishing capacity of multiplying itself in financial work. Every unstable and fluctuating dollar fails as a basis of credit and in its use begets gambling speculation and undermines the foundations of honest enterprise.

"* * * I cannot rid myself of the belief that there lurk in the proposition for the free coinage of silver, so strongly approved and so enthusiastically advocated by a multitude of my countrymen, a serious menace to our prosperity, and an insidious temptation of our people to wander from the allegiance they owe to public and private integrity. * * *"

President Cleveland made other penetrating comments in his message to Congress on August 8, 1893, when he asked it to repeal the silver-purchase provision of the Sherman Act of 1890. What he said is peculiarly applicable to Congress today.

"The people of the United States", said the President, "are entitled to a sound and stable currency and to money recognized as such on every exchange and in every market of the world. Their Government has no right to injure them by financial experiments opposed to the policy and practice of other civilized states, nor is it justified in permitting an exaggerated and unreasonable reliance on our material strength and ability to jeopardize the soundness of the people's money.

"* * * At times like the present, when the evils of unsound finance threaten us, the speculator may anticipate a harvest gathered from the misfortunes of others, the capitalist may protect himself by hoarding or may even find profit in the fluctuations of values; but the wage earner—the first to be injured by a depreciated currency and the last to receive the benefits of its correction—is practically defenseless. He relies for work upon the ventures of confident and contented capital. This failing him, his condition is without alleviation, for he can neither prey on the misfortune of others nor hoard his labor."

The next favor to the silver interests was extended to them by the Pittman Act of 1918. Under the terms of this act more than 270,000,000 silver dollars in our Treasury vaults were sold for the account of the United States and England to settle trade balances with the Orient. In order to replace this silver, the Pittman Act required the Treasury later to purchase silver bullion at a price much above that in the world markets. This measure cost the taxpayers of this country more than $70,000,000.

At the World Conference in London in 1933 Senator PITTMAN obtained an agreement by 5 nations to purchase a total of 35,000,000 ounces of silver every year for 4 years. Under this agreement the share of the United States was not stated. In December 1933 President Roosevelt announced that this Government would purchase annually 24,000,000 ounces at a price of 64½ cents an ounce. This price was 21 cents above the market price for silver. The dollars resulting from these purchases will doubtless join the other millions in our Treasury vaults.

This, briefly, is the history of the silver movement in the United States. Before the gold-devaluation measure and with silver in the dollar worth as bullion about 30 cents, the market ratio between gold and silver was 1 to 70. Today, with gold quoted at $35 per fine ounce and with silver quoted at 46 cents per ounce in the world market, the market ratio between gold and silver is about 78 to 1, and the silver bullion in the silver dollar is worth little more than 35 cents. The Government is liable for its dollar value, and every additional dollar going into the vaults is a national liability placing an additional burden upon the gold reserves. Furthermore, there was incorporated in the recent devaluation law—the so-called "Gold Reserve Act of January 30, 1934"—a provision authorizing the President to "devalue" the silver dollar in proportion to the devaluation of gold. This provision simply means that this coin, legally called a dollar, but in bullion value worth much less, may have its bullion content reduced still further.

There are now before Congress various silver bills. One is for the sale of $400,000,000 worth of American products for foreign silver at a valuation 25 percent above the actual value of the metal, the bullion to be coined into dollars. The second is for the purchase of one and one-half billion ounces of silver. The third is for the restoration of bimetallism at a ratio of 16 to 1, which the President already had the right to do under the Thomas amendment. Still other silver bills, and combinations and compromises of those just mentioned, are before Congress. The first of these measures calls for a subsidy to silver producers and additions to the heavy Treasury liability for debased coinage. The second calls for the purchase of an amount of silver sufficient to destroy what little there is left of our American gold standard. The bimetallic proposal, if adopted, would be devastating in its financial effects and would force us on to a silver standard.

Since the prosilver advocates, in searching for excuse for their measures, frequently refer to the Chinese "situation", the implication being—if, indeed, the direct assertion is not made—that the Chinese would be benefited by the measure designed to raise the value of silver, this committee wishes to quote from the recently published book, Kemmerer on Money, the following brief passage relating to this argument of the silver advocates. Kemmerer, who recently spent a year in China, as currency and bank expert of the Chinese Government, says (p. 131):

"* * * China's commodity price level has been much more stable since 1929 than the price level in any gold-standard country. Since January 1933, however, commodity prices in China have been declining. The wholesome-price index number for Shanghai, for example, fell every month but one from January 1933 to November 1933 and in November stood at about 8 percent below the level of January. It is hard to believe that the proponents of silver in the United States, who have shown such great solicitude for the poor people of China and wept so many crocodile tears in their behalf, should want to adopt a policy that, by raising the value of silver in China and depressing commodity prices, would increase the debt burdens of the Chinese people and, in short, impose upon China 'all the hardships of deflation' from which the silver group proposes to relieve the American people by the remonetization of silver."

Congress, under this administration, has already placed on our statute books a series of unsound and potentially dangerous monetary laws; and to add to their potential dangers, or to convert these potential dangers into actual mandatory law, is to invite monetary, economic, social, and, perhaps, political disasters.

Dean Arthur B. Adams, University of Oklahoma; Dr. James A. Angell, Columbia University; Dr. James W. Bell, Northwestern University; Dr. Neil Carothers, Lehigh University; Dr. George W. Dowrie, Leland Stanford University; Dr. J. Franklin Ebersole, Harvard University; Dean John Thom Holdsworth, University of Miami; Dr. Edwin W. Kemmerer, Princeton University; Dr. David Kinley, University of Illinois; Dr. Wesley C. Mitchell, Columbia University; Dr. Ernest Minor Patterson, University of Pennsylvania; Dr. Harold L. Reed, Cornell University; Dr. William A. Scott, University of Wisconsin; Dr. Walter E. Spahr, New York University; Dr. Oliver M. W. Sprague, Harvard University; Dr. Ray B. Westerfield, Yale University; Dr. John Parke Young, Occidental College.

NOTE.—Dr. H. Parker Willis is in Europe and, consequently, not able to sign.

PETITION

Mr. BARBOUR presented a resolution adopted by the Weehawken Home Owners' Association, of Weehawken, N.J., favoring the passage of the bill (H.R. 9201) to provide for the creation of a commission to examine into and report the clear height above the water of the bridge authorized to be constructed over the Hudson River from Fifty-seventh Street, New York, to New Jersey, which was referred to the Committee on Commerce.

REPORTS OF COMMITTEES

Mr. BANKHEAD, from the Committee on Agriculture and Forestry, to which was referred the bill (S. 3521) to facilitate purchases of forest lands under the act approved March 1, 1911, reported it without amendment and submitted a report (No. 1077) thereon.

Mr. DICKINSON, from the Committee on Military Affairs, to which was referred the bill (S. 1792) for the relief of Claude C. Martin, reported it without amendment and submitted a report (No. 1078) thereon.

He also, from the same committee, to which was referred the bill (S. 1836) for the relief of John W. Schell, reported it with amendments and submitted a report (No. 1079) thereon.

Mr. WHEELER, from the Committee on Indian Affairs, to which was referred the bill (S. 3645) to conserve and develop Indian lands and resources; to establish a credit system for Indians; to provide for higher education for Indians; to extend toward Indians the right to form business and other organizations; and for other purposes, reported it without amendment and submitted a report (No. 1080) thereon.

Mr. SMITH, from the Committee on Agriculture and Forestry, to which were referred the following bills, reported them each without amendment and submitted reports thereon:

S. 3419. An act to exempt articles of machinery belting from the tax on floor stocks imposed by the Agricultural Adjustment Act (Rept. No. 1081); and

S. 3584. An act to amend the Agricultural Adjustment Act, and for other purposes (Rept. No. 1082).

Mr. BYRD, from the Committee on Naval Affairs, to which was referred the bill (H.R. 6847) providing for the acquisition of additional lands for the naval air station at Hampton Roads Naval Operating Base, Norfolk, Va., reported it without amendment and submitted a report (No. 1083) thereon.

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

S. 429. An act for the relief of Dominick Edward Maggio (Rept. No. 1084);

S. 430. An act for the relief of Leo James McCoy (Rept. No. 1085); and

S. 630. An act for the relief of Ray Funcannon (Rept. No. 1086).

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

H.R. 9064. An act granting the consent of Congress to the State of Indiana to construct, maintain, and operate a free highway bridge across the Grand Calumet River near Clark Street, in Gary, Ind. (Rept. No. 1087);

H.R. 9141. An act granting the consent of Congress to the State of Alabama, its agent or agencies, and to Colbert County and to Lauderdale County in the State of Alabama, and to the city of Sheffield, Colbert County, Ala., and to the city of Florence, Lauderdale County, Ala., or to any two of them, or to either of them, to construct, maintain, and operate a bridge, and approaches thereto, across the Tennessee River at a point between the city of Sheffield, Ala., and the city of Florence, Ala., suitable to the interests of navigation (Rept. No. 1088);

H.R. 9313. An act to extend the times for commencing and completing the construction of a bridge across the Savannah River at or near Burtons Ferry, near Sylvania, Ga. (Rept. No. 1089);

H.R. 9526. An act authorizing the city of Port Arthur, Tex., or any commission designated by it, and its successors and assigns, to construct, maintain, and operate a bridge over Lake Sabine at or near Port Arthur, Tex. (Rept. No. 1090); and

H.R. 9567. An act to extend the times for commencing and completing the construction of a bridge across the Missouri River at or near Brownville, Nebr. (Rept. No. 1091).

ENROLLED BILL PRESENTED

Mr. LONERGAN, from the Committee on Enrolled Bills, reported that on the 21st instant that committee presented to the President of the United States the enrolled bill (S. 2845) to extend the provisions of the National Motor Vehicle Theft Act to other stolen property.

BILLS AND JOINT RESOLUTION INTRODUCED

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

(Mr. FITTMAN introduced Senate bill no. 3658, which appears under a separate heading.)

By Mr. McNARY:

A bill (S. 3659) authorizing the Oregon-Washington Bridge Board of Trustees to construct, maintain, and operate a toll bridge across the Columbia River at Astoria, Clatsop County, Oreg.; to the Committee on Commerce.

By Mr. JOHNSON:

A bill (S. 3660) to grant to the city of Monterey, Calif., an easement for street purposes over certain portions of the military reservation at Monterey, Calif.; to the Committee on Military Affairs.

By Mr. GEORGE:

A bill (S. 3661) to authorize the formation of a body corporate to insure the more effective diversification of prison industries, and for other purposes; to the Committee on the Judiciary.

By Mr. BLACK:

A bill (S. 3662) for the relief of Mrs. George F. Freeman; and

A bill (S. 3663) for the relief of Carrie K. Currie, doing business as Atmore Milling & Elevator Co.; to the Committee on Claims.

By Mr. BAILEY:

A bill (S. 3664) for the relief of A. Cyril Crilley; to the Committee on Claims.

By Mr. NORBECK:

A bill (S. 3665) to amend section 28 of the act of May 25, 1918 (relating to deposits of tribal or individual Indian funds); and

A bill (S. 3666) to amend section 61 (relating to deposits of bankrupt estates) of the act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898; to the Committee on Banking and Currency.

By Mr. COPELAND:

A bill (S. 3667) for the creation of a Claims Commission on Relief for the Six Nations Confederacy; to the Committee on Indian Affairs.

By Mr. BARBOUR:

A bill (S. 3668) granting a pension to Mary Merrill Scott; to the Committee on Pensions.

By Mr. McCARRAN:

A bill (S. 3669) for the relief of the Western Bands of the Shoshone Nation of Indians; to the Committee on Indian Affairs.

By Mr. CONNALLY:

A joint resolution (S.J.Res. 127) directing the Secretary of Agriculture to set up a Cotton Coordinating Fact Finding Commission; to the Committee on Agriculture and Forestry.

RECIPROCAL TARIFF AGREEMENTS—AMENDMENTS

Mr. OVERTON and Mr. WHITE each submitted an amendment intended to be proposed by them, respectively, to the bill (H.R. 8687) to amend the Tariff Act of 1930, which were ordered to lie on the table and to be printed.

MONETARY USE AND ACQUISITION OF SILVER—AMENDMENT

Mr. PITTMAN submitted an amendment in the nature of a substitute intended to be proposed by him to the bill (H.R. 7581) to authorize a board composed of the President, the Secretary of the Treasury, the Secretary of Commerce, and the Secretary of Agriculture to negotiate with foreign buyers with the view of selling American agricultural surplus products at the world market price and to accept in payment therefor silver coin or bullion at such value as may be agreed upon which shall not exceed 25 percent above the world market price of silver, and to authorize the Secretary of the Treasury to issue silver certificates based upon the agreed value of such silver bullion or coin in payment for the products sold, and for other purposes, which was ordered to lie on the table and to be printed.

DEVELOPMENT OF INDIAN RESOURCES, ETC.—AMENDMENT

Mr. BONE submitted an amendment intended to be proposed by him to the bill (S. 3645) to conserve and develop Indian lands and resources; to establish a credit system for Indians; to provide for higher education for Indians; to extend toward Indians the right to form business and other organizations; and for other purposes, which was ordered to lie on the table and to be printed.

RECIPROCAL TRADE AGREEMENT WITH COLOMBIA

Mr. HATFIELD. Mr. President, I ask unanimous consent to submit a resolution, and ask that it may be read and lie over.

There being no objection, the resolution (S.Res. 247) was read and ordered to lie over under the rule, as follows:

Resolved, That the Secretary of State is requested to transmit immediately to the Senate a copy of the reciprocal trade agreement between the Governments of the United States and Colombia, agreed upon and signed on December 15, 1933, relating to certain import duties, excise taxes, and prohibtions on importation affecting specified products of such countries.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its clerks, announced that the House had passed without amendment the bill (S. 3436) limiting the operations of sections 109 and 113 of the Criminal Code and section 190 of the Revised Statutes of the United States with respect to counsel in certain proceedings against the Electro-Metallurgiical Co., New-Kanawha Power Co., and the Union Carbide & Carbon Corporation.

The message also announced that the House had passed the bill (S. 3114) to extend the times for commencing the construction of certain bridges in the State of Oregon, with

amendments, in which it requested the concurrence of the Senate.

The message further announced that the House had agreed to the amendment of the Senate to the bill (H.R. 7356) to provide, in case of the disability of senior circuit judges, for the exercise of their powers and the performance of their duties by the other circuit judges.

The message also announced that the House insisted upon its amendment to the bill (S. 551) for the relief of A. W. Holland, disagreed to by the Senate; agreed to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. BLACK, Mr. RAMSPECK, and Mr. GUYER were appointed managers on the part of the House at the conference.

The message further announced that the House had passed the following bills and joint resolutions, in which it requested the concurrence of the Senate:

H.R. 3357. An act to amend section 99 of the Judicial Code (U.S.C., title 28, sec. 180), as amended;

H.R. 5312. An act to provide for the conveyance of the abandoned lighthouse reservation and buildings, including detached tower, situate within the city limits of Erie, Pa., to the city for public-park purposes;

H.R. 5522. An act to amend the Standard Baskets Act of August 31, 1916, to provide for a 1-pound Climax basket for mushrooms;

H.R. 5665. An act authorizing the control of floods in the Salmon River, Alaska;

H.R. 5864. An act to authorize the payment of expenses of delegates of the Yakima Confederated Tribes of Indians while on a mission to represent such tribes before Congress and the executive departments at the seat of government, and for other purposes;

H.R. 7299. An act to authorize the Post Office Department to hold contractors responsible in damages for the loss, rifling, damage, wrong delivery, depredation upon, or other mistreatment of mail matter due to fault or negligence of the contractor or an agent or employee thereof;

H.R. 7653. An act to authorize the establishment of the Ocmulgee National Monument in Bibb County, Ga.;

H.R. 8513. An act to authorize the coinage of 50-cent pieces in commemoration of the boyhood home of Gen. Thomas J. (Stonewall) Jackson;

H.R. 8833. An act to authorize the coinage of 50-cent pieces in commemoration of the three hundredth anniversary of the founding of the Colony of Connecticut;

H.R. 8927. An act to define the exterior boundaries of the Navajo Indian Reservation in Arizona, and for other purposes;

H.R. 8938. An act to amend the act of Congress approved June 7, 1924, commonly called the "San Carlos Act", and acts supplementary thereto;

H.R. 9149. An act to accept the cession by the State of Arkansas of exclusive jurisdiction over all lands now or hereafter included within the Hot Springs National Park, Ark., and for other purposes;

H.R. 9234. An act to amend section 601 (c) (2) of the Revenue Act of 1932;

H.R. 9273. An act to extend the public-land laws of the United States to certain lands in the Red River in Oklahoma;

H.R. 9320. An act to further extend the times for commencement and completing the construction of a bridge across the Missouri River at or near Garrison, N.Dak.;

H.R. 9326. An act granting the consent of Congress to the Commonwealth of Pennsylvania to construct, maintain, and operate a toll bridge across the Susquehanna River at or near York Furnace, Pa.;

H.R. 9401. An act granting the consent of Congress to the Commonwealth of Pennsylvania to construct, maintain, and operate a toll bridge across the Susquehanna River at or near Middletown, Dauphin County, Pa.;

H.R. 9430. An act to provide a preliminary examination of the Cowlitz River and its tributaries in the State of Washington, with a view to the control of its floods;

H.R. 9431. An act to provide a preliminary examination of Chehalis River and its tributaries in the State of Washington, with a view to the control of its floods;

H.R. 9432. An act to provide a preliminary examination of the Lewis River and its tributaries in the State of Washington, with a view to the control of its floods;

H.R. 9433. An act to provide a preliminary examination of Columbia River and its tributaries in the State of Washington, with a view to the control of its flood waters;

H.R. 9434. An act granting the consent of Congress for the construction of a dike or dam across the head of Camas Slough (Washougal Slough) to Lady Island on the Columbia River in the State of Washington;

H.R. 9502. An act authorizing the State Highway Departments of the States of Minnesota and North Dakota to construct, maintain, and operate certain free highway bridges across the Red River from Moorhead, Minn., to Fargo, N.Dak.;

H.R. 9530. An act granting the consent of Congress to the county of Pierce, a legal subdivision of the State of Washington, to construct, maintain, and operate a toll bridge across Puget Sound, State of Washington, at or near a point commonly known as "The Narrows";

H.R. 9585. An act authorizing the city of Sault Ste. Marie, Mich., its successors and assigns, to construct, maintain, and operate a bridge across the St. Mary's River at or near Sault Ste. Marie, Mich.;

H.R. 9595. An act to increase the compensation of letter carriers in the village delivery service;

H.J.Res. 312. Joint resolution providing for a comprehensive observance of the one hundredth anniversary of the overland journey of Jason Lee to Oregon and establishment of first permanent American settlement in the year 1834;

H.J.Res. 340. Joint resolution to harmonize the treaties and statutes of the United States with reference to American Samoa; and

H.J.Res. 341. Joint resolution authorizing an appropriation for the participation of the United States in the International Celebration at Fort Niagara, N.Y.

ENROLLED BILLS SIGNED

The message also announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the Vice President:

H.R. 7306. An act to amend section 10 of the act entitled "An act extending the homestead laws and providing for right-of-way for railroads in the District of Alaska, and for other purposes", approved May 14, 1898, as amended;

H.R. 7356. An act to provide, in case of the disability of senior circuit judges, for the exercise of their powers and the performance of their duties by the other circuit judges;

H.R. 9092. An act to authorize the Secretary of War to lend to the housing committee of the United Confederate Veterans 250 pyramidal tents, complete; fifteen 16- by 80- by 40-foot assembly tents; thirty 11- by 50- by 15-foot hospital-ward tents; 10,000 blankets, olive drab, no. 4; 5,000 canvas cots; 20 field ranges, no. 1; 10 field bake ovens, to be used at the encampment of the United Confederate Veterans, to be held at Chattanooga, Tenn., in June 1934; and

H.R. 9394. An act to authorize the Federal Radio Commission to purchase and enclose additional land at the radio station near Grand Island, Nebr.

CERTAIN BRIDGES IN OREGON

The VICE PRESIDENT laid before the Senate the amendments of the House of Representatives to the bill (S. 3114) to extend the times for commencing the construction of certain bridges in the State of Oregon, which were, on page 1, line 3, after the word "commencing", to insert "and completing"; on the same page, line 5, to strike out "to October 1, 1934" and insert "1 and 3 years, respectively, from the date of approval hereof"; and to amend the title so as to read: "An act to extend the times for commencing and completing the construction of certain bridges in the State of Oregon."

Mr. McNARY. I move that the Senate concur in the amendments of the House.

The motion was agreed to.

HOUSE BILLS AND JOINT RESOLUTIONS REFERRED

The following bills and joint resolutions were severally read twice by their titles and referred or ordered to be placed on the calendar, as indicated below:

H.R. 3357. An act to amend section 99 of the Judicial Code (U.S.C., title 28, sec. 180), as amended; to the Committee on the Judiciary.

H.R. 5312. An act to provide for the conveyance of the abandoned lighthouse reservation and buildings, including detached tower, situate within the city limits of Erie, Pa., to the city for public-park purposes;

H.R. 5665. An act authorizing the control of floods in the Salmon River, Alaska;

H.R. 9320. An act to further extend the times for commencement and completing the construction of a bridge across the Missouri River at or near Garrison, N.Dak.;

H.R. 9326. An act granting the consent of Congress to the Commonwealth of Pennsylvania to construct, maintain, and operate a toll bridge across the Susquehanna River at or near York Furnace, Pa.;

H.R. 9401. An act granting the consent of Congress to the Commonwealth of Pennsylvania to construct, maintain, and operate a toll bridge across the Susquehanna River at or near Middletown, Dauphin County, Pa.;

H.R. 9530. An act granting the consent of Congress to the county of Pierce, a legal subdivision of the State of Washington, to construct, maintain, and operate a toll bridge across Puget Sound, State of Washington, at or near a point commonly known as the "The Narrows";

H.R. 9585. An act authorizing the city of Sault Ste. Marie, Mich., its successors and assigns, to construct, maintain, and operate a bridge across the St. Marys River at or near Sault Ste. Marie, Mich.; and

H.J.Res. 340. Joint resolution to harmonize the treaties and statutes of the United States with reference to American Samoa; to the Committee on Commerce.

H.R. 5864. An act to authorize the payment of expenses of delegates of the Yakima Confederated Tribes of Indians while on a mission to represent such tribes before Congress and the executive departments at the seat of government, and for other purposes; to the Committee on Indian Affairs.

H.R. 7299. An act to authorize the Post Office Department to hold contractors responsible in damages for the loss, rifling, damage, wrong delivery, depredation upon, or other mistreatment of mail matter due to fault or negligence of the contractor or an agent or employee thereof; and

H.R. 9595. An act to increase the compensation of letter carriers in the village delivery service; to the Committee on Post Offices and Post Roads.

H.R. 5522. An act to amend the Standard Baskets Act of August 31, 1916, to provide for a 1-pound Climax basket for mushrooms;

H.R. 8927. An act to define the exterior boundaries of the Navajo Indian Reservation in Arizona, and for other purposes;

H.R. 8938. An act to amend the act of Congress approved June 7, 1924, commonly called the "San Carlos Act", and acts supplementary thereto;

H.R. 9430. An act to provide a preliminary examination of the Cowlitz River and its tributaries in the State of Washington, with a view to the control of its floods;

H.R. 9431. An act to provide a preliminary examination of Chehalis River and its tributaries in the State of Washington, with a view to the control of its floods;

H.R. 9432. An act to provide a preliminary examination of the Lewis River and its tributaries in the State of Washington, with a view to the control of its floods;

H.R. 9433. An act to provide a preliminary examination of Columbia River and its tributaries in the State of Washington, with a view to the control of its flood waters;

H.R. 9434. An act granting the consent of Congress for the construction of a dike or dam across the head of Camas Slough (Washougal Slough) to Lady Island on the Columbia River in the State of Washington; and

H.R. 9502. An act authorizing the State Highway Departments of the States of Minnesota and North Dakota to construct, maintain, and operate certain free highway bridges across the Red River from Moorehead, Minn., to Fargo, N.Dak.; to the calendar.

H.R. 7653. An act to authorize the establishment of the Ocmulgee National Monument in Bibb County, Ga.;

H.R. 9149. An act to accept the cession by the State of Arkansas of exclusive jurisdiction over all lands now or hereafter included within the Hot Springs National Park, Ark., and for other purposes; and

H.R. 9273. An act to extend the public-land laws of the United States to certain lands in the Red River in Oklahoma; to the Committee on Public Lands and Surveys.

H.R. 8513. An act to authorize the coinage of 50-cent pieces in commemoration of the boyhood home of Gen. Thomas J. (Stonewall) Jackson; and

H.R. 8833. An act to authorize the coinage of 50-cent pieces in commemoration of the three hundredth anniversary of the founding of the Colony of Connecticut; to the Committee on Banking and Currency.

H.R. 9234. An act to amend section 601 (c) (2) of the Revenue Act of 1932; to the Committee on Finance.

H.J.Res. 312. Joint resolution providing for a comprehensive observance of the one hundredth anniversary of the overland journey of Jason Lee to Oregon and establishment of first permanent American settlement in the year 1834; to the Committee on the Library.

H.J.Res. 341. Joint resolution authorizing an appropriation for the participation of the United States in the international celebration at Fort Niagara, N.Y.; to the Committee on Military Affairs.

OPTIMISM NOT ENOUGH!—ADDRESS BY SENATOR HASTINGS

Mr. TOWNSEND. Mr. President, I ask unanimous consent to have printed in the RECORD a radio address delivered by my colleague [Mr. HASTINGS] on the 18th of May, on the topic "Optimism Not Enough!"

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

OPTIMISM NOT ENOUGH!

I am glad to have an opportunity to express my own views with respect to political-party policies.

Under the pretext that the emergency made it necessary, the Federal Constitution has in effect been emasculated; the principles upon which the Government was founded have been violated; a great democracy has in many respects become an autocracy; the legislative branch of the Government is virtually in the control of the Executive; the business of the Nation, both big and little, is being controlled by Executive fiat, and being taxed by the same autocratic power; the farmers of the Nation have been regimented and are being controlled from the National Capital with power in one man to extend gratuities or to inflict severe punishment; the processing tax is destroying many business men and increasing the costs to the consumer; the national debt is increasing so rapidly that the credit of the Nation must necessarily be ultimately impaired; the half-baked ideas of the "brain trust" are pushed into the expensive experimental stage by a nod of the head plus a stroke of the pen; new agencies to control new activities are thus created overnight.

In the midst of all the confusion created by this new deal, a very skillful and highly Federal paid propaganda organization is trying to make the masses of the people of the Nation like it, and because of this propaganda many millions of people have honestly reached the conclusion that the "brain trust" program is simply "grand"!

It is of great importance for a people to maintain an optimistic view if they are to be happy. Optimism and American individualism go hand-in-hand, but mere optimism will not preserve and save the Federal Constitution if there be those in a controlling position in the Executive department who believe that essential parts of the Constitution are no longer suitable for the social order which they desire to bring about; neither will it save the principles upon which the Government was founded if those same influential persons believe that such principles must be abandoned.

The people can no longer be satisfied with the mere hope and expectation that the legislative branch of the Government will perform its constitutional functions when they realize that a majority of the Congress are setting aside their individual opinions and following the views and wishes of the man who has become a temporary idol.

Mere inclination to look on the best side of everything will bring no relief to the American business man who finds his business controlled by a military autocrat.

A mere faith in Government and a cheerful hope for the future will not bring relief to the farmer who has lost his freedom of action, who has lost the method of control of his crops, and who is threatened with fine or imprisonment if he violates the rules and regulations laid down by an idealist in the National Capital.

It will take more than optimism for the average housewife to meet her increased budget due to the increased cost of all the things she is compelled to buy.

It will take something more than a cheerful and happy disposition to pay the increased taxes that must necessarily be levied to meet the enormous debt created by this administration.

It will take more than a do-nothing policy on the part of the people in the next election to prevent the impractical theories of the "brain trust" from plunging us into deeper troubles and more drastic regimentation.

The present administration program is dangerous. There are many millions of people scattered all over the States of the Union who are disturbed and frightened about the ultimate outcome of such policies, and it is essential to get that public opinion organized in such a fashion that it can assert itself in the one way provided under our form of government. A great opportunity to do this effectively lies with the Republican Party. A great responsibility at the same time goes with that opportunity. The Republican Party accepts it. The greatest progress and the greatest prosperity enjoyed by this country has come during the years of the Republican Party control. It is the only party that is in a position so to arouse those in opposition to a point where we shall be able to curb and prevent this dangerous program from destroying the form of government which has made this a great Nation.

Time will not permit of anything more than a general discussion, but there are two or three things that I desire to emphasize.

It will be remembered that the Democratic Party promised to reduce governmental expenses by 25 percent by eliminating and consolidating bureaus, etc. The American people are quite familiar now with the alphabetical list of bureaus, the exact number of which I do not know, because new ones are being created nearly every week.

But there is a new kind of a bureau, about which very little has been said and with which the American people generally are not familiar. These bureaus are too numerous to be described by letters in the alphabet. I refer to the various organizations that have been set up in Washington and elsewhere to administer the 428 industrial codes that have been approved and adopted.

On May 12 last the National Recovery Administration sent out for immediate release some of the details of the annual budget for the trucking industrial code. The amount fixed is $1,714,158. A detailed examination shows that at the headquarters in Washington there are 55 employees, and some of the positions and their annual salaries are as follows: 1 executive at $10,000, 1 executive at $7,500, 1 executive at $2,500, 1 manager at $7,000, 2 managers at $6,000, 2 managers at $5,000, 1 manager at $4,800, 1 assistant manager at $3,600, 3 assistant managers at $3,000, 4 assistant managers at $2,400, 1 assistant manager at $2,200. This makes a total of executives, managers, and assistant managers of 20 persons at an annual cost of $86,100.

But that is by no means all; $346,118.50 is set up in the Budget for salaries and clerical help in the administration of the 50 State codes and $186,000 for the same purpose in administering the 12 regional code authorities. This, plus $134,400 for administrative and clerical employees at Washington makes a total of $666,518. This subtracted from the total set up by the code authorities, leaves a balance of $1,047,640. There is no explanation in the newspaper release referred to as to the necessity for this huge amount. Inquiry at General Johnson's office indicates that $141,000 is for registration plates and distribution, and $121,000 for printing and distribution. In other words, the $1,047,640 is for incidental expenses in the administration of this code.

I have called attention to the fact that there are 428 codes, and I assume there are that many new bureaus set up in Washington to administer them. In this particular trucking code, there are 50 bureaus set up in the various States, plus 12 regional bureaus. That makes for this one industry, one bureau in Washington. 50 bureaus in the States, and 12 regional bureaus or a total of 63 bureaus to administer this one code. I have no information as to how many of these 428 codes have similar State and regional bureaus. I merely give this as an illustration of the extent of the regimentation of the industries of the Nation that is going on under General Johnson, and with the approval of the President.

Time will not permit of any general criticism of this important part of the administration's program. The criticisms offered by Republicans of this or any other program with which they disagree are met by taunts from the Democrats calling upon Republicans to produce a solution of their own.

The distinguished Senator from Pennsylvania, Mr. REED, in a speech on the radio last week, suggested that one of the things that the Republicans would like to do would be to get rid of the many nostrums that at the present time menace the country. This brought a prompt reply from the headquarters of the Democratic National Committee in a statement by the distinguished leader of the Senate, Mr. ROBINSON of Arkansas, who suggested that Senator REED evidently would like to go back to the conditions that existed on March 4, 1933. This is the usual reply of the Democratic leaders, and they begin their description of the terrible conditions by calling attention to the fact that when President Roosevelt was inaugurated all of the banks of the Nation were closed. The real truth is that the serious banking condition which confronted the country at that time was due to the fact that Mr. Roosevelt had been elected President of the United States 4 months before, and during that 4 months had given the very distinct impression that his administration would not abide by his party platform when it declared that it was in favor of "a sound currency to be preserved at all hazards." The whole business world was struck with fear of inflation because of the attitude of the President-elect, who refused all invitations to cooperate with President Hoover, and escaped all responsibility with the light declaration, according to the press reports, that "it is not my baby." This attitude of the President-elect, at a time when the country was in great distress, brought on a condition the like of which the country had never experienced.

Of course, any President would have been compelled to do many things that were done in order to relieve that situation. People could not be permitted to go cold and hungry, and there was no contrary view expressed anywhere, and to try to create the impression that the Republicans would like to go back to this unprecedented condition is merely cheap, partisan claptrap.

I thoroughly agree that the most important job for the Republican Party is to undo many of the things that have been done by this administration, and do many things that are necessary to be done if the Constitution and the American principles of government are to be restored and facism, socialism, or communism are to be avoided. The American individual must once more be given some opportunity to initiate and carry on. The American investor must be encouraged to invest his money in those things that will create employment; the American business man must be given a greater freedom of action; the American farmer must not be bound by any rule of thumb.

This does not mean that Republicans are opposed to legislation designed to prevent frauds and improper practices by individuals and corporations everywhere, but it does mean that while such legislation must be made effective it shall not prevent the honest and ambitious individual from pursuing a proper course in a free country. When these rights and privileges are restored to our citizens, confidence in the future will immediately return and a normal and gradual prosperity will surely follow.

BANKING—ADDRESS BY SENATOR CUTTING

Mr. BORAH. Mr. President, on the night of May 18 the Senator from New Mexico [Mr. CUTTING] delivered an address over the radio on the subject of banking, which I think is of exceptional worth. I ask that it be printed in the RECORD.

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

For a year or more we have been engaged in currency manipulation. We have juggled with the currency, and we shall no doubt continue to do so. The results have been small. The depression is still with us, and it is doubtful if we can cope with it by any such methods.

The reason is that only a small part of our monetary system consists of currency. Much the greater part is made out of bank credit. Until the Government takes control of this most vital part of our financial system it is not going to break loose from the burden of debt which is weighing down the Government as well as the private citizens of the Nation.

Most people think of banking as a terribly complicated subject, a subject which they cannot even attempt to understand. Of course, it is complicated in its details, but it has been part of the bankers' conspiracy to confuse the public by a discussion of the details so that they may lose sight of the main outlines. Those outlines are very simple, and they vitally concern the life and happiness of every human being in the civilized world.

Since from 90 to 95 percent of our money is made up of bank deposits, it is important to understand just what these bank deposits are. Part of them, the smaller part, comes from the bank's customers, who deposit cash or checks for safekeeping with the bank. But by far the greater part of these deposits are not deposits at all, in the real sense of the word. They come from the right given to a bank to loan 10 times, or 20 times, as the case may be, the amount of its reserves.

When you borrow a thousand dollars from an individual, he parts with his money before you get it. When you go into a bank and borrow a thousand dollars, what happens? Of course, the bank may give you the thousand dollars over the counter. But that is seldom the case. Usually you are satisfied by having the bank place the thousand dollars to your account. In that case, the bank writes your name at the top of a column in its book as having made a deposit of a thousand dollars. The thousand dollars is not transferred from any other account. It is made out of thin air. To that extent it increases the total amount of money in existence. To that extent it raises the price level, and changes the value of the money in the country. Yet the Constitution of the United States provides that "The Congress shall have power to coin money, and regulate the value thereof." In practice the Congress regulates the value of only a small fraction of the total amount of money in the country. The rest is regulated by the bankers.

We are so used to this kind of transaction that we seldom stop even to question it. We allow the bankers to inflate our money

each time they make a loan, and to deflate it each time the loan is called.

And, then, there is another very important feature connected with this loan of a thousand dollars. When you get it you generally have to deposit with the bank collateral security of double the value of the loan. If you have a $2,000 house you will probably be obliged to mortgage it for the privilege of obtaining $1,000, and, mark you, of paying interest when the loan falls due. Yet the only piece of real value which has entered into the transaction is the value which you, yourself, have put into it, your house and lot, or your Liberty bonds, as the case may be. You are paying tribute to a private institution for the right to use your own credit. Your credit depends on your property, which really means your ability to deliver goods or service as required. The bank has contributed nothing but pen, ink, and paper, plus a risk of defrauding its bona fide depositors. Yet in order to use your credit you are forced to pay interest to a nonproductive agency. The bank has actually lent you your own credit and made you pay for getting it.

How can such a system be justified? It can be explained historically, but not defended on grounds of either ethics or public policy. The modern bankers are the successors of the medieval goldsmiths, who used to accept deposits of gold and jewels from their clients and issue credit which would be honored by goldsmiths elsewhere. As a matter of practice it was found that less than one tenth of the deposits would ever be claimed at one time, and so the goldsmiths fell into the habit of loaning credit to 10 times the amount of their deposits. It was essentially a dishonest proceeding. Yet people got used to it, and it had no very serious effects until modern times, when the issuance of loan credit of this sort has completely outshadowed the primary duty of the State to issue money, and control its value.

Sometimes it is easier to show up a fallacy of this sort by reducing it to its simplest terms. Let us suppose that three men are shipwrecked on a desert island. There are enough natural resources on the island to provide food, clothing, and shelter for all three, provided each one works at one of the three tasks. The three men might decide to go socialistic and own the island in common. We shall assume, however, that they find it more convenient to let one man own the timber, one the food crops, and one the sources of clothing.

Then, in order to exchange their goods, they will probably issue some form of scrip to enable them to barter. Let us suppose that the possessions of the three are approximately equal. Each one will then receive the same number of units of value, say a hundred tokens apiece. If they choose, they may call them a hundred dollars.

Now, this scrip really means something. It means the respective ability of each one to deliver a quantity of goods, produced and improved by his own labor. The wants of these men are simple. They manage to live. In course of time they improve their properties, and are able to live more luxuriously, with the expenditure of less individual labor. If it seems convenient to all of them they can issue as much more scrip as is needed to take care of the increased value of their production.

Now, let us suppose that after a few years of this, a stranger is shipwrecked on the shore of this island. He approaches the three men, and says, "Your economic system is preposterous. Your money is unsound. I come from a civilized country. I am a banker. Bankers know that a sound currency can be based only on a gold standard. I saved from my shipwreck three $10 gold pieces. Under the law of a civilized country I am allowed to lend $300 on that basis—or $600 if I belong to the Federal Reserve System. I shall be glad to lend you my credit if you will mortgage your holdings to double the amount."

Now, manifestly, if the three original settlers are sane they will reject this offer. But let us suppose that they have been touched by the tropical sun, and fall for the banker's proposal, which, you know, will not be couched in such simple language, but will contain a great deal of technical talk about discount rates, and the balancing of the budget. The settlers go in debt for the $300, and promise to pay interest on it. The banker does a little bookkeeping, and lends them their own credit. Of course he keeps the $30 in gold.

Now, suppose that the settler who owns the timber decides to install a sawmill. He will need help from his neighbors, and will have to pay them for it. The banker decides that he will consider himself a member of the Federal Reserve, and extends the settler an additional loan of $200. A hurricane comes along. The banker at once grows timid. He calls half of his loans, and renews the other half. The owner of the timber is completely ruined. The other two have to pay in produce twice the amount of their original loans on account of the deflation caused by the banker's call. At the end of another year they, too, find themselves unable to pay. The mortgages are foreclosed, and the banker retains the original $30 in gold, and in addition the entire tangible assets of the community.

Now, of course, this seems childish and silly when you are dealing with four people on a desert island. As a matter of fact, it is far less reasonable in dealing with a complicated civilization, and with 125,000,000 people. On the island, if only for purposes of self-protection, the banker will have a healthy regard for the feelings of his fellow citizens and will not press his advantage too far. Moreover, he will be in a position where he understands the exact needs of the particular community.

Neither of these considerations apply to the banking system of the United States.

In the main, the interest of the banker is opposed to that of the general community. He is lavish with credit in good times when it is not needed, and he withholds it in bad times when it is a necessity. Someone has said that the banks lend you an umbrella in fine weather and take it away from you when it rains. Furthermore, the bankers of the United States, even if we grant them the best intentions in the world, are not in a position to work in cooperation in support of any definite policy. They have the power to issue vastly more credit than is ever actually necessary. Sometimes they do this. At other times they issue so little that the economic system cannot be carried on. Then we get starvation in the midst of plenty, such as we are "enjoying" at the present day.

Our bankers may be compared to a number of theater agents, each of whom is authorized to sell an indefinite number of tickets in a theater. The total seating capacity of the theater, we will say, is 3,000. If 500 tickets are issued, or if 6,000 tickets are issued, in either case the results are disastrous. It is a hit-and-miss method.

In my judgment the only agency which should be authorized to issue tickets for the national theater is the Nation itself. Call these tickets tokens, or scrip, or dollars, as you will. The National Government must decide as to how many are needed.

For, mind you, it is not merely the private individual who is forced to pay tribute to this strange, unreasonable system. The great industries, the great producers of the country, who are creating their share of the national credit, have each one of them to pay tribute to a bank in order to make use of the credit which they are creating.

And what about the Government itself? Here we have a financial crisis, due in large measure to the stupidity of the bankers, and the futility of the system under which they are working. The purchasing power of the country has dwindled to a vanishing point. Millions upon millions are out of work, and have no means of support. The Government is fulfilling its primary duty when it comes to the rescue of these people. The amount that we are spending for public works and relief may seem large when figured in dollars and cents, but it is not a drop in the bucket compared to the credit of this country as measured in its natural resources, in its plant, and in its man power. Yet what does the Government do when it goes to the rescue of its needy and starving citizens? It floats loans through the banks. It pays interest to private organizations for the use of its own credit. The thing becomes still more preposterous when we realize that an enormous proportion of the relief expended by the Government has gone to the aid of the great banking institutions. So that actually the Government of the United States is getting itself into debt to the banks for the privilege of helping them to regain their stranglehold on the economic life of the country.

To my mind, this situation should have been stopped in March 1933. The bankers were then helpless and hopeless. They thought the end had come. They would, themselves, have welcomed a liquidation of their assets in favor of the Government. Now it will be more difficult. Yet the logical situation remains the same, and we are going to have to reestablish in the hands of the Federal Government the right which the Constitution placed there in the first place.

I am now preparing a bill which is intended to accomplish this result. I wish that we might have a chance to vote on it at the present session. If that is impossible, it will be largely due to the lack of public pressure, public interest, and public understanding on the subject. The creation of a national bank which will eventually have a monopoly of the issuance of credit is, to my mind, the most vital need of the country today. I do not mean that that alone will get us out of the depression, but it is the first step in that direction, the first step without which none of the others can be taken.

When I have argued this point in the past I have met with two general objections. The first is that it will put the banks into politics and substitute in making loans partisan considerations for sound principles of banking. Now, I have no doubt that, to some extent, this will be the case. Partisan politics have crept into most departments of our public life, and it would be rash to assume that banking could be exempted. But let me say, first, that no politician in high public office in the history of this country has ever made such a complete mess of his job as the private bankers made with theirs. Furthermore, your public servants are as good or as bad as you choose to make them. If you do not like them, or you do not approve of the way in which they handle their offices, you can replace them with others. As things stand, the people elect their Governors, their Representatives in Congress and in the Senate, and their President. But none of these men, nor all of them put together, has anything to say about what concerns most vitally the people of the United States, the distributive system, or the money system, if you prefer that term. Until the system is changed, the bankers are the real rulers of the people. You can vote for your President—you cannot vote as to who shall be head of the National City Bank of New York or of J. P. Morgan & Co. There is no reason why you should, so long as these men are functioning as private citizens. Yet at the present time it is these men who actually control the destinies of every human being not only in this country but in this hemisphere. I say this not in criticism of any individuals but of a system of bondage under which it is disgraceful for free men to live.

The second objection usually made to national banking is that it is a radical idea, and would be used for socialistic or com-

munistic purposes. This does not follow at all. A national bank might be used for radical purposes. It might also be used for extremely reactionary purposes. There is a very interesting article by Mr. Herbert Agar in the current issue of the American Review. It is entitled "The Task of Conservatism." Mr. Agar thinks we have gone too far toward socialism. He believes in going back a hundred years to the conditions which prevailed in the early nineteenth century. Let me read you a few words from his final conclusions: "The first prerequisite for a return to a system of private property is that the State should reassume its basic sovereign power—the power to issue and recall money and credit. At present that power has been given to private monopoly, chiefly on the plea that it is too important to trust to the politician. I feel no call to praise the typical modern politician, but it is fair to point out that his repute is no lower than that of the typical modern banker."

So you see that once you have control of the banking system, you may use it to carry out any policy which you choose. At present you have nothing to say about the policy which is to be carried out.

I have quoted from the Constitution of the United States, certainly not a radical document. Let me also quote from that classical exponent of sound finance, John Stuart Mill: "The idea of a rational democracy is not that the people govern themselves but that they have security for good government. This security they cannot have by any other means than by retaining in their own hands the ultimate control."

The ultimate control rests today neither with the people nor with the representatives of the people but with a body of private citizens who, no matter how high-minded they may be as individuals, are responsible to no one but themselves. Let us as free Americans resume that ultimate control of the distributive system which the fathers of our Republic intended us to have.

PUBLIC WORKS OF ART PROJECT—ADDRESS BY EDWARD BRUCE

Mr. WALCOTT. Mr. President, I ask unanimous consent to have printed in the RECORD an address delivered by Mr. Edward Bruce last evening before the American Association for Adult Education. Mr. Bruce has been secretary and one of the chief promoters of the art project of the Public Works Administration, which has accomplished an astonishing piece of work in reviving hope in the hearts of several thousand artists through Federal patronage.

The exhibition held in this city a short time ago gave evidence of such merit as to encourage us to believe that no other nation in the world could have equaled in quality this exhibition involving over 3,000 artists, most of whom, because of the depression, are not now self-supporting. It gives us renewed hope that the new leisure, which inevitably must result from our inability to consume the increased output of our industrial plants, will be intelligently employed.

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

Last November it became apparent that the expected increase in employment under the Public Works program was not developing as rapidly as had been anticipated. To tide over the slack period the Public Works Administration transferred to Harry L. Hopkins, the head of the Federal Emergency Relief Administration, $400,000,000 to be used in putting people to work throughout the United States. To carry out this program, Mr. Hopkins organized what was known as the "Civil Works Administration" and proceeded with his usual energy and efficiency to put 4,000,000 men to work. A definite distinction was made between employment under the Civil Works and relief. The means test insisted on in relief cases was waived, and employment given to unemployed at approximately prevailing wages.

With, it seems to me, great vision and courage, Mr. Hopkins seized the opportunity offered by the organization of the Civil Works Administration to combine relief to the unemployed with a movement which is bound to have increasing significance in the social and cultural life of our country. In addition to the largely manual employment carried on through the various State agencies Mr. Hopkins set up nearly 100 Federal projects.

These were classified as—projects benefiting the public health; projects to control or eliminate pests; projects which improved public property; projects having to do with statistical research and surveys; projects to improve, preserve, or survey natural resources; projects for the improvement or the preservation of public records and documents; and a few miscellaneous projects.

These projects, in addition to the actual benefits accruing to the Government by the work done, were intended primarily to give employment to the professional and white-collar classes. It is, so far as I know, the first time in the history of our country that the well-being of this class, who have suffered as much as any other class through the depression, was accepted as a definite responsibility of the Government.

Among the Federal organizations set up was the so-called "Public Works of Art Project", about which I have been asked to speak to you this evening. This project was organized in the Treasury by a grant of funds to it from the Civil Works Administration.

Its objective was the employment of artists throughout the United States for the embellishment of public buildings and parks with the product of their arts and crafts. The artists were employed at craftsmen's wages, and the product of their work became the property of the Government and has been used and is being used to decorate public buildings and parks.

To carry out this plan, a central organization was set up in Washington, and the entire continental United States and Hawaii divided into 16 regions. Voluntary committees were appointed in each region, and these committees in turn appointed subregional committees, with the result that there were committees in every State of the Union. The duty of these committees was to canvass the artistic talent in their regions and to select those artists who in their opinion were most worthy of employment on the combined test of their artistic capacity and their need of employment.

The artists when employed were given the maximum freedom of expression. The general theme selected was the American scene in all its phases; but subject to this general limitation the artist was allowed to develop his ideas with the guidance and help of the various committees and execute his work in any medium suited to his particular craft.

The project was carried on for approximately 4½ months, being brought to a close on April 28 with the winding-up of the Civil Works Administration.

Some 3,500 artists were given employment for various periods, and some 500 large murals and several thousand pictures, sculptures, etchings, lithographs, ceramics, and other products of the arts and crafts produced.

At the outset there was a good deal of scepticism expressed; but as the movement developed and its effect became apparent and people had an opportunity to see the work done by the artists this scepticism disappeared.

A national exhibition of the work produced has been shown for the last month at the Corcoran Gallery of Art. Approximately 600 objects by 600 different artists were shown at the exhibition, representing what we all felt was a fair cross-section of the work produced throughout the United States. Every region was represented.

It should be borne in mind in evaluating the exhibition that all the work was executed during the last 4 months. This fact should be remembered, especially in connection with landscape work, as there was not the opportunity for such a varied representation of landscape as there would have been had work extended over a longer period.

The exhibition received almost universal approval.

It has been critically discussed by the leading art critics of this country and is generally regarded as having been the most comprehensive and representative exhibition of American art that has been shown. It is my hope and expectation that the exhibition may be sent on tour throughout the United States.

The exhibition, I think, proves that there is in this country a vigorous, well-distributed, and highly exciting art movement. It is to me a fine and a surprising thing that the artists of this country who were given the opportunity to work at craftsmen's wages for the Government because they needed the employment should produce art which has in it no defeat, which is full of vigor, and which comes out of the soil of this country.

I do not claim that it is all great art; perhaps very little of it is. But I do claim—and I am reasonably well acquainted with the art movements in various parts of the world—that there is not, in my judgment, any country in the world today that could have produced such an exhibition as was shown as a result of the work done under the Public Works of Art Project.

I want to read you extracts from a letter I received yesterday from a friend of mine whose opinion I regard highly, and who has expressed my feeling about this exhibition far better than I could do it. He writes:

"After seeing the exhibit on Sunday for the fourth time, I can't forbear an enthusiastic line to you. Each time I saw it, it struck me more deeply as one of the truly significant events of American history. * * * There is something so buoyant and unrestrained and fresh, both in treatment and subject matter, that I am reminded at once of Walt Whitman. What he has meant to American poetry, Veblen to our economic literature, and Turner to our history, this project seems to me to mean to our art. I kept thinking Sunday of Turner's Frontier in American History; here is the frontier spirit in art, the awakening to self-consciousness and power, the galloping, surging triumph over virgin terrain."

I believe that the public works of art project, and the work produced under it, is significant in various directions.

It is, so far as I know, the first genuinely democratic patronage of art. Study the history of the great art movements in the world, and in practically every case the motivating force has been patronage by the aristocrat or the oligarch.

Probably the greatest patron of art has been the church. It is interesting to note, however, that the decline in church patronage of art was coincident with the separation of church and State.

Where it was not the church, it was the secular aristocrat or oligarch. The motivating force behind it was the aggrandizement of the patron. Travel where you will in the older countries and study the art that has stood the test of time, and you can classify the source which prompted it by the result.

In architecture it is either churches or palaces, with a smattering of fortifications, useful in troublous times to both.

In sculpture and painting, it is either religious subjects or work obviously intended to aggrandize and perpetuate the fame of the great or near great.

Many of these patrons builded better than they knew, as the images left of them or dedicated to their fame in sculpture and painting remain their only claim to immortality.

Against all this we find a great Republic giving its patronage to art and doing it in an absolutely democratic way. No high official selected the painters and directed their work. This was done by volunteer committees throughout the country who had no other connection with the Government except through this project. They were selected because of their interest and knowledge of the fine arts and sympathy with the movement.

The artists selected were free to express their own vision of the world about them with the knowledge that what they did was desired by the Government and considered an asset to the State.

The movement has gone far to take the snobbery out of art and make it a part of the life of the average citizen.

The project has, I think, been significant from an economic point of view, in that it is a definite step in the direction of creating the idea of service employment and affords what seems to me one of the most effective methods of answering the challenge of the machine and its increased efficiency and lessening of human labor.

It is obvious to anyone who has studied the problem that science and invention are producing a world in which the physical requirements of the people can be provided with the expenditure of infinitely less human energy than was possible 50—yes, 20—years ago. This has—temporarily at least—created a condition of unemployment, with the fantastic paradox of people starving in a world of plenty.

It is certainly a defeatist attitude if the world must abandon the results of human ingenuity and invention because through them people are put out of work. It seems to me an infinitely sounder way of approaching this problem to recognize that through science and invention human energy has been released to undertake a finer and a higher service.

With the recognition that such service is an opportunity and also an economic necessity, the machine will be recognized as a release of human energy to a finer field of activity and the world a richer rather than a poorer place for its coming.

It seems to me that this Federal patronage of art is the entering wedge in this movement, and I hope and confidently expect that not only will it be continued but that the service that it has and may render to the people will be extended in various directions, such as music, the theater, and a variety of other social and cultural activities.

In the last analysis, this Public Works of Art Project, if it means anything, means that beauty in our lives and in our surroundings is an asset. If through it a movement can be developed which will take the ugliness and drabness out of the lives of the people of this country, which will destroy the slums, demand that when roads are built they at least do not destroy the country through which they run as an unhealed scar; if through it hospitals shall be considered incomplete, unless the cell-like quality of the walls are enlivened by pleasant decorations; and if through it, it shall be considered a part of the proper cost of public buildings that their interior be suitably decorated and their surroundings beautified by landscape gradening; if through it there can be developed the feeling that human beings should not be called upon to live in the squalor and dirt and hideous ugliness of the average residential sections of our cities, suburbs, and towns; in short, if through this movement we can create a demand that America should be rebuilt as an America Beautiful—we are going to create not only a greater content and well-being and "a more abundant life" among our people, but an economic demand which may be a very vital factor in lifting us out of the depression and bringing us back to prosperity.

To emphasize what I mean, I wish that all of you would take a trip in an automobile from here to Baltimore and realize what that road has done, with its open cuts, its ugly fills, its glaring advertisements, its brash hot-dog stands, its blatant filling stations, and its destruction of trees to a country that was beautiful prior to its destruction by this modern means of transportation.

Compare it with what has been and is being done in that beautiful boulevard in Long Island, which is being built under the C.W.A.

Again, take the trouble on your next trip from Washington to New York to look out of the window at the suburbs of the cities through which you pass, and the cities themselves, at the utter drabness of the houses, the utter lack of beautification of the surroundings, the garbage dumps, the lack of landscape gardening and of trees, and you begin to wonder how anything fine can come into the lives of people who live in such surroundings.

The movement has been enormously significant in the effect it has had on the point of view of the artists of this country and their feeling of their relationship to the State.

In the hundreds and hundreds of letters which we have received from the artists the refrain runs through them all that the project has broken down the walls of their isolation, has made them feel that they are a part—and a useful part—of the world around them; that they have been elevated from an artist to a craftsman, a laborer worthy of his hire; and that the product of their work is not merely the last luxury of the rich, but may become the daily food of the average citizen.

Every one of our regional committees report that the result of this Federal patronage of the arts among the artists has been that under it they have created the finest work which they have ever done.

The work of the organization was carried on throughout the United States by a group of some 600 volunteer workers, who formed our various regional and subregional committees.

These men and women were selected because of their special interest in the fine arts. Practically every director of every art museum in America served on the committees, as well as people of general culture and artistic interest.

The effect of this association on these men and women has, I think, been significant. It is perhaps the first time that any of them has come in direct contact with the Government and taken a share in its activities, and one cannot read the letters that come from these men and women without realizing that something very vital has happened in their lives in finding that they may share in the activities of the Government, and that its interest has spread beyond the material things of life to cultural and spiritual things which are their primary interest.

The enthusiasm with which the project has been received by the artists and the regional and subregional committees was perhaps to be expected.

The real surprise has been the reaction of the public to the movement throughout the United States.

As originally planned, it was expected that 25 percent of the money received under the project would be expended for its executive direction and for the purchase of supplies and other expenses in connection with it. As a matter of fact, up to date, the entire cost, outside of the artists' pay roll, has been approximately 5 percent of the artists' pay roll.

One of the primary factors of this lost cost of operation has been the fact that throughout the United States the local interests and institutions who are receiving the work produced have almost universally supplied the cost of the materials needed.

In many places, even in small communities, this has run as high as a thousand dollars and has been met by popular subscription.

Our letters are full of the new interest that has been created. In New England alone we have 350 applications for murals for the towns and villages in excess of those we were able to provide.

Artists write that instead of being an unknown and somewhat despised factor in their communities, they have suddenly, through this Federal patronage of the arts, become the center of interest in their towns or villages; and that their neighbors are taking such an interest in their work as to actually impede it.

In a number of college towns the art students of the college have been turned over to the artists working on murals, and the work done credited to their curriculum.

Doctors and nurses write us of the extraordinary effect it has had on patients in their hospitals to have their walls attractively decorated. This has been especially true in the children's wards of hospitals and in crippled children's homes; and if I had my way, there would never again be built a hospital, especially for children, where the walls were not decorated with attractive and interesting murals.

In spite of the fact that some 15,000 works of art were produced, we cannot begin to supply the demand that has come from all over the country. This demand not only comes from expected sources, such as art museums, but from rural schools, town halls in small towns, and universally from hospitals.

Several school boards have already passed resolutions providing that no more schools shall be built without mural decorations, to be considered as a part of the cost of the original construction of the building.

All of this has, I think, a special importance and significance to those interested in adult education.

We are in a world which requires the expenditure of less time to provide material necessities and leaves more time for so-called "leisure." The problem we must face is whether that leisure is to mean boredom or the opportunity for a fuller and a richer life, with all the implications which it carries, not only for more contentment and graciousness in our lives, but for increased service employment and economic demand.

I believe that when the history of this administration is written, not the least of its accomplishments will be its patronage of the fine arts. I believe that through this patronage a movement has been started in this country which is bound to grow and blossom. I believe that it has helped to create a new and a finer definition of the service a State should render to its people.

In the last analysis, the art of any country is the ultimate measure of its civilization. Great art is not an isolated phenomenon. Art is and must be the manifestation of a national movement and culture.

And so I hope that art will take its place in this country as a normal part of life; that through it a finer sense of rhythm and harmony will develop in our lives, and that out of it will come a worthy monument to a worthy civilization.

DOES INSURANCE INSURE?—ARTICLE BY DR. MAURICE TAYLOR

Mr. WALSH. Mr. President, recently there was published in the CONGRESSIONAL RECORD, at my request, an article by Governor Ely, of Massachusetts, dealing with the Massachusetts savings-bank system of life insurance.

This system was devised by Hon. Louis D. Brandeis, of the Supreme Court of the United States, when he was a practicing lawyer in Boston. It provides life insurance for those of small incomes at far less cost than the life insurance sold elsewhere in the United States to the same class of people, which is known as industrial insurance.

Dr. Maurice Taylor, who is prominently identified with welfare work in Boston, and is the author of an outstanding

work on life insurance, has written for a recent magazine an article entitled "Does Insurance Insure?" which, like that of Governor Ely, will be of interest to a very large number of persons. I ask leave to have it printed in the CONGRESSIONAL RECORD.

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

[From the Panorama of May 1934]

DOES INSURANCE INSURE?—AMAZING STATISTICS, WITH A SUGGESTION FOR THE NATIONAL INVESTIGATION OF SALES METHODS

(By Dr. Maurice Taylor, author of The Social Cost of Industrial Insurance)

When events deflate our pocketbooks we become students of their etiology; witness the banking and stock-market investigations. As laymen we know little about such things, and care less, until we are hit the kind of blow from which even now we are trying to recover. Post facto we become researchers into the facts; and have been getting them, in the form of an excellent correspondence course, through the press and magazines, in the principles of practical banking and brokerage as taught by our best financial minds. If we can absorb enough of this knowledge before the upturn comes, the heavy price we have paid will not have been in vain. But once the curve really begins to rise we shall cease to be students; we shall no longer seek for facts, and unless we have recreated ourselves into a new species, we shall probably forget to make use of the lesson so painfully received. While the course thus far has included brokerage and banking, we are promised that the next will be life insurance.

The last great course in the theory and practice of protecting widows and orphans dates back to 1905 and was given in New York under that eminent instructor, Charles Evans Hughes. This examination, however, applied mainly to the field of ordinary insurance, the kind that comes in contracts of a thousand dollars or more. While much has happened since then in this field and, therefore, a lot of new and searching questions need to be asked, it is to be hoped that more attention will be paid to the industrial branch of the business, the type of insurance that is sold to the lowest-income classes in amounts averaging less than $250.

Of the hundred-odd-million policies now outstanding in this country, three quarters of them are industrial. Despite this fact, the system is but little understood. It is a case of the one quarter not knowing how the other three quarters insures. The public needs to learn much more about how industrial insurance operates, how it is sold, what it really costs, and just how it affects the social and economic life of the working classes.

Latest reports show that life-insurance sales are beginning to pick up once more. They illustrate further the usual story: new sales of industrial insurance are increasing at a faster pace than ordinary policies, after having experienced a lesser rate of decline during the depression than did the latter. In other words, no matter how terrible were his economic circumstances during the past 3 years, the poor man who buys industrial or weekly premium insurance kept up his purchases at a more stable rate than did his more affluent brother who buys ordinary. And now that times have begun to look a little brighter, although less so for the workingman than for the person with more means, the poor man has begun to stock up on his insurance faster than the other.

It must be said further that although the industrial business has been practiced upon this country for nearly 60 years, not until these last 2 years has there been found much, if any, relation between the volume of its product and the economic condition of its purchasers. Whether times were good or bad, whether the pay envelop was full or empty, whether the poor man had bread to eat or not, there was but little, if any, hesitancy in the onward and upward rush of the industrial insurance sales-curve. The opposite is true of ordinary insurance. Its progress has been directly conditioned by the existence or nonexistence of good times When business has been good, sales of ordinary insurance have mounted; when things were slack, they have gone down.

What is the reason for this economic paradox? Why do people who have largely lived off the miserable American dole of the past 3 years reduce their purchases of insurance at a lesser rate than those far better able to invest in such services? The explanation is found in the method of carrying on this business. Upward of 65,000 agents have been let loose upon the land to separate the poor and unwary from their hard-earned dollars, on the theory that the most important thing in a poor man's life is to protect himself and his family from a pauper's grave. In addition, it is urged as an instrument of savings particularly for the children, who constitute at least a third of all those insured. The fact of the matter is that but an insignificant number, in comparison to the millions who participate ever achieve either goal, and the main result is colossal economic and social waste.

The business represents the acme of high-pressure salesmanship practiced upon a group of people comprising more than half the total population of the land. These people are for the most part ignorant and unread. They have no conception of the details of the contract that is sold to them, and that is paternalistic in its conception, burdensome in many of its provisions, unfair in others, and from three to eight times as costly as ordinary insurance, depending on the length of time it is carried.

The industrial policyholder suffers from a plethora of service. He is not only sold the policy, but he is, as a rule, compelled to pay his premiums to the same agent, who acts both as seller and collector. This twofold function must be paid for. In the ordinary course of life the poor man shops around so that he may buy cheap. He carries his purchases home and saves the cost of delivery. The rich man indulges himself in the luxury of having his merchandise sent to his home, being able and willing to pay the extra charge therefor. In life insurance, matters are reversed. The poor man is saddled with the tremendously expensive system of premium collection at his home, while the more prosperous man takes or sends his payments to the company. Only one organization permits direct payment at a discount, and then under conditions which reduce the saving in toto to less than 2 percent of the total premium income. This, it is argued, is a demonstration of the fact that the policyholder is either not thrifty enough or unwilling to take advantage of the saving. The fact is, however, that premiums must be paid for a full year without default before the discount may be received. More important is the fact that every time a policyholder transfers his payment from the agent to the office, the agent is penalized financially. The insured is more often than not unaware that such a discount may be procured, and it is asking too much of the agent to inform his clientele of the fact when he stands to lose money. In spite of these difficulties, year by year there has been an increasing advantage taken of the privilege. As slight as it is, an oasis, as it were, upon this drab desert of insurance, no other company has seen fit to grant it.

Another source of pressure arises out of the method of payment of the agent and his superiors. The agent not only collects but he has to sell as well. The average family has nearly 10 policies. Large numbers have 20 and 30 or more policies due to a subtle process of overloading. Gradually, the mother, who does 80 percent of the purchasing of this insurance, is encouraged to acquire more and more policies. She is unable to resist the persuasive agent, and in the end has covered herself and her family with a mountain of debt in the form of weekly premiums. The breadwinner's wages, which as a rule are rarely sufficient to provide even for the necessaries of life, are thus depleted to a degree that leaves an insufficient amount, in many instances, for the purchase of food, to say nothing of rent, clothing, and the other essentials. The result is an enormous volume of lapsed insurance which, in 1932, exceeded the amount sold by more than 11 percent. Between 1928 and 1932 lapsed insurance alone cost the industrial policyholders of this country at least $200,000,000.

The demand upon the agent for production causes not only overloading, but misplaced insurance. That is, insurance is sold to families who under no circumstances are in position to purchase it. The families previously described might have been able to carry one or two policies without too much damage. Those we now refer to are either without any income whatsoever, except that which they receive from charity, public or private, or have an income so small that they are no better off than those on the relief lists. Clearly, this group should not be urged to undertake such an obligation. And yet, investigation discloses that in normal years families receiving relief spent on an average of 11 cents of every dollar received in this way for insurance premiums.

A recent study by the writer in Boston showed an average expenditure on the part of the clients of one social agency of 14 percent, and of another of 21 percent of their relief money for this purpose. It is no flight of the imagination to state that during these past 2 or 3 years, when one out of five families has had to depend for its very bread on the miserably inadequate relief allowances (and since probably three quarters of these families are possessors of industrial insurance) a large share of the premium income of these companies has come from the improper diversion of relief moneys by the dependent policyholders. The truth, if it could be known, would stagger the Nation, and could not help but bring about a thorough inquiry into the methods of the business and its effects on the American scene.

The American wage earner is sorely in need of economic security, but industrial life insurance is no solution to this problem. Even though he were to benefit to the limit from its possibilities, he and his family would still lack nearly all that is their economic due. Provision of burial is the least of their needs. The tragedy is this: Had the more than three quarters of a billion dollars that this form of insurance costs the working class each year been applied to the carrying on of a comprehensive scheme of contributory social insurance, with funeral benefits as an incidental feature of the plan, the wage earner and his family and the Nation as a whole need never have passed through the nightmare from which it is hoped we are emerging.

ENGLAND'S RETURNING PROSPERITY

Mr. FESS. Mr. President, on yesterday I discussed the return of prosperity in Great Britain. Mr. Kenneth Roberts, in a recent article in the Saturday Evening Post, commented upon the return of prosperity in Great Britain. I have taken a limited number of excerpts from his article, and I ask unanimous consent to have them printed in the RECORD.

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

ENGLAND'S RETURNING PROSPERITY

Prosperity has begun to return to England; and with returning prosperity, British automobile factories are working night and day to satisfy the demands of British speed demons.

And above all else, they point proudly to the fact that England has won back her prosperity without having recourse to the economic panaceas and nostrums that have been adopted by less conservative nations.

One of England's largest banks is Lloyd's Bank, and its chairman is Mr. J. W. B. Pease. "No government or bureaucracy", he says, "is capable of shouldering the heavy responsibility of saying how the industries of a nation should be run, or that those industries can be active and prosperous when confined in a strait-jacket designed not by those who have to wear it, but by theorists who think they have a genius for planning other people's clothes."

Managing directors and government officials declare jubilantly that prosperity has turned the corner behind which she has been hiding for so many lean years. Leading economists insist that prosperity has come back to England.

The Bank of England says that whenever its officers put on their silk hats and go outdoors nowadays they find the tracks of returning prosperity leading directly to the door of the retail trades. It is axiomatic among English economists and bankers who wear silk hats that if the shops of a nation are prosperous everybody is prosperous. They explain sagely that the final stage in the transfer of goods from producer to consumer takes place in the retail stores; and if the retail stores are busy, it clearly shows not only that the consumer has the desire and the price to purchase but that the producer is at work turning out stocks for the consumer to buy.

So, in spite of the calamity howlers, there are the figures of the Bank of England to prove that prosperity is returning, and returning without any new deal. According to these figures, the volume of sales for 1933 was a little better than for 1932, and sales during the last months of 1933 in particular were far ahead of those during the same period a year before. People bought a little more food and perishable goods in 1933 than they did in 1932. They bought a lot more suits and shirts and underwear and shoes for men and boys than they did in 1932. Women bought a tenth again as many dresses and furbelows in the last month of 1933 as in December 1932.

There is no question that English department stores did better in 1933 than 1932, and that they confidently expect to do better still in 1934. Harrod's and Selfridge's, the two outstanding London department stores, both showed a profit for the year—profits so slender that their very slenderness caused company directors to shudder a little when they spoke of them.

THE TRADE TIDE TURNS

Sir Woodman Burbidge, head of Harrod's, in reporting for 1933 the first increase in profits during the past 4 years, said: "The first half of our year's trading showed a small decrease in sales. It was not until we reached the end of September, in the second half of 1933, that we experienced a definite turn in the tide. From that time trade continued to improve until the end of our financial year, with the result that we can report an increase in the number of customers' transactions, an increase in the average value of transactions, and an increase in the total sales for the year."

He added that "The need for strict economy resulting from decreased spending power and the feeling of nervousness as to the future, which was so wide-spread, have both been reduced, so that the public have now the ability and the will to spend more for personal requirements and replenishments of their household. * * * It is a matter for great gratification to be able to say with certainty that we have passed through the worst of the depression of the last few years. We can go much further than this and say that there is a definite evidence in all directions of a recovery which is well spread over the various trades and industries of the country."

Mr. Gordon Selfridge, commenting on the increased earnings of his company and on the fact that it had served 567,000 more customers than in 1932, said: "Things seem to be definitely better. Trade and commerce, through their own united efforts and without governmental or other aid, are proving that the so-called 'capitalistic system', as the world has known it for hundreds of years can and will rebuild the structure of business which the terrible war and great governmental faults and errors have nearly destroyed. And we can see no other system, actual or theoretical, which can permanently accomplish this result.

"The so-called 'capitalistic system' seems to have assumed a position in the public mind of a terrible monopolistic figure totally devoid of everything except self-interest and ready to crush any who attempt to oppose it or stand in its way. In reality, the system is one which assumes the duty of the employer and the employed—the former supplying the capital and controlling the business; the employed carrying out the instructions of the employer. In this system the fixing of the policy and the general conduct of the business are completely in the hands of the employer, who becomes responsible for the results of the entire undertaking; and his judgment and his decisions must determine the course of the business. The wise employer confers with members of his staff as often as need be, gaining knowledge of the business as viewed from their standpoint. He is fair and just in his management and, while expecting loyalty from those in his employ, is himself loyal to them.

"Faults with the capitalistic system are faults of the individual and not of the system, and, while it has become the fashion to decry the desirability of the system, we have seen none other described or proposed which can successfully take its place. Capitalism—perhaps an unfortunate word—encourages enterprise, and when properly exercised rewards individual effort. At all events the business men of Great Britain have proved themselves and their system quite capable of surviving the storm of depression and, as we believe, of steering their ship of commerce into smoother waters."

In spite of slums, depressed areas, rumors of wars, and other unpleasantnesses, the Englishmen high up in business and government insist that England today is fairly close to normal conditions, and that she is certainly in better condition than any other important country today. In all the world, they insist, there is no nation so well governed as England, and for the simple reason that England is the least governed. Individualism, they say, created English trade. If that individualism should be replaced by an industrial despotism, as in America and other countries, England's good government would be gone; and prosperity, to hear them tell it, would be scared out of 10 years' growth.

WORLD DEPRESSION AND INTERNATIONAL TRADE

Mr. FESS. Mr. President, there has recently come from the Bureau of Foreign and Domestic Commerce a publication indicating the return of prosperity throughout the world outside of the United States, dealing with most of the countries, for example, European, Asiatic, South American, and other countries.

I have made a brief abstract covering four or five typewritten pages illustrative of the increase of prosperity in the countries mentioned, and I ask unanimous consent to have it printed in the RECORD.

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

WORLD DEPRESSION AND INTERNATIONAL TRADE

In a recent publication by the Bureau of Foreign and Domestic Commerce of the Department of Commerce entitled "Foreign Commerce Yearbook", some interesting observations based upon statistical studies of European, Asiatic, South American, and other countries are presented and are worthy of our attention.

The statistics presented for the various countries are carried only to the end of 1932 and therefore do not reflect the trend toward improved world conditions in 1933 and early in 1934. But they do indicate that the downward curve of the depression that had affected the entire world had begun to be leveled off in 1932.

In the economic summary in the early pages of the volume it is stated that:

"The low point of the world depression is placed by most authorities at about the middle of 1932.

EUROPE

"In Europe, as elsewhere, the severity of the prevailing economic depression tended to increase during 1932. It was a year of falling prices, declining production and trade, and heavy unemployment. The difficulties of international commercial relations were accentuated by depreciation of currencies, strict regulation of exchange transfers, and further restrictions on the import trade. Political developments contributed to the uncertainties of the economic situation.

"Industrial production continued the decline of the previous 2 years, with inactivity especially severe in the older lines, such as iron and steel, textiles, and machinery. Indexes of general production indicate a further recession during the year of 22 percent for France and of 18 percent for Germany. In Great Britain, where industrial activity in earlier years was at a relatively lower level, there was apparently little change in 1932; mining production dropped sharply, that of iron and steel continued very low, but chemicals and textiles showed some improvement.

"Prices, both wholesale and retail, continued to decline throughout the year. Wholesale prices were on the average about 10 percent lower than in 1931; the drop in retail prices was somewhat less. Prices in countries which had abandoned the gold standard remained stable or declined only very slightly. As compared with pre-war levels the discrepancy between retail and wholesale prices continued with wholesale prices usually well below and retail prices considerably above the pre-war figures.

"The tendency of wage rates was downward, though the decline was not very marked and was less in countries off the gold standard.

"Unemployment everywhere passed previous maxima in the early months of the year, and the seasonal improvement in the spring was much less than usual. The summer low was consequently well above the levels of previous years. During the winter of 1932–33 unemployment was generally slightly higher than in the previous year, but in the spring of 1933 there was a marked recovery which carried the figures well below those of 1932 by the beginning of the summer. The heaviest unemployment during the year was registered in Germany (6,100,000) and in the United Kingdom (2,800,000).

"European foreign trade fell off sharply in value as compared with that of 1931 but, on account of the decline in prices, the shrinkage in volume was less marked. Value declines of from 20 to 35 percent were usual, with exports somewhat weaker than imports, though in countries off the gold standard exports were relatively stronger. German exports declined by 40 percent and imports by 32 percent; French, by 33 and 17 percent, respectively; Italian trade was a third less in both directions. On a sterling basis, British imports declined by 10 percent and exports by 5

percent (on a gold basis the declines were 30 and 26 percent, respectively). The trade of Great Britain with the Dominions and of France with the French Colonies held up much better than their trade with foreign countries.

"Aside from the general effects of the economic depression, the exchange situation constituted the chief deterrent to international commercial and financial operations. Nongold currencies continued to depreciate throughout the year, averaging between 30 and 40 percent under par. In order to protect gold reserves and support their currencies, many countries nominally on gold continued to enforce strict regulation of exchange transactions, though toward the end of the year there was some tendency toward relaxation in this respect. To the same end, in order to establish a more favorable balance of trade, imports were restricted by quotas, exchange limitations, and other means, and exports encouraged. The prevalence of exchange control and import restriction led to the negotiation of various clearing and barter agreements.

LATIN AMERICA

"The depression which had already become extremely severe in Latin America during the previous year was intensified to some extent during 1932. The influence of readjustments and deflationary measures was in many instances minimized by political unrest, financial difficulties, and continued lack of export demand.

"The steady contraction in foreign trade which had been in progress since the beginning of 1930 became more pronounced in 1932. Foreign demand and market prices for most export products remained on a reduced level, and the consequent shrinkage in import-purchasing power deflected the source of supply in many instances to the output of domestic industries.

"This in turn caused a general advance in both scope and quality of items produced. As a result of this chain of events the expansion of manufacture, carrying with it a strong movement for protection in the more highly developed areas, became an outstanding feature of the year.

"Agricultural and pastoral conditions, with minor exceptions, were not unfavorable in their production, but disposal of the exportable surplus, notably of meat products from the River Plate countries, was made particularly difficult by quota and other restrictions on imports abroad.

"The difficulties surrounding the marketing of raw materials became the basis of a number of international trade conferences looking to a more favorable treatment of Latin America in the matter of foreign import restrictions, quotas, etc. These conferences, however, were productive of very little improvement in trade during the year.

"Political unrest was wide-spread and added to the unsettlement of trade in some areas by deflecting their buying resources from normal to military channels. A revolt of the State of Sao Paulo, Brazil, which was finally suppressed by the Federal forces, completely paralyzed shipping from that important region for 3 months. Established regimes in Chile were overthrown and replaced by revolutionary governments. International territorial disputes between Bolivia and Paraguay, and between Colombia and Peru, caused a heavy drain on national resources for the purchase of military supplies.

"Mexico presented one of the brighter spots, commercially, in the Latin American picture, for the depression cleared there somewhat toward the close of the year, with indications that business was tending to become more settled.

"The general decline in Government revenues, national, provincial and municipal, greatly handicapped administrative bodies and brought about a wide-spread curtailment of public expenditures, which in many instances forced a suspension of foreign bonded-debt payments. Currencies generally tended to weaken in terms of gold, and the shortage of foreign exchanges caused by dwindling export values, induced a wide-spread practice of exchange control which greatly handicapped the purchase of foreign goods.

FAR EAST

"Japan is set apart from other countries in this area by its more complex economic organization and its well-developed manufacturing industry. Developments in the first half year centered largely around the financial problems engendered by Japan's Manchurian adventure with the consequent inevitable increase in government expenditures. The first half year's developments were largely adverse, with purchasing power declining and with imports in excess of demand. Following new financial legislation at a special session of the diet in midyear, speculative activity was renewed, a decline in yen exchange stimulated the export trade, and general industrial activity revived; unemployment, however, was only slightly relieved, wages remained low, and agricultural conditions remained unsatisfactory.

"Chinese economic life was disrupted by administrative dislocations and by Sino-Japanese military activities. Foreign trade, both import and export, was seriously curtailed. The import decline was reflected in a heavy fall in customs revenues. Exports suffered even more seriously, not only because of sluggish world demand but also owing to the difficulty of getting products to the seaports across disrupted communication lines. In the face of these difficulties some progress was recorded in several directions. Construction work, especially road building, was carried out, and railways improved in operation with some new construction. The development of domestic industries was stimulated by a "buy native goods" slogan, the boycott on Japanese goods, an increased customs tariff, and the low silver exchange; foreign branch factories also increased, almost exclusively in Shanghai.

"Other far-eastern countries generally felt the influences affecting raw-material producers in other parts of the world. Of outstanding importance to India was the adoption of the Ottawa agreement giving United Kingdom products an average tariff preference of 10 percent. India's export trade was generally unsatisfactory, owing to slack demand and low prices.

THE BRITISH DOMINIONS

"The dependence of the British Dominions on primary production made them particularly susceptible to the prevailing low level of world commodity prices. The Canadian wheat crop greatly exceeded that of 1931, but poor prices reduced profits to a minimum, and the lowered purchasing power of the farm population was reflected in business throughout the Dominion.

"Low prices for wool, wheat, and other agricultural products prevented Australian growers from benefiting adequately from the heavy wool clip and the generally good crops. Business as a result was very dull. In foreign trade the export surplus was increased, as the value of imports declined more than that of exports. The financial position of the Commonwealth Government was greatly improved during the year.

"In spite of prevailing low prices, agricultural production in New Zealand exceeded that of 1931, while production of gold almost doubled. As a result the value of exports was greater than in the previous year and, with a decline in imports, accounted for an increase in the export surplus.

"The economic position of the Union of South Africa was dominated during the year by the exchange situation; the Union did not abandon the gold standard until December. Gold production reached record figures, but other industry was depressed. Exports were well maintained largely through the influence of gold shipments (diamond sales dropped sharply), but the value of imports declined by nearly 40 percent."

In the closing comment on "International Trade" (p. 342), there is a brief review of world trade in 1932, from which I quote as follows:

INTERNATIONAL TRADE

"International trade for the calendar year 1932, the third year of the economic crisis, showed a decline in both volume and value as compared with 1931. The aggregate turn-over was approximately $26,428,000,000 in 1932 as against $39,321,000,000 in 1931, a decline of nearly 33 percent. The decline was caused largely by a real reduction in volume and only partly by lower prices. The total for 1932 was more than 50 percent below the total for 1930 and more than 60 percent below the value of world trade in 1929. It was lower than the total for any preceding year since 1904.

"The movement of prices in 1932 was decidedly downward. In the foreign trade of the United States nearly all the important commodities declined in price in 1932. Some of the export commodities had declined steadily in price since 1928, many others since 1929, and a few since 1930. Between 1928 and 1932 lard declined from 13 to 5.8 cents a pound, patent upper leather from 37.5 to 15.1 cents a square foot, wheat from $1.25 to 59.6 cents and corn from $1.02 to 35.7 cents a bushel, refined sugar from 3.5 to 1.6 cents a pound, linseed-oil cake from $53.54 to $29.23 a ton, rosin from $15 to $4.79 a barrel, spirits of turpentine from 53.4 to 40.3 cents a gallon, leaf tobacco from 26.8 to 16.8 cents a pound, cotton from 20.1 to 7.2 cents a pound, gasoline from $4.48 to $2.34 a barrel. Between 1929 and 1932 refined copper went down from 18 to 6.1 cents a pound and lead from 4.9 to 2.2 cents, cottonseed oil from 9.2 to 3.2 cents, and lumber prices declined more than one third.

"Most of the import commodities had likewise declined steadily since 1928. Rubber went down from 25 to 3.5 cents a pound, tin from 49.8 to 21.1 cents, coffee from 21.3 to 9.1 cents, cacao beans from 12.4 to 4.1 cents, and tea from 30.3 to 13.1 cents a pound. All vegetable fibers declined greatly—jute from $147.43 to $62.27, manila from $200.74 to $62.91, and sisal from $145.10 to $50.10 a ton. Cuban sugar went down from 2.43 to 1.02 cents a pound, and the protected Philippine sugar from 4.08 to 2.70 cents, the margin between the two increasing from 67.9 to 164.7 percent. Cattle hides declined from 23 to 5.6 cents a pound, furs went down from one third to one half in price, bristles declined from $1.36 to 66.4 cents a pound, shellac from 42.4 to 13.3 cents a pound, linseed from $1.78 to 64.1 cents a bushel, wrapper leaf tobacco from $2.06 to $1.33 a pound, clothing and combing wools went down two thirds in price. Between 1929 and 1932 raw and combing wools went down two thirds in price. Between 1929 and 1932 raw silk declined from $4.91 to $1.54 a pound, or more than two thirds. The average of international trade prices in 1932 was nearly 50 percent below the prices of 1929.

"The economic crisis, due to the impossibility of marketing an excessive production profitably, first hit the nonindustrial countries producing primary materials. The low prices of grain, coffee, cacao, sugar, cotton, wool, silk, rubber, copra, the metals, etc., curtailed the purchasing power of the producing countries, and the shrinkage of trade reduced their public revenues, in some cases as much as 40 percent, thus increasing the burden of the foreign debts. Countries exporting largely industrial products found their markets reduced. The trade in manufactures, however, went on between industrial countries until 1932 when it slackened considerably, and the share of industrial Europe in world trade, which had been increasing since 1929 and reached 58.1 percent in 1931, declined to 56.7 percent in 1932. The share of the United States in world trade decreased likewise, though it was still somewhat higher in 1932 than before the war.

"Some signs of improvement appeared in the latter half of 1932. The prices of a few commodities stiffened temporarily in the summer. Industrial activity increased, and international trade improved somewhat toward the end of the year. Industrial and mining production, measured on the basis of 100 for the industrial activity in 1928 of 19 principal countries with 90 percent of world production, had risen to 110.3 in June 1929, and then declined to 69.1 in July 1932. It rose gradually to 75.1 in December. In the first 3 months of 1933 industrial activity declined to 71.6, and the value of international trade for the first 6 months of 1933 was one sixth below the total for the first half of 1932.

"With the exception of a few colonial countries, all the countries listed in the table showed declines in both imports and exports in 1932 as compared with 1931, the great industrial and trading nations suffering greater losses, both absolute and relative, than the smaller countries. In 1929, 16 countries had a total trade of more than a billion dollars each: United Kingdom, United States, Germany, France, Canada, British India, Japan, Italy, Netherlands, Belgium, Argentina, China, Australia, Czechoslovakia, British Malaya, and Netherland India, in the order named. The aggregate trade of these countries represented 73.4 percent of the total world trade. In 1932, only the first four were in the billion-dollar class, and the total for the 16 countries made up only 70.3 percent of world trade. With the exception of Belgium, France, and the Netherlands, all had suffered declines in excess of 60 percent between 1929 and 1932.

"In imports, losses exceeding 40 percent were shown in the trade of Denmark, Poland, and Sweden, and declines of more than 36 percent in the trade of Argentina, United Kingdom, Russia, United States, British Malaya, and Czechoslovakia. In exports, China, Czechoslovakia, Irish Free State, Switzerland, Poland, Austria, and Germany registered losses in excess of 40 percent; British Malaya, Sweden, British India, and Denmark, losses in excess of 36 percent. The exports of France, the Netherlands, and Belgium declined slightly more than 35 percent, while the decline in their imports was below the general average—29.3 percent for France, 31.3 for the Netherlands, and 31.5 for Belgium."

NATIONAL MARITIME DAY

Mr. FESS. Mr. President, today is the anniversary of the sailing of the first steamship across the Atlantic. All who are familiar with history will recall that it was on May 22, 1819, that that steamship started from the city of Savannah. Today is the anniversary of that event.

A very interesting editorial appeared in the Washington Herald this morning commenting upon the growth of our merchant marine from that day until this, and also on the importance of a continued development of the merchant marine.

I ask unanimous consent to have this editorial inserted in the RECORD.

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

[From the Washington Herald, May 22, 1934]

NATIONAL MARITIME DAY

This is National Maritime Day. It commemorates for the second time the sailing of the first steamship to cross the ocean—the historic voyage begun from the city of Savannah by the steamship *Savannah* on May 22, 1819, and completed 25 days later by the vessel's arrival at Liverpool.

A century and a quarter has elapsed since the cruise of the *Savannah*.

How far ocean transport has advanced in that span of time is told, in part, by the cartoon on this page, showing the pioneer of all steamships in contrast with the mighty *Leviathan*.

In proclaiming this year's celebration, President Roosevelt called for Nation-wide observances of the event, and accordingly public meetings and services are being held today in some 50 cities throughout the country.

Not only in Atlantic, Pacific, and Gulf ports, but on the Great Lakes and in the interior States the day is being celebrated. This is as it ought to be.

A merchant marine is one of the great assets of a modern nation. It is not something that serves and benefits the seaboard people only. Every industry and virtually every community owes some part of its commercial well-being, often a very large part, to our normal overseas trade.

Furthermore, as the World War taught us so expensively, an adequate merchant marine is hardly less important than the Navy itself in the national defense. Without auxiliaries and suitable ships of supply, the Navy cannot function properly in times of great emergency—and when an emergency suddenly arises a merchant marine cannot be improvised.

It was our costly World War experience that prompted Congress, only a few years ago, to pass the Jones-White Shipping Act, and to declare as a permanent national policy the sound principle of Federal aid and Federal protection for American shipping lines—American owned, American manned, and American operated.

Under that policy the American flag has been put back upon the high seas where once it was supreme. And never again must this country permit the flag to be withdrawn from the world's great traffic routes. We must not, indeed we dare not, repeat the tragic and ruinous blunders of the careless past.

We must not again allow American commerce to become helplessly dependent upon foreign shipping for its foreign markets and its foreign supplies, or our Navy, in the event of future wars, to be dependent upon foreign ships as its auxiliaries, or our Army to depend upon foreign countries for the transportation of our own expeditionary troops.

Preparedness, which includes an adequate merchant marine fostered by governmental policy, will do more than anything else to keep this country out of foreign wars. And if foreign war becomes unavoidable, preparedness alone will spare us the shocks of disaster and defeat.

NATIONAL PROBLEMS OF INDUSTRIAL CONTROL—ADDRESS BY DR. ARTHUR B. ADAMS

Mr. GORE. Mr. President, I ask unanimous consent to have printed in the RECORD an address delivered on March 30, 1934, before the Southwestern Social Science Association at Dallas, Tex., by Dr. Arthur B. Adams, of the State University of Oklahoma, on the subject of National Problems of Industrial Control.

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

NATIONAL PROBLEMS OF INDUSTRIAL CONTROL

By Arthur B. Adams

The N.R.A. was designed by the Federal administration to put workless people back to work and to induce money and credit, locked away or denied millions through economic collapse, to resume their normal functions of stimulating demand for goods of all kinds. The N.R.A. meant to the average American just what the national administration planned it to mean—shorter working hours, more people at work, more people to buy. But the N.R.A. has meant to the industrialist another thing—just another means of making profits at the expense of the public. So, after the first 9 months of this part of the new deal we have the spectacle of the Government having to take the place of industry in creating national buying power, through the C.W.A. and the P.W.A., while the industrialists, satisfied with the codes of fair competition they wrote, quietly raised prices, took extra pennies from the public, and sat back, leaving to the Government the job of restoring real prosperity.

As I shall hope to demonstrate to you, we are facing today the following alternatives, each of them filled with grave import to the Nation: (1) Abandonment of the National Industrial Recovery Act and, consequently, a return to the conditions which brought the depression of 1929; or (2) enforcement of the N.R.A. or a similar program based on definite and positive decreases in the hours of labor (the reemployment of millions of unemployed) and the maintenance of living, rather than minimum wages. If we pursue the first alternative, the probability of a new and more disastrous depression than we have ever before experienced faces us. Let us now examine our N.R.A. problems and experiences more in detail.

According to the preamble of the industrial-control provisions of the National Industrial Recovery Act, the objectives to be accomplished by the enforcement of the act are: (1) The elimination of unemployment; (2) an increase in consumers' purchasing power; (3) a balance of production and consumption; and (4) an elimination of unfair competitive practices. Before the passage of the act it had been demonstrated fairly conclusively that private industry operating under the laissez faire policy of free play of economic forces could not accomplish these desirable objectives of bringing about a balance in our industrial system.

The act was based on the following assumption: The fundamental evils in our industrial system could be eliminated, or at least greatly reduced, by cooperation between the Federal Government and the leaders of the various private industries. This cooperation was to come about through the enforcement of codes of fair competition submitted by the various industries and accepted by the President.

After the passage of the National Industrial Recovery Act the President set up the National Recovery Administration (N.R.A., under Gen. Hugh Johnson) to administer the industrial control provisions of that act. For the first 2 months after the passage of the act only one industry (the textile) submitted a code of fair competition to operate under the law. During this time the leaders of all the other industries preferred to remain free of the provisions of the act so they might take full advantage of the higher prices brought about by the Nation going off the gold standard. At that time (June and July 1933) production was greatly increased, along with an increase in sales and in prices, but employment and wages were not correspondingly increased. To save the situation temporarily, the N.R.A. put forward the President's emergency employment agreement to be signed by all employers in all industries and businesses. This emergency movement resulted in some decrease in unemployment as a whole, but did not increase employment to the same degree that production and trade had been increased from May to August 1933.

During the autumn and winter of 1933 the great bulk of the industries of the Nation submitted codes of fair competition to operate under the National Industrial Recovery Act. The public as a whole knows little of the nature of those codes or of the methods by which they are administered. But the public

does know fairly well the sum total of the results of the adoption and application of the various codes. Prices have increased slightly since the codes were adopted; the volume of trade has increased considerably, but production has actually declined; neither total wage payments nor private employment have increased but on the contrary both have decreased slightly; however, profits have risen perceptibly. It is evident that very little has been done to accomplish the fundamentals of the objectives of the act. What little adjustment in the hours of labor have been made under the permanent codes have not resulted in a decrease in unemployment—but private employment has actually decreased. In other words, hours of labor have not been reduced sufficiently to make any material impression on the unemployment problem. Minimum wages have not been increased sufficiently to bring about an increase in total wages paid by private industry. But, production is being held down and prices and profits are being held up.

Practically all the improvements in prices, volume of sales, production, and in consumers' money income for the past year have been due to the artificial stimulation which the Federal Government has given private business by the deliberate inflation of prices and by the distribution of public funds through the A.A.A., C.W.A., P.W.A., and other Government agencies. Price-inflation policies brought about an artificial increase in the demand for goods last spring; this artificial demand resulted in a rise in prices and in production. The placing of some 6,000,000 of the unemployed on the public pay rolls has increased the total consumers' purchasing power in the Nation and has, therefore, stimulated the total volume of retail sales. It was claimed that this Government action of inflation and the expenditure of public funds was priming the pump for business. Priming the pump was supposed to bring about business recovery so that with the application of the National Industrial Recovery Act private industry then would absorb the unemployed and would pay out adequate consumers' money income to keep industry operating. But, instead, the adoption of the codes did not result in a large increase in private employment; neither did it result in an increase in real wages from private industry. However, business profits did increase. It, therefore, became evident that the money used to prime the pump was going largely into private profits rather than into an increase in industrial employment and wages to increase consumers' money income from private industry.

It is clear that under such conditions our industrial system will again lapse into business depression as soon as these public funds (derived from the increase in public debts) are exhausted. The workers now on the public pay rolls would again become unemployed, consumers' money income would again decrease, sales would decline, prices would fall, industry would curtail production, and private employment would further decline. In an attempt to avert this impending disaster, the Federal administration called a national conference on N.R.A. problems to meet in Washington on February 27 and to continue in session for 2 weeks. It was hoped by the administration that as a result of discussions with the various code authorities during the second week of this national meeting the Government would be able to secure a voluntary agreement from the industrial leaders to reduce the hours of labor at least 10 percent per week without any reduction in the weekly pay per laborer. As is well known now, our industrial leaders refused to accept any suggestions as to a flat reduction in the hours of labor, and in general they refused to agree to any immediate reduction in hours or increase in wages. In fact, so far, practically nothing has come from this momentous conference other than several threats of giant labor strikes. The question is: What should be done by the administration in regard to the industrial-control provisions of the National Industrial Recovery Act?

It should be evident to everyone that if we are to have permanent recovery of business in this country under the system of private ownership of property, private industry must pay out to consumers an income sufficient to enable them to buy back the goods which industry produces. It should be evident, also, that between 1922 and 1929 the savings and investments of the rich were too large and the incomes of consumers too small to permit our industrial system to continue to operate. It should be evident, also, that we cannot continue to operate our industrial system by the Government (through the creation of public debts) furnishing a substantial part of the income of consumers, as it is now doing. Therefore, the only way to make our industrial system workable and still retain the capitalist system is for private industry to increase the percentage of the national money income which goes to laborers and to decrease the percentage which goes to savings and investments and at the same time to reduce the hours of labor in private industry so that there will be jobs for all of the employable unemployed.

The administration has offered the business leaders a cooperative industrial control plan, through the National Industrial Recovery Act, whereby they could cooperate with the Government in bringing about the necessary adjustments in our industrial system. Instead of cooperating to accomplish these necessary adjustments the business leaders, on the one hand, have stood for control of output and prices in order to increase profits; and, on the other hand, in order to protect profits they have insisted upon unnecessarily long hours of labor as well as inadequate wage scales for laborers. On the whole, our industrial leaders have attempted to increase their profit margins as a result of the codes of fair competition rather than to bring about the necessary adjustments in industry. Their actions thus far in reference to the N.R.A. would lead one to conclude that they are not different from the Bourbons of France prior to the French Revolution, who opposed all necessary adjustments in the rotten social and economic system of their time. It was said of the Bourbon kings that they learned nothing and forgot nothing.

Apparently, our recent disastrous business depression and our experience under the N.R.A. have caused our industrial leaders to learn nothing in regard to the necessary adjustments in our economic system, neither has this experience caused them to forget how to get fat profits out of any situation. Should they persist, or be permitted to persist, in this reactionary attitude, the consequence may be disastrous for our present economic system, as the consequence of the attitude of the Bourbons was disastrous for the social and economic system they attempted to perpetuate.

The National Industrial Recovery Act gives the President of the United States the power to change the provisions of any and all codes of fair competition upon his own initiative and motion. He has the power under the law to order a decrease in hours of labor and an increase in wages in any and all industries that are operating under codes. Thus far, the President has hesitated to use this dictatorial power on the grounds that the enforcement of the National Industrial Recovery Act should be one of cooperation with private industry rather than one of dictation by the Government. It is thought by many that should the President decide to use the dictatorial powers which the act gives him to raise wages and shorten hours, the constitutionality of the act would be questioned immediately in the Supreme Court. Also, some believe that the leaders of industry would refuse to operate their industries, should the President attempt to use these dictatorial powers in bringing about the necessary adjustments in our industrial system.

It has been suggested that the President ask Congress to reduce the hours of labor in all industries by the passage of the 30-hour-a-week bill or some other bill along this line. It is my opinion that it would be inadvisable to attempt to set the specific hours of labor by legislative acts. Hours of labor should be regulated by an administrative body so they could be made to conform to economic conditions prevailing at the various periods of time. In spite of the objections to the contrary, it is my opinion that the President either should use the discretionary dictatorial powers the act delegates to him in shortening hours and in raising wages or ask Congress to revise the act so as to make those powers mandatory. If the Court should then declare the law unconstitutional, the blame for the failure of the act would not rest on the national administration.

Since the industrial leaders already have demonstrated that they do not intend actually to cooperate with the Government in putting into operation the objections of the act, should the national administration decide that it would be inadvisable politically or economically to use the sovereign powers of the National Government to enforce the act, the administration then should ask Congress to repeal the act.

The Government, if it does not wish to use the dictatorial powers to enforce the act, should place the responsibility for failure of the act upon the reactionary business leaders where the responsibility rightly belongs. It is evident to us that private industry, without the distribution of public funds to consumers, could not long operate in this country under conditions of the free play of economic forces. I believe that an industrial control system that actually will bring about shorter hours of labor and higher real wages is absolutely necessary in order to enable our industrial system to operate successfully and remain under private ownership.

I predict that should the national administration ask Congress to repeal the act, because the industrial leaders have refused to give effective cooperation in its application, in a short time there would be a wide-spread public demand that Congress pass an effective industrial control act which would make it mandatory upon the administration to lay down the definite rules and regulations regulating wages, hours of labor, production, and competition. Such a control plan could be administered in the interest of the Nation and not in the sole interest of immediate private profits.

The new Industrial Control Act, or the revision of the present one, should provide for the framework of a 100-percent-governmental administrative organization to administer the act. The idea of calling in business executives to act as Government officials, who at the same time retain their connections with the businesses from which they came, should have no place in the administrative organization of the revised act. The administrative organization should be made up of public officials who act entirely in the interest of the whole public and not in the interest of any economic class or group.

The new industrial control act should prohibit the setting of minimum or maximum prices, either by the Government or by agreements in the various industries. Agreements as to reduction of outputs should also be prohibited in all industries and should be ordered by the Government itself only in rare and extreme cases. The act should make it mandatory on the Administrator to lay down the principles under which private enterprises in each industry are to operate in reference to wages, hours of labor, competitive practices, and profits.

Hours of labor and wages should from time to time be set by the administration for each industry. Minimum wages in each industry should be adjusted from time to time as business conditions and profit margins change. All industrial enterprises should be permitted to compete freely so long as they comply with the rules of the game laid down by the administration.

There should be an excess-profits tax as a part of the Industrial Control Act which would provide that all excess profits made by any business enterprise be taken for public benefit to help retire the public debt and to be used for other public purposes.

The labor provisions of the new act should prohibit all company unions, as well as prohibit employers from using any force, intimidation, persuasion, or inducement in influencing employees in selecting their representatives. Strikes and lockouts should be made unlawful until or after the National Labor Board has had an opportunity to render a decision in regard to the labor dispute. The domination of industries by labor organizations should be avoided just as scrupulously as the domination by industrial leaders should be avoided. Industrial control by the Government should be in the interest of the whole public and should be fair to all special interests involved.

RETURN OF A BILL BY THE PRESIDENT—COMMEMORATION OF THE TWO HUNDREDTH ANNIVERSARY OF THE BIRTH OF DANIEL BOONE

The PRESIDING OFFICER (Mr. POPE in the chair) laid before the Senate a message from the President of the United States, which was read and ordered to lie on the table, as follows:

To the Senate:

In compliance with the request contained in the resolution of the Senate (the House of Representatives concurring therein), I return herewith Senate bill no. 3355, entitled "An act to authorize the coinage of 50-cent pieces in commemoration of the two hundredth anniversary of the birth of Daniel Boone."

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *May 21, 1934.*

Mr. BARKLEY. Mr. President, a few days ago a concurrent resolution was adopted by both Houses asking the President to return Senate bill 3355 in order that a correction might be made in it. I now ask for the present consideration of a concurrent resolution, which I submit, making the correction.

The PRESIDING OFFICER. The concurrent resolution will be read.

The legislative clerk read the concurrent resolution (S. Con.Res. 18), and it was considered by unanimous consent and agreed to, as follows:

Resolved by the Senate (the House of Representatives concurring), That the action of the Speaker of the House of Representatives and of the President of the Senate in signing the enrolled bill (S. 3355) to authorize the coinage of 50-cent pieces in commemoration of the two hundredth anniversary of the birth of Daniel Boone, be rescinded, and that the Secretary of the Senate be authorized and directed to reenroll the bill with the following amendment:

"Before the period at the end of section 1 insert a semicolon and the following: 'but the United States shall not be subject to the expense of making the models or master dies or other preparations for this coinage.'"

THE NATIONAL INDUSTRIAL RECOVERY ACT

Mr. NYE. Mr. President, leading up to the year 1929 we were not lacking in prophesies that a continuation of the course which was then being pursued, and a continuation of the kind of prosperity of which many were then boasting, would lead to consequences which would leave upon the doorstep of every American man, woman, and child economic difficulties the like of which the country had never before faced. One could not, during those days of so-called "prosperity", secure very serious hearing for any contention that things were not as they ought to be, or that conditions were not going to continue to be rosy for those who were enjoying the prosperity of that day. But we were finally led, as prophecy had it, into what is now reckoned as being the most serious, the most lasting, the most devastating siege of depression that any civilization has ever known. We like to count ourselves on the way out of that depression, and yet if one will but be honest with himself, and face the facts which are to be had on every hand, he must of necessity be convinced that perhaps we have made little or no progress in our way out of this depression.

We were led into it, I think, quite alone because we closed our eyes to the fact that the concentration of wealth and the concentration of power which were taking place during those days of prosperity could not bring us anything other than the hopeless mess in which as a nation we find ourselves today.

In March 1933 we inaugurated a national recovery program which was conceived in an hour when the country was sold on the thought that we needed in America a complete reversal of policy, a new deal, so to speak, a deal that was going to turn its back upon the economic gods which had been worshipped in the past, and a deal now that was going to have at heart the welfare of the American people, their happiness, and the contentment of the masses. Many there were who argued and felt that the national recovery program—more commonly known as "N.A.R."—was going to curb the great inroads which monopoly was making in our economic structure; that it was going to curb concentration, to break up the resources of the country, and afford a liberal measure of redistribution of wealth and of opportunity. Under the recovery program we were led to believe that the voices that would be heard in the future would not be those that had been heard in the past, sitting in their comfortable chambers in great banking institutions in New York, but that, instead, the voices to be heard in the future were going to be the voices of the American people.

We had through the years leading up to 1929 become worshipers of bigness. We had quite convinced ourselves as a Nation that we had outlived our swaddling clothes; that we were no longer dependent upon agriculture; that we had become primarily a great industrial Nation, and that our future depended upon the continued success which might come to industry; and in the industrial world we came to worship bigness.

We saw the dividend checks mounting in a way that indicated clearly that the greatest prosperity lay in the direction of greatest possible income for the gigantic corporations of America, and when in those days there was talk about doing something for the smaller man there was scoffing and peering at the thought that anything at all could be done to improve upon the prosperity that was then ours.

There were words of caution to the effect that if we did not decentralize industry and wealth the time would come when the smaller business men of that day would become the servants and the mere agents of great and powerful corporations in America. That this would not be good for the country had been foreseen for generations. Justice Peckham, as long as 34 years ago, discussing the problem of trusts and monopolies, declared:

In this light it is not material that the price of an article may be lowered. It is the power of the combination to raise it, and the result in any event is unfortunate for the country, by depriving it of the services of a large number of small but independent dealers who are familiar with the business and who had spent their lives in it and who supported themselves and their families from the small profits realized therein. Whether they be able to find other avenues to earn their livelihood is not so material, because it is not for the real prosperity of any country that such changes should occur which result in transferring an independent business man, the head of his establishment, small though it might be, into a mere servant or agent of a corporation for selling the commodities which he once manufactured or dealt in, having no voice in shaping the business policy of the company, and bound to obey the orders issued by others. Nor is it for the substantial interests of the country that any one commodity should be within the sole will of one powerful combination of capital.

So much for Justice Peckham's warning, a warning, however, to which we were paying little heed in those great years of prosperity leading up to 1929.

Under N.R.A. we were hoping for larger help; for greater aid to the small industries of America. Some of us looked upon N.R.A. as an institution which was going to afford the small industries of America a better chance for fair play in that bitter feud of competition wherein the great corporations were leaving no stone unturned to accomplish the demoralization and destruction of small industry, or anything that remained in the way of competition in their path.

Just what has been done by the N.R.A. is, of course, debatable; but I say, with all sincerity, that under the N.R.A. monopolies and trusts have become more powerfully entrenched than ever they were entrenched before. Again,

too, I say, with all sincerity, that the small industrial operator in America has never been up against such odds as have been placed in his path by reason of the codes which have been adopted under the N.R.A.

Because these charges were generally being made, last fall there was appointed a Review Board, under instructions to study the operation of these codes, to determine whether small industry was being discriminated against, to determine whether monopoly was being more strongly entrenched, and to report its findings to the President of the United States. Today and yesterday, following the publication of that report, which is known as the "report of the Darrow Review Board", we must, of necessity, draw the conclusion that the attitude which has been shown by departments of the Government under the present administration indicates that there is little or no sympathy left for small business. The play, so far as N.R.A. is concerned, is plainly a play intended to lend larger aid to monopoly and would-be monopolists.

One wonders today at the real purpose which was behind N.R.A. and its formation. One wonders if it is at all true that people with a new thought, with an advanced thought, were really creating the national recovery program, or, instead, was N.R.A. the mere creature and creation of the same monopolists who were guiding the destinies of America's economic structure so successfully leading up to the days of the new deal.

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

Mr. NYE. I am glad to yield to the Senator from West Virginia.

Mr. HATFIELD. Is it not a fact that most of those who represented the larger industries of this country were enthusiastically in favor of the adoption of the Industrial Recovery Act during the time when it was being considered by the Senate?

Mr. NYE. At the time it was being considered I think the public was being led to believe that big business, so to speak, was rather unalterably opposed to the program, but was going to accept it for want of any better program being suggested. In any event, very recently we have been advised that N.R.A. was the creature of the United States Chamber of Commerce.

The "brain trust" has been charged with bringing N.R.A. into being, so freely charged that one of the chief so-called "brain trusters" of the land saw fit not many days ago to announce in an address he was delivering in New York City, as follows:

> With General Johnson I went over a number of plans, not one of which was prepared by a professor. Prof. Rexford G. Tugwell did not know a thing about it; but I learned the same day that there was a conference of industrialists going on regarding plans for industry, and that it was being held in the office of the Chamber of Commerce of the United States. That was where the N.R.A. started.

The author of that address was none other than Professor Moley, at one time, I presume, the chief "brain truster" of them all in this administration and one who yet speaks with considerable authority.

Mr. WALCOTT. Mr. President——

The PRESIDING OFFICER (Mr. FRAZIER in the chair). Does the Senator from North Dakota yield to the Senator from Connecticut?

Mr. NYE. I yield.

Mr. WALCOTT. I wonder if the Senator has given any thought to another element in the beginning of the N.R.A.? I remember being asked by a trustee of the Brookings Institute to a meeting in which they explained the proposal of the N.R.A. and took entire credit for the idea. That meeting was held under the auspices of Mr. Bernard Baruch.

Mr. LONG. Mr. President——

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

Mr. LONG. I think the Brookings Institute was under Mr. Baruch.

Mr. WALCOTT. No; but Mr. Baruch was interested in this program, and he was there as a sort of a sponsor for this meeting.

Mr. LONG. I understand that it has been claimed and admitted that Mr. Baruch was the bright mind behind the N.R.A. thought. I understood that had been stated on the floor of the Senate.

Mr. WALCOTT. I think it has been, and I think also that the Brookings Institute was very largely responsible for the whole program.

Mr. LONG. Mr. Baruch, as will be remembered, had a long magazine article at the close of Mr. Hoover's administration, complimenting that administration very considerably. In other words, Mr. Baruch, as will probably be remembered, in an article in the American Magazine, went on to state that the chain-store system and the things of that kind were the growth of science and development and were necessary to this country, and the codes are right down that alley; they are along that same line.

Mr. NYE. We are advised quite definitely, too, that Mr. Johnson, who is now head of the N.R.A., was one of Mr. Baruch's organization.

Mr. LONG. If the Senator will yield, I made that statement on the floor, and I was called out by Mr. Johnson and told that that was true.

Mr. NYE. That it was true?

Mr. LONG. Yes; that General Johnson was one of Mr. Baruch's men. I honor the gentleman for his frankness.

Mr. NYE. In any undertaking to show who is responsible for N.R.A., I think it ought to be noted that selfishness and greed, whenever a national emergency has existed, have gone forward and entrenched themselves more thoroughly than they were ever intrenched before. During the days of the World War, reverting now to the CONGRESSIONAL RECORD of July 2, 1917, we find Mr. Reed, then a very able Senator from Missouri, declaring concerning what was taking place in Washington at that time:

> I might say that, of course, it is indisputable that practically all the big trusts and monopolies have mobilized in the Munsey Building, and while the boys from the farms, the factories, and the banking houses in all parts of the country are being mobilized in military camps to be later sent to the trenches in foreign lands, these gentlemen, who control products which the Government must use, are making contracts here for their own use, enrichment, and benefit.

So, in the name of a great economic emergency, such as confronted us last year, starting with March, again we found those disciples of selfishness and greed here building for the future, building the machinery that was to wear the cloak of a new deal.

I repeat, Mr. President, under the National Recovery Administration, and its policy such as has been pursued, monopoly has been enthroned as it was never enthroned before in America. Weekly there come from the N.R.A. releases, bulletins, always bearing some interesting imprint upon the back. A very recent one now before me bears this very interesting heading:

> Truly the Blue Eagle has been a bluebird of happiness.

That is a beautiful thought; a beautiful phrase. The blue eagle has been a bird of happiness—happiness for a few Americans, as I shall clearly reveal here this afternoon, but a bird of prey as regards the masses of the American people, and particularly the small independent business man who might be engaged in this or that line of industry.

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

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

Mr. NYE. I yield.

Mr. LONG. I notice that there has been considerable criticism about the National Review Board. As I understood that Board was appointed by the President of the United States to pass on the N.R.A. I read the first charge in the report of the National Review Board, headed by Mr. Darrow, wherein it is stated that they had reinstituted the old Pittsburgh-plus system. I called in some of my traffic friends and I was surprised to find that what the traffic men—I was one of them at one time, engaged in traffic work—had fought for a number of years to do away with the

Pittsburgh-plus system, particularly in the Southern States, had been reinstated.

Senators probably know what the Pittsburgh-plus system is, but if there are any who do not know what it is, I will say it is a system by which steel is valued at so much, according to the price at Pittsburgh plus the freight. If I bought steel in New Orleans, it had to be valued on the price at Pittsburgh plus the freight from Pittsburgh to New Orleans, regardless of where it was produced. That fictitious freight charge had to be added. We fought for a number of years in the South to get rid of the Pittsburgh-plus system, and I thought it was over with; I thought they could never put it back; I thought that every man, woman, and child had been apprised of how we had been swindled by the trust organization by this supposed-to-be basic-rate theory, and that it never could come back. Mr. Darrow's report shows, however, backed up by the Federal Trade Commission, that they have actually brought back that old, old system, although in some instances Chicago may be used as the basing point for making this fictitious freight charge. That practically means that industry has not a chance; it cannot get its head above water ever to compete with the Steel Trust in the United States again.

Mr. NYE. Of course, that is precisely what it means, Mr. President, and yet in the face of the findings which have been made by the Federal Trade Commission and, I understand, by the Department of Justice, the Darrow report, and other agencies, we are confronted morning, noon, and night with a program of deception at the hands of those who are in control of the administration of the N.R.A. program—deception intended to blind the American people to the tremendous and terrible inroads monopoly is making from day to day under the N.R.A. program. There is endless evidence of how monopoly is being aided; there is no end of evidence as to how small business men are being stricken from the picture entirely, and yet Mr. Johnson and Mr. Richberg are ever "Johnnies on the spot" with the assurance that most emphatically N.R.A. is not aiding monopoly, that N.R.A. is the friend of the small business man and the small operator. If they do not realize that they are deceiving the public by their attitude, then I presume it is only fair for us to say here that they are deceiving themselves in no uncertain way.

The Darrow report, submitted to the President and made public yesterday morning, was presented in a way unfortunately which has permitted the public to be given a picture which is not truly reflective of the minds of the National Recovery Review Board. When the main report by the Board was submitted to the President, revealing the Board's findings respecting seven or eight codes, two of the six members of the Board submitted at one and the same time, without the knowledge of the other members of the Board, a so-called "supplemental report." It was not intended to be a Board report to the President, but Mr. Johnson and Mr. Richberg have seized upon that supplemental report and have made such use of it as would best enable them to keep the American public and American officialdom blind to the real merit of the so-called "Darrow report", which was concurred in by five of the Board's six members. Mr. Johnson and Mr. Richberg would have us see nothing more than that supplemental report. They would not for a moment permit us to dwell upon or give consideration to the merit or lack of merit in the report of the Board itself.

Mr. Richberg, counsel for the Board, countered the report by the Darrow Board with a response which I think time will record as having been a most shameful one. Mr. Richberg's attack upon Mr. Darrow was wholly uncalled for. Quite directly he calls the chairman of the Review Board "a philosophic anarchist." Mr. Darrow is well able to take care of himself in any controversy with Mr. Richberg, but, Mr. President, if Mr. Richberg is displeased with Mr. Darrow's presence upon that Board, if Mr. Richberg thinks that Mr. Darrow was there for the purpose of destroying N.R.A., I want the record to be just as clear as it can be made that the first man who suggested the availability of Clarence Darrow for a place on that Review Board was none other than the same Donald Richberg.

Mr. LONG. Mr. President——

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

Mr. NYE. I yield.

Mr. LONG. As I understand, Mr. Richberg is the man who proposed Mr. Darrow's name, but who appointed all these men? Did not the President of the United States appoint them? They were appointed by the President of the United States, were they not?

Mr. NYE. If the record is not already clear in that respect let it now be made clear. When Mr. Johnson and the President were finally prevailed upon to create this Review Board I was asked to recommend possible appointees. I gladly did so. Four of the five whom I recommended were appointed and have served upon the Board. Another member of the Board was recommended by the Senator from North Carolina [Mr. BAILEY]. I am sure the Senator from North Carolina need make no defense of the splendid record of his nominee upon the Board. Certainly I am not going to apologize for the work done by those whom I had the favor of recommending for appointment upon the Board.

Each and every one of those men when he took his place upon the Board, took it with a heart full of sympathy for the administration, entertaining a keen desire to help salvage whatever in N.R.A. was worthy of salvage. But today that Board is made to stand up as being one conceived in an hour when men wanted to plant dynamite, sow the seeds of discord, destroy the program, embarrass the administration—and no one knows better than Mr. Richberg and Mr. Johnson that such was not the case at all.

Mr. LONG rose.

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

Mr. LONG. Mr. President, as I understand, the N.R.A. decided to be investigated and themselves named the chairman who was to investigate them. It was a pretty liberal thing for the men who were going to be investigated to name the man who was going to be in charge of the investigation. If they cannot come through clean with a good bill of health in a case like that, I do not know what else we can do for them.

Here is the gang the whole world is already against. When I say "the whole world", I mean about everybody I have seen who is not personally picking somebody's pocket through the N.R.A. Everybody is against them, with the exception of the pickpocket industry. The N.R.A. is a universally disliked organization.

I use the term "pickpocket" as a charitable expression. There are very few pickpockets who affect more than a few men at a time. I want to be charitable about this matter. I have nothing against the pickpocket that justifies them being compared to N.R.A. But here these pickpockets come in and say, "If you are going to investigate me, Mr. NYE, I want it understood that I would like to name the chairman of the investigating committee."

If I understood correctly the Senator from North Dakota, Mr. Richberg uttered the first word about naming Mr. Darrow as chairman of the investigating Board. Then Mr. Darrow comes out in his report and says, "This gang is twofold worse than the sons of hell, worse than the people thought it was," and he raises the point that these men never ought to have been picked in the beginning. That is the funniest thing I ever heard of. I understand that after the N.R.A. officials named the chairman of the Board which they wanted created to investigate them, and the President appointed all the balance of the members of the Board, then because the Board found they were doing what everybody knew they were doing anyway, they want to fire the Board. In other words, if we arrest a bank robber and the judge sentences him to 16 years in the penitentiary, the bank robber wants the judge removed from the bench because he is sent to the penitentiary. That is akin to the situation we have here.

Mr. NYE. The Senator has stated it very well. [Laughter.]

Let me cite just one more example of the intemperate military arrogance that has existed on the part of the

administrator of N.R.A. almost from the moment of his assuming his duties in N.R.A. That arrogance, that intemperate attitude, that militaristic attitude has so thoroughly demoralized the personnel in N.R.A. that the minute this session of Congress shall adjourn—I rather think they are going to be able to put it off until then—there will be such wholesale resignations from within N.R.A. that we will be made to wonder what sort of attitude or leadership could exist to create the great displeasure that exists there. There is not a Senator in this Chamber who is not able to reach out into N.R.A. and find one or more of the personnel who will privately reveal some of the terrible things, in their estimation, which have been taking place under N.R.A.

Yesterday General Johnson saw fit to make available to the press and the public copies of correspondence which had been exchanged between himself and myself during the months leading up to the formation of the new Board. Strangely there was some letters missing. Strangely some of the letters which were exchanged were not given to the press for publication. For the life of me I cannot discover what the letters which he published were intended to reveal. I cannot understand what General Johnson found in them to afford any solace at all. I wonder why he did not publish, for example, or make available for publication the letter he had written and the letter Mr. Richberg had written late in last November and early in December concerning one of the codes which was under question.

We are told repeatedly by these heads of N.R.A. that they invite criticism, that they appreciate criticism, that they know all the things they have done are not going to be right, and they want to right them when wrongs are found. I want to show how very sincere they have been in this regard.

Late in November I wrote General Johnson revealing the experience which had been that of the independents in the electrical manufacturing field. I revealed in that letter a conviction that the code which had been adopted for this industry, written and forced through by the General Electric Co., was written in the interest of monopoly, and that if what was true of this code was true of other codes, then it could fairly be said that the codes were being written under N.R.A. to the advantage and in the interest of monopoly.

On November 29 Mr. Richberg replied to that letter in this manner:

> Now, as to the particular question you raise concerning incandescent lamps and the N.E.M.A. code, this situation is one as to which I am very glad to have your criticism and frankly admit that criticism here is well justified. It is unfortunate that one of my assistants wrote the letter of November 21, stating that the independent group of lamp manufacturers could not present a supplemental code because they did not represent a sufficient volume of the manufacture.

On December 5, not quite a week later, Administrator Hugh S. Johnson wrote as follows:

> Replying to yours of November 24 to which Mr. Richberg has already replied in part, this is to inform you that I, too, am dissatisfied with the N.E.M.A. code and intend to open it up. Mr. Richberg has already suggested a method which is perhaps as good as any to start the process.

Mr. President, for the RECORD, let it be recorded that no change has been made in that code; but here was the administrator, here was the chief counsel for N.R.A., last November and December, admitting that it was wrong, admitting that the N.E.M.A. code was a rank injustice, so to speak; but not one thing has been done in all the months and weeks that have elapsed to correct the injustice which, by reason of that code, was fastened upon the backs of the independent manufacturers in the electrical manufacturing field.

The whole policy, the whole winter of experience with N.R.A., culminated by the N.R.A. attitude toward the Darrow report, is but conviction, and to me all the conviction that is needed, that while N.R.A. invites criticism, those who offer criticism should beware, because if their criticism is in any way adverse to N.R.A. or the interests of those who lead in administering the provisions of N.R.A., just as surely as they offer that adverse criticism they will be led out against a stone wall to be shot at sunrise. No one has offered criticism who has not felt, at some stage or other, the displeasure of those in charge of N.R.A.

Mr. HATFIELD. Mr. President, will the Senator tell us what has happened to these small industries?

Mr. NYE. The Senator means in the electrical manufacturing field?

Mr. HATFIELD. Yes.

Mr. NYE. I am told that two or three of them have discontinued or virtually discontinued operations in entirety. The others are struggling along, building hopes from day to day upon the repeated promises that something is going to be done—a something that never yet has been done.

The New York Times has been as good a friend of N.R.A. as there is in this country.

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

Mr. NYE. I yield to the Senator from Texas.

Mr. CONNALLY. Did I understand the Senator to say awhile ago that four members of the committee of which Mr. Darrow was the head had been nominated by the Senator from North Dakota?

Mr. NYE. That is true.

Mr. CONNALLY. How many members had the Board?

Mr. NYE. Six members.

Mr. CONNALLY. It seems to me the Senator ought to be very well satisfied with his Board.

Mr. NYE. Has the Senator from Texas heard me offer any criticism of the Board, or express any displeasure over what the Board has done?

Mr. CONNALLY. No; and that is just what the Senator from Texas was reflecting on—how absolutely uniform the views of the Senator from North Dakota and his nominees are.

Mr. NYE. Mr. President, if the Senator from Texas is trying to lead me to say that I am concurring in the views expressed by two members of the Board in the so-called "supplemental report", he will be disappointed, because I am not agreeing in any material sense with those findings.

Mr. LONG. Mr. President, I understood that Mr. Richberg nominated Mr. Darrow. Will the Senator please tell us about that?

Mr. NYE. Mr. President, not one member of the Board who was suggested by myself was appointed with other than the favor of General Johnson, Mr. Richberg, and the President. There was no necessity upon them to name those whom I had recommended; and yet they seemed to be convinced at the time—last February and March—that these men were representative, were honest, were desirous of aiding the cause represented by N.R.A. When, however, their conclusions became critical of some of the things being done under N.R.A., immediately those administering N.R.A. came forth with their hatchets and their axes, with their accusations that those who have offered criticism are anarchists, Communists, and what not—the same old story that has come from reactionaries when confronted with every progressive, liberal, forward step that men have taken down through all the ages of history.

Mr. LONG. Mr. President, if the Senator will yield further, what I am trying to get at is that first Mr. Johnson and Mr. Richberg went over these names, before the Senator submitted them, as I understand. In other words, they were satisfied with the names which the Senator from North Dakota submitted before he handed them in, as I understand from the Senator's answer.

Mr. NYE. That was at least true in the case of Mr. Darrow, because Mr. Darrow's availability had not occurred to me until he was suggested by Mr. Richberg.

Mr. LONG. Mr. Richberg is Mr. Johnson's right-hand man, as I understand, in this matter.

Mr. NYE. That is correct.

Mr. LONG. Was Mr. Johnson aware of the fact that Mr. Richberg had suggested Mr. Darrow's name?

Mr. NYE. Mr. Johnson told Mr. Darrow, in his first conference with Mr. Darrow, that Mr. Darrow was his choice on that board.

Mr. LONG. I see.

Mr. NYE. Mr. President, the New York Times has been a very decided friend of the N.R.A. program. I think it fair to assume that perhaps the Times reflects what may be a very general attitude toward the position taken by Mr. Johnson, Mr. Richberg, and other administration leaders in receiving the Darrow review report. I am going to insist upon reading that editorial in its entirety. Its title is "Codes and Controversies", and it was published on the morning of Monday, May 21, yesterday morning:

CODES AND CONTROVERSIES

On May 4 the National Recovery Review Board, through its chairman, Mr. Clarence Darrow, laid before the President its first report. By an Executive order of March 7, the Review Board was directed by Mr. Roosevelt to ascertain whether any of the codes were, in practice, monopolistic and oppressive. It was also to recommend changes in any approved code or codes which in the opinion of the Board ought to be made. The President himself appointed the members of the Board, though it is understood that names were submitted to him by various Senators. In pursuance of its duty the Board held hearings and made investigations relating to nine different codes, the chief ones being iron and steel, motion pictures, bituminous coal, and the ice industry. The conclusions reached were, in general, that the codes, instead of restraining monopoly, fostered it, and instead of protecting small dealers and consumers, discriminated against and exploited them.

Why did the President keep back this report from publication for more than 2 weeks? It was evidently not what he wanted or expected. Reversing the precedent of Balaam, Mr. Darrow, summoned to bless the Recovery Act, remained to curse it. Naturally, the President felt that this report contained a good deal of poison and wished not to prescribe it for public reading until he could furnish along with it the antidote. The result is the enormous mass of material, amounting in the total to an estimated 150,000 words, given to the press this morning. It is to be feared, however, that instead of settling the controversy the course pursued will only inflame it. Senator BORAH, for example, who has publicly maintained that oppressive monopolies have been sheltered under the codes, and that the bribe of temporarily suspending the antitrust law should never have been held out to big business in order to persuade it to accept the codes, is certain to be heard from on the nature of the Darrow report and the means made use of to break its force with the public.

The President asked for comment on it by the Recovery Administrator and the Deputy Administrator involved, but he could hardly have looked for or desired the bitter language with which one set of his appointees characterized another. General Johnson describes the report as "superficial, intemperate, and inaccurate", and declares that "this Board is not in good faith." He closed his letter to the President by saying flatly: "I recommend that it be abolished forthwith." A more detailed, but not less vitrolic, analysis of the Darrow report was made by the General Counsel of N.R.A., Mr. Richberg. He made his attack directly personal when he asserted that the main trouble with the report was that it was written by "a noted Socialist who advocates complete Government control of business", and who was trying to please "philosophic anarchists who apparently opposed any Government control of anybody, including criminals."

It is needless to pursue these new and painful controversies. Nor is it possible to weigh the huge and confused body of evidence printed by both sides. But an impartial inference may be drawn by the innocent bystander observing this envenomed quarrel among public officials. It is that the whole business of framing and administering codes has been terribly overdone. When the administration departed from its original intention to establish only a few basic codes, it launched itself upon a sea of troubles. The work undertaken was too vast for any bureaucracy. The obligations assumed could not possibly be discharged. The administrators have necessarily appeared like men—no doubt doing their best, but, even at their best—in wandering mazes lost.

Things have been coming to a pass recalling the intense centralization of all government under the czarist regime, when a man could not build an addition to his house in Vladivostok without getting permission from some underling at St. Petersburg. What has been done, or at least attempted, at Washington in all this matter of the codes illustrates a remark once made by President Wilson, that extreme centralization of government is a "process of death." It makes work too big and complicated for any man or set of men. It produces too high blood pressure in the Federal Government, and constantly threatens it with a cerebral hemorrhage. These, and not merely the vehement disputes between General Johnson and Mr. Darrow, are the real evils to be averted. There is hope in the semiofficial prediction that with the end of the fiscal year the immense volume of unenforced and unenforceable codes will be heavily deflated.

Mr. President, from almost every quarter of this great country of ours today comes word of strikes or threatened strikes. Authorities and students tell us that this summer and fall will witness many demonstrations of protest against the existing order; and why in the world should there not be protest?

When the American people do actually awaken to what N.R.A. has done for a few while doing little or nothing for the many, most assuredly, unless there shall be quick change of policy in N.R.A., there will be trouble the like of which we have not experienced since 1929.

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

Mr. NYE. I yield.

Mr. LONG. I have been requested by someone to ask the Senator whether it is a fact that there is no code for the anthracite industry, but there is one for the bituminous industry.

Mr. NYE. I understand that to be true.

Mr. LONG. Is there any reason the Senator knows of why a code should have been written for the bituminous industry and not one for the anthracite industry?

Mr. NYE. None other than that perhaps the anthracite industry did not want a code.

Mr. LONG. As I understand, the anthracite industry was pretty well owned by a monopoly anyway, and there was very little competition. Is that about correct?

Mr. NYE. That may have been their line of reasoning in not asking for a code.

Mr. LONG. And in the bituminous industry there were some unfortunates outside the breastworks, and a code was needed in order to get hold of them. That suggestion has been made to me as a reason why, when a monopoly owns the whole thing, they need no code in order to get hold of the balance, but when they do not already have it under themselves, they stretch their beneficent arm, with the Government putting them at the head of it, and take them in, just like tolling young ducks into a chicken house.

Mr. ROBINSON of Arkansas rose.

Mr. NYE. Let me complete my point, and then I shall be glad to yield to the Senator from Arkansas if he wishes to have me do so.

I have said that it should not be at all surprising if the people of this country should rise up in arms and protest against the existing order. N.R.A. has given great pleasure to a few, and some of the great corporation heads in the United States have rushed into the magazines and into the public print and publicly have declared their allegiance to and keen interest in what the N.R.A. is accomplishing. They should do so.

The New York Post of April 4 last published a very brief and yet a very pointed editorial, as follows:

PROFITS AND WAGES

General Motors report for 1933:
Sales in dollars rose 31 percent.
Net earnings rose 50,000 percent.

I am not misspeaking myself. It says net earnings rose 50,000 percent.

Average annual wage rose three quarters of 1 percent.

From Newark, N.J., under date of May 12, comes a dispatch published in the daily press which I think further reveals why the laboring people, the working people, are displeased with this new deal as personified by N.R.A. Let me read this dispatch. It is as follows:

NEW DEAL HIT BY EMPLOYEES OF N.R.A. HEAD—FACTORY OWNED BY ADMINISTRATOR CUTS PRODUCTION MORE THAN HALF—HOURS CUT, PAY INCREASED, BUT WEEKLY EARNINGS SHOW DECREASE

NEWARK, N.J., May 12.—The new deal does not evoke unanimous cheers among Gen. Hugh S. Johnson's employees in Lea Fabrics, Inc.

The carpet factory of which the N.R.A. (National Recovery Administration) Administrator is president and principal owner has just curtailed production by more than half.

In their enforced leisure the laid-off mechanics of Lea Fabrics, Inc., have been striking a balance sheet of the effects of the National Recovery Act in General Johnson's own factory.

Here are their findings:

Hours of work have been reduced; the hourly wage rate has been increased; the weekly wage has been reduced; unionism is not wanted; the open shop prevails; a union organizer has been discharged; employment continues spotty with speed-ups followed by months of idleness.

The figure showing a drop in weekly wages, as given out by the company's treasurer, were later amended by its general manager, however.

The spotlight has been directed at the labor practices in General Johnson's plant by an article in the current issue of the magazine New Masses. The article charges the company has violated the letter and spirit of the N.R.A.

The balance sheet of the employees is challenged by officials in charge of the company while General Johnson is away administering the N.R.A.

There is no conflict of the 40-hour week. The plant worked its employees 48 hours before the N.R.A. The employees feel, however, that the 40-hour week is a doubtful advantage. It has brought their earnings down during a period when living costs have arisen almost 10 percent.

When the company introduced the 40-hour week it raised the hourly wage rate somewhat, but not enough to pay the mechanics as much as they had been making under the old deal. The employees say weekly wages went down between $3 and $6. The company's figures indicated somewhat smaller cuts.

There is no question but that the company is paying the code wages and above. But the workers point to the $14 a week minimum fixed in the carpet code as "just another one of the N.R.A. jokers." They ask where are the higher wages Johnson has been urging others to pay?

Mr. WAGNER. Mr. President, what is the date of publication of the newspaper from which the Senator was reading an extract?

Mr. NYE. May 12.

Mr. WAGNER. May 12 of this year?

Mr. NYE. Yes; May 12, I understand, 1934.

Mr. President, the most striking thing about the reply to the Darrow report by General Johnson, Counsel Richberg, and the amen chorus of deputies is that the N.R.A. leaders are so unsure of themselves and their institution that they feel forced to reply to criticism with vituperation and vicious personal attacks.

If the facts in this controversy rest with N.R.A., there is no need for denials, accusations, and personalities. If the facts are against N.R.A., all the name-calling in the General's florid vocabulary cannot save it.

For months we have heard, both from General Johnson and his subordinates, that N.R.A. welcomes criticism. This, of course, is an absurd and ridiculous statement. Every critic who has dared to sound a note of warning or to make a suggestion for a change of method or policy has had a torrent of abuse as a reward.

The General has surrounded N.R.A. with an imaginary host of besieging enemies, at whom he sallies forth, assaulting the windmills of sabotage.

Johnson questions the motives and impugns the sincerity of purpose of all critics of N.R.A. In his lexicon all attempts to gain justice for small business become the treasonable activities of base political plotters.

In reply to the Darrow report, one of the chorus men among the deputies goes so far as to suggest an investigation into the mental standing of the Review Board. This classical example of a vitriolic reply to the evidence offered by the Darrow board shows the inspiration, if not the contagion, spread by the general among his subordinates and associates.

Chairman Darrow and his associates were asked to investigate approved codes for evidence of monopolistic tendency or oppression of small industry. These gentlemen investigated a number of codes and reported their findings with evidence of what they believed to be indications of monopolistic practice. As required by the President, they made certain recommendations for the elimination of this condition. General Johnson's answer would have been more dignified and far more convincing had he examined these charges and attempted to refute them by logic rather than rhetoric. The entire procedure awakens the grave suspicion that many of the indictments brought by Darrow are not to be refuted, and that Johnson is simply trying to bluff out a difficult situation by confusing the public with loud language and bitter denunciation.

If this is not the case, why was the Darrow report held up at Johnson's request and not made public until the N.R.A. bureaucracy could grind out a ream of answers?

Why was the Darrow board not accorded the usual courtesy of having its findings made public prior to the reply of the institute it was investigating?

Why was the language of the N.R.A. defenders so intemperate and abusive if the facts themselves denied the Darrow charges?

Why did Mr. Richberg seize upon the supplement to the Darrow report which was signed by only one member besides the chairman, with the astounding declaration that the Review Board was suggesting socialism or communism?

It is somewhat surprising to find Mr. Richberg in the role he plays at the present time.

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

Mr. NYE. I yield.

Mr. ROBINSON of Arkansas. In view of the last statement of the Senator from North Dakota, I will ask him whether, in his opinion, there are not declarations in the supplemental report of the Review Board—the Darrow Board—to the effect that the hope of the American people lies in the socialization of all industry?

My NYE. I understand there are such declarations there.

Mr. ROBINSON of Arkansas. I respectfully submit to the Senator that that may be taken as the basis of the allusion by Administrator Johnson to communism and socialism. The Senator is familiar with this language in the Review Board's supplemental report to which I have referred——

Mr. NYE. If I might suggest to the Senator from Arkansas, there is where the error is made. The Senator called it a supplemental Review Board report when it is no anything of the kind. It is a supplemental report, so-called, concurred in by 2 members of the Board; and the other 4 members of the Board never saw it.

Mr. ROBINSON of Arkansas. It is entitled "Special and Supplemental Report to the President", by Clarence Darrow, chairman, and William O. Thompson, member of the National Recovery Review Board.

Mr. NYE. Yes.

Mr. ROBINSON of Arkansas. In that supplemental report there is this statement:

The choice is between monopoly sustained by government, which is clearly the trend in the National Recovery Administration, and a planned economy, which demands socialized ownership and control, since only by collective ownership can the inevitable conflict of separately owned units for the market be eliminated in favor of planned production. There is no hope for the small business man or for complete recovery in America in enforced restriction upon production for the purpose of maintaining higher prices. The hope for the American people, including the small business man, not to be overwhelmed by their own abundance lies in the planned use of America's resources following socialization. To give the sanction of government to sustain profits is not a planned economy, but a regimented organization for exploitation. The N.R.A. is at present in the stage of conflict of interests; but in proportion as the authority of government sanctions regulation by industrial combinations, the inevitable tendency is toward monopoly, with elimination of the small business.

I respectfully suggest that this supplemental report—which, it is true, is signed only by Mr. Darrow and Mr. Thompson—makes the issue that there is no choice between government ownership or monopoly sustained by government and the complete socialization of all industry.

The complaints of selfish interests that they have not been granted all they have asked, evidence the value of the general policy of the N.R.A.

May I add that the task of the National Recovery Administration has seemed to me from the beginning so great and so difficult as to approach the impossible insofar as satisfying everyone is concerned. We have had complaints from what is commonly termed "big business" that the National Recovery Administration is dominated by organized labor. They criticize and protest the formula for collective bargaining. On the other hand, the American Federation of Labor and other organizations have protested the recognition of the company unions.

It was inevitable that a plan to raise wages, which also contemplated increased prices, would result in hardship to some small businesses, and I do not commit myself to the theory in fact that injustice may not have been done in instances.

Take the case of shaft bituminous coal mines, where wages were raised under the N.R.A. code so as to make it impossible for mines in certain areas to operate except at considerable loss: That has resulted in disadvantage not only to the mine owners but, I think, to those who actually operate the mines, the miners themselves. It is entirely

conceivable that similar results may have ensued in the case of other industries.

It is not an easy task to administer a law like the National Recovery Act, and nothing is accomplished by diverting attention from the practical affairs of the administration of the act to academic questions such as communism and socialism. I think the supplemental report referred to furnishes a basis for the retort that is attributed to the Administrator of the National Recovery Act. If as a result of all the criticisms that have been made the administration of the act shall be improved and the fundamental purpose of the measure, namely, the promotion of the general welfare of the people as a whole, shall be accomplished, the act will have vindicated itself.

I thank the Senator for yielding.

Mr. ROBINSON of Arkansas subsequently said: Mr. President, in connection with the remarks I made a few moments ago, I should like to have inserted in the RECORD, as a part thereof, an editorial appearing in the Washington Post of Monday, May 21, 1934, under the title "A Lost Opportunity."

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

A LOST OPPORTUNITY

In transmitting the National Review Board's report to the President, General Johnson said: "In my judgment this Board has missed a great opportunity for a real public service." His opinion will be shared by all fair-minded men who take the trouble to scan the ex parte evidence, biased criticism, and misstatements that are embodied in the report. The indignation of the N.R.A. officials whose conduct and motives have been assailed is probably tempered by a realization that they have been afforded an excellent opportunity to set up defense by exposing the weakness of the attack. The result is a series of official replies containing much interesting information and more picturesque language. Unfortunately, in the verbal melee the chief purpose of the inquiry is lost to sight.

The National Review Board was established to serve as an impartial forum for determining whether the N.R.A. codes tend to oppress small businesses and encourage monopoly. As suggested by its dissenting member, the Board should have had expert assistance to enable it to digest the mass of existing testimony before proceeding with this immediate task. Instead, it secured a very limited amount of evidence, mostly from prejudiced sources and, without prior preparation, cavalierly announced its decisions upon questions of extraordinary complexity.

Without doubt there are evils connected with price fixing, limitation of output, and other restrictive code practices that call for correction. In some instances small business is penalized and in other cases the larger units suffer. A well-informed, judicially minded group of investigators could have performed a valuable public service by weighing the benefits of code price systems against the evils and indicating the long-time economic effects of present policies.

Instead of making constructive recommendations, however, the report of the Darrow Board shows a lack of coherence that would make its conclusions suspect, even if they were not patently based on inadequate understanding of the problems involved. For example, fair competition is said to be "merely a resounding and illusory phrase." "All competition", says the Board, "is savage, wolfish, and relentless." After reading this statement, it is rather startling to discover that the Board considers a return to the antitrust laws, for the purpose of restoring competition, to be "one of the great needs of the times." In urging this return to "wolfish competition", the Board appears to be singularly indifferent to the fate of the small business unit. Moreover, it is open to a charge of inconsistency for approving regulation of hours and wages under the N.R.A. and asserting that such control is quite compatible with the competitive system.

In the light of these contradictions it becomes difficult to take the report very seriously except on the assumption that it was designed to support Mr. Darrow's plea for a rejection of existing institutions in favor of State socialism. In a special report to the President he says: "The choice is between monopoly sustained by government, which is clearly the trend in the National Recovery Administration, and a planned economy, which demands socialized ownership and control." In short, socialism provides the only solution for the troubles of the small business man, in the opinion of Mr. Darrow. Consequently, he can, without being guilty of inconsistency, simultaneously damn competition and private monopoly, cry out against regulation of the N.R.A. type and call for still more Government regulation.

The only service that the Darrow Board has performed for the N.R.A. is to afford General Johnson good ground for demanding its abolition and to give him and his aides a chance to defend their records against misguided and ignorant assaults.

Mr. NORRIS. Mr. President——

The VICE PRESIDENT. Does the Senator from North Dakota yield to the Senator from Nebraska?

Mr. NYE. Mr. President, I shall yield to the Senator from Nebraska, because I know he is anxious to have taken up his joint resolution providing for a constitutional amendment, in order that he may have a reconsideration of the vote whereby it was rejected; but I wonder if he will permit me to complete a point I was in the midst of when interrupted? Upon the completion of that, I think I shall yield the floor, but will give notice of a desire and an intent to have the floor again tomorrow that I may complete the argument which I am sure ought to be made.

Mr. NORRIS. Very well.

Mr. NYE. Mr. President, in answer to the Senator from Arkansas [Mr. ROBINSON], I can but say that the supplemental report is not the report of the Darrow Review Board. I realize that two members of the Board by making that supplemental report have destroyed the effectiveness, in a measure, of the main report, but it is the Darrow report, the findings of monopoly and the encouragement of monopoly by the Review Board and its report to the President with which I am concerned, and with which I want the Congress and the American people to be concerned. Mr. Darrow and Mr. Thompson can answer for themselves as individual spokesmen, as they were, in presenting the so-called "supplemental report." I had said it was somewhat surprising to me to find Mr. Richberg in the role he takes at this time. He is the author of Tents of the Mighty, a book in which he declared:

> When the property rights of the few become destructive of the liberties of the many, these property rights must be modified. * * * Democratic government cannot endure, individual liberty cannot be maintained under laws whereby the political government, in order to protect property rights, must support an autocratic control over the lives of the people and over the development of the physical resources of the Nation by privately selected operators of vast properties.

It would clarify conditions to a great many people if Mr. Richberg, while he is on the subject, would define what type of government we are now living under, considering N.R.A. as typical of that government. Is N.R.A. a socialistic experiment or a Fascist experiment? And, if it is neither of those, what is it?

I hope Mr. Richberg will not tell us that it represents the American ideal as envisioned by those statesmen who drew up the American Constitution, or as envisioned by Franklin D. Roosevelt, who has repeatedly, time and again declared unflagging interest in the welfare of small industries, who has declared himself most emphatically as believing that small industry plays a part in our economic structure that invites encouragement.

The one item that is entirely overlooked in the Johnsonian blare of scorn and defiance is this so-called "little man", in whose behalf the Review Board was created.

Today, as always, the little man stands outside looking in. N.R.A. has refused him admittance and the Review Board's plea in his behalf has been rejected with such violence that the national forum rocks with the verbal thunder of the peevish general. With the support of the administration, small business had some chance—not much perhaps, but some—but with the force of Government supporting monopoly, its cause is lost and hopeless; and unless the President himself takes very drastic measures to prevent it, monopoly can continue to gobble its small competition, secure in the smile of the Government itself.

ELECTION OF PRESIDENT AND VICE PRESIDENT—CONSTITUTIONAL AMENDMENT

Mr. ROBINSON of Arkansas. I now ask, Mr. President, that the unfinished business be temporarily laid aside and that the Senate proceed to the consideration of the motion of the Senator from Nebraska [Mr. NORRIS] to reconsider the vote by which Senate Joint Resolution 29 was rejected.

The VICE PRESIDENT. Is there objection? The Chair hears none. The question is on the motion of the Senator from Nebraska [Mr. NORRIS] that the vote by which Senate Joint Resolution 29 was rejected be reconsidered.

The motion was agreed to.

The VICE PRESIDENT. The question is, Shall the joint resolution pass?

Mr. TYDINGS and Mr. STEIWER addressed the Chair.

The VICE PRESIDENT. The Senator from Maryland.

Mr. TYDINGS. As I understand the parliamentary situation, the joint resolution is not now open to debate.

The VICE PRESIDENT. The joint resolution is before the Senate.

Mr. TYDINGS. I should like to send an amendment to the desk.

Mr. NORRIS. Mr. President, I suggest that the parliamentary situation is not now such that amendments may be offered. The joint resolution has passed its third reading, and the question now is merely on reconsidering the vote by which the joint resolution was rejected.

The VICE PRESIDENT. The votes by which the joint resolution was ordered to be engrossed for a third reading and read the third time have not been reconsidered. That will have to be done before an amendment may be offered.

Mr. STEIWER. Mr. President——

The VICE PRESIDENT. The Senator from Oregon.

Mr. STEIWER. Mr. President, I regret that I feel it necessary to address the Senate with respect to the joint resolution, because I know how anxious Senators are to return to the consideration of the unfinished business.

Senate Joint Resolution 29 is, however, a measure of very great importance. Upon the passage of this resolution a number of Senators cast their votes in opposition to it. I was one of that number, and I feel that I am obliged, in fairness to myself and to others who voted as I did, to make some explanation which will point out the objections which we think inhere in this proposal.

The title of the joint resolution implies that it is to provide for the popular election of President and Vice President of the United States. This title, Mr. President, in some elections and in some years may truly portray the purpose and the results of the amendment if it shall be written into the Constitution of the United States. However, in other elections in other years this title, in my humble judgment, may become most erroneous. The conditions may be such that the amendment will not produce the popular election of President and Vice President, but will result in the overriding of the popular vote and that it will, in that event, result in something entirely other than the popular election of President and Vice President.

This is true for a number of reasons, but it is true chiefly by reason of the ever present threat that the election will be thrown into the House of Representatives for final determination.

The joint resolution proposes to abolish the electors as they are constituted under existing law; the names of the candidates are to be written upon the ballot, just as they are now under State law in many cases where the names of the candidates are written upon the ballots along with the names of the electors; but under this proposal the names of the candidates are to be written upon the ballots without the names of any electors because the electors are no longer to exist.

In the first instance, therefore, there would be a popular election just as there is a popular election at this time, but when the result has been determined, if it shall develop that no candidate has received a majority of the vote by States, the determination must then be made by the House of Representatives.

This, of course, is true under existing law, and the point that I make would seem to be of little validity, except for one insurmountable element or factor in this equation; that factor is the abolition of the electoral college and the abolishing of the electors themselves will greatly simplify the mode of election and will invite independent candidacies. I think this has not been denied and will not be denied by those who are sponsoring the joint resolution. In fact, one of the arguments made in behalf of the joint resolution has been that it would make it practicable for independent candidates to seek election. All who have examined the resolution have come to the conclusion and will maintain the view that this proposal will make the independent candidacy a very much easier affair.

Independent candidacies are now restrained by certain practical difficulties. They may always be had, but for want of time, and because of the great expense, the necessity of setting up expensive and elaborate machinery in order to provide the electors over a very wide area of a great nation, it becomes almost impossible, ordinarily, for the independent candidacy to be presented to the American people. But this proposal actually invites independent candidates by giving to those who would seek independently election to the Presidency all the facilities which are accorded by State laws and makes it as easy for an independent candidate for the Presidency to have his name presented to the people of the country as it is for an independent candidate for the office of chief executive of a State to have his name written on the State ballot so that he might be voted on by the electors of the State in the State election.

I have no objection to the independent candidacy as such. I am not so wedded to any political party that I object to any independent candidacy per se. In my own State independent candidacies are permitted. In the main they have worked no injury. I think the influence of an independent candidacy in the State election is sometimes helpful and that it tends to make the political parties more responsive to public will.

The peculiar and important feature of the independent candidacy as applied to a national election is that if the independent candidates accept the invitation which is implied in the proposed constitutional amendment, it would not be long until we would have more than one independent candidate in each Presidential election. The inevitable result, as I see it, would be that very soon in each Presidential election we would see upon the ballots the names of nominees of the political parties and in addition to that we would see upon the ballots certain other names of independent candidates who were aspiring to election in the same contest. The result would be that no candidate would receive a majority by which he would be elected under the provisions of the proposed amendment.

A majority election will, in a practical sense, be impossible. Of course, it is not impossible under the literal meaning of the proposed amendment, but in a practical sense it will be impossible. I am greatly disturbed by the fear that in every Presidential election the determination will be taken away from the people and taken to the House of Representatives. In view of the probability that this joint resolution, if put into operation, would result in many elections being thrown into the House of Representatives; careful consideration should be given to the method that would be followed by that body in selecting the President. Under existing constitutional provisions ballots for President would be cast by States, each State having but 1 vote. The pending resolution proposes to perpetuate this provision. This means that Representatives of 25 States, regardless of population or any other consideration, may often select the President and it is conceivable that the Representatives making the selection would represent very small proportions of the total population of the Nation. For illustration, the Representatives of 25 thinly populated States could select the candidate who stands third in the count, and this might be true even though the popular vote were distributed 45 percent for the first candidate, 40 percent for the second candidate, and 15 percent for the third candidate. The illustration is no doubt extreme but it proves that this proposal may defeat rather than effectuate the popular will.

Mr. President, I do not want to be too dogmatic about a matter of this kind. I realize that opinions may differ. Certainly they must differ because the practical operation of the proposal is purely speculative. It has not been tried. We probably know less as to what the ultimate consequence will be than the fathers knew when they created the first electoral college. Because we know so little and must speculate so completely in connection with it, it is hardly becoming for any of us to take a position that is too positive and dogmatic. But I do suggest earnestly to Senators that there

is inherent in the situation more than a mere speculative possibility; there is almost a certainly that before the lapse of many elections we will be presented with a situation whereby no candidate will receive a majority vote, and consequently the House of Representatives will elect a President of the United States.

The only restraint upon the House in the consideration of that election is that they shall make the selection from the three highest. If there is a Republican Party candidate and a Democratic Party candidate and, we will say, two independent candidates, the only restraint upon the House is that they shall make the selection from the three having the greatest number of votes. We do not know what the composition of the House may be. We never will know in advance what the condition may be.

Political complications may bring to the House a constituency that is not representative of the popular will in the country. We have no way of knowing and there is no assurance that the House of Representatives, in making its selection from the three highest, will select that candidate who received the greatest number of votes in the popular election. So I say, Mr. President, that the proposal does not contain a guaranty of the popular election of President and Vice President, but under many conceivable sets of conditions it may be translated into a guaranty against the popular selection of President and Vice President.

An extended argument might be made with respect to the matter I am now discussing. I am not disposed, however, for reasons which I have already indicated, to elaborate it further.

I think the very splendid object which is in the mind of the Senator from Nebraska [Mr. NORRIS] may be better attained in other ways. I heard his statement made upon the floor of the Senate that the possibility of an independent candidacy will itself be a force for good, that it will tend to compel the political conventions to be alert and careful. I am not attempting to state the matter in the language of the Senator from Nebraska, but I think I truly reflect the idea he was presenting. He said that the possibility of an independent candidate will compel the political conventions to observe with care their responsibility to the country.

In my judgment there is something in this idea, and if that were all there were to the proposal I should very cheerfully and enthusiastically accept the view of its sponsors. But, as I have already stated, I think that is not all there is to it. I think over and above that is the possibility that the public will may be entirely defeated and that political influences which we cannot foresee, which we can but little measure, may defeat completely the will of the people of the country if this constitutional amendment shall be adopted and written into the organic law.

Moreover, in my judgment, there is no assurance that the mere threat of an independent candidate will bring to a political convention that high degree of moral or political responsibility which will insure a result satisfactory to the American people. If we are to judge the future by the past and measure the political conventions of the years to come by the political conventions which have been held in this country within the memory of all of us, we must know that when political forces control a convention such forces become almost insensible to any high sense of political and civic responsibility. If the will of the convention and the politicians in the convention is to take a certain course, it is more than likely that course will be taken.

I feel, therefore, that there is no certainty that the threat of an independent candidacy will mean the purification of the convention system in this country. It might operate that way in some election years, and it might operate in an opposite way in other election years; but whatever the result may be in terms of purification of a convention which nominates candidates for President and Vice President, we do know that independent candidacies will in all likelihood so split the vote that there will be no majority vote and the election will thus be thrown into the House of Representatives.

Mr. President, it seems to me there are better ways of approaching the question of purification of national conventions than by merely holding over those conventions the threat of an independent candidacy. There are more effective ways, there are means which will operate more directly, and those means are within our power. They may be attained by legislative action or they may be attained by constitutional amendment and by identically the same process which is to be resorted to in connection with the pending joint resolution. Let me refer briefly to certain proposals now pending in Congress.

Some days ago I was very much pleased by the action of the Senate in passing Senate bill 1884. This is a bill to prevent the use of Federal official patronage in Presidential nominating conventions, and to prohibit Federal officeholders from misuse of positions of public trust for private and partisan ends. In the House the bill was referred to an appropriate committee, which has already considered the bill, and I believe a favorable report was made to the House this afternoon. The bill would absolutely prohibit, with a penalty, the participation of any Federal-appointed officeholder in a political convention which has for its aim the nomination of candidates for President and for Vice President.

We know the problem, Mr. President. We know the difficulty encountered in almost every Presidential year in obtaining, through the political methods in vogue the kind of action which the American people would approve in the selection of candidates for President and for Vice President.

Let me read some brief excerpts from statements made by a number of very well-informed people.

First, a statement made by Mr. Shouse over the radio June 18, 1932, in which he charged that the Republican convention at Chicago was crowded with Federal officeholders. I do not know the extent to which this charge is true, but we all know that there were very many Federal appointees in that convention. I read what he said merely because it expresses the view point of an able critic. These are his words:

> Considering that over 400 of the 1,154 delegates were Federal officeholders, neither the candidate nor the platform could very well have been expected to show much deviation from the President's ideas.

Mr. President, this criticism made with respect to the Republican convention in 1932 is not unusual. It is not exceptional. A similar criticism has been made against almost every Republican and Democratic convention in the last quarter of a century. There is variation in the number of Federal appointees present in the various conventions. There is, of course, variation in the influence which they exert in the selection of the candidates and the writing of the platform; but I submit that it is only a question of degree. It is only a question of the extent to which these patronage seekers and officeholders may go in their attempt to control the will and to dictate the action of the convention.

Back in 1912 we saw probably the greatest abuse of convention privilege that ever was committed in the history of this country. At that time in the Republican convention there were very many who were officeholders or office seekers, and who were controlled by patronage or by the hope of patronage. Let me read briefly two or three excerpts which deal with that situation. I read from page 9641 of the CONGRESSIONAL RECORD of July 1912, as follows:

> The activity of Federal officeholders on behalf of the renomination of President Taft has been no secret. They were active everywhere, and used their influence everywhere, but in some localities in the South they completely dominated and controlled the situation. The evil of political control by patronage is not confined alone to the officeholders themselves. Many of the political bosses do not occupy public positions. They get their pay not directly from the Federal Treasury but by the control of appointments; they receive their compensation in thousands of devious ways by the favor extended to them through public officials who hold official positions on account of their recommendation. Political machines could not live over night were it not for the wonderful power of patronage. The use of patronage to bring about the

renomination of President Taft was known to all men. Its evils smelled to heaven. I know, the gentleman from Wyoming knows, the Speaker knows, the House knows, the country knows, and God knows that without the power of political patronage the renomination of President Taft at Chicago would have been as impossible as the passing of a camel through a needle's eye.

Mr. President, those words were attributed to the distinguished Senator from Nebraska [Mr. NORRIS], who at that time was conducting a valiant fight against the abuses that had grown up in the national political conventions.

In connection with that convention, and the methods there used, and the personnel that made up the convention, let me add that it was said during the debates in the House of Representatives on the subject that with respect to some of the Southern States the control was almost entirely with officeholders. It was charged with respect to the State of Georgia and its delegation that every white man on the delegation, with the exception of one, was a Federal officeholder, and that the combined annual salaries of the delegates and alternates amounted to $52,000.

It was charged with respect to Alabama that out of the whole delegation of forty-odd delegates and alternates there were only five or six who were not officeholders, and that their combined annual salaries amount to something like $50,000. There was placed in the RECORD a list of the delegates from the State of Mississippi. I shall not read them now, but they sound like the roster of Federal officeholders. That list shows, among others, a United States commissioner, postmaster at Victoria, ex-collector of internal revenue, juror selector, postmaster at Holly Springs, postmaster at Greenville, professional juror, postmaster at Meridian, and various other Federal officeholders, all of whom came into that convention to help thwart the will of the people of the Republican Party, and to deliver the verdict of that convention in accordance with Presidential and other political influence.

Mark Sullivan, in volume IV of Our Times, which covers the period of the 1912 convention, refers to the Federal officeholders in only one place, and that was as follows:

With Roosevelt's announcement of his candidacy, the comparatively few who had been temperately interested in direct primaries as a cause were now joined by the very many who were ardently interested in Roosevelt as a hero, who desired him to have the Republican nomination who knew that the conventions would be controlled by standpatters and officeholders, and who saw in the Presidential primary Roosevelt's only chance.

William Roscoe Thayer, in his Biography of Roosevelt, which is considered probably the most authentic of many such publications, has this to say (p. 356):

During the weeks Roosevelt had been deliberating over "throwing his hat into the ring" his opponents had been busily gathering delegates. According to the unholy custom which gave to the Republicans in Southern States a quota of delegates proportioned to the population, and not to the number of Republican voters, a large southern contingent was pledged to Mr. Taft very early. Most of the few southern Republicans were either Federal officeholders or Negroes; the former naturally supported the administration on which their livelihood depended, the latter, whose votes were not counted, also supported the President, from whom alone they might expect favors. The former slave States elected 216 delegates, nearly all of whom went to President Taft.

Mr. President, if time permitted, and the patience of Senators on this subject were not so nearly exhausted, I should like to go down through the history of the conventions. At some subsequent time I may do so, but I shall refrain from doing so at this time. It is written into history over the years that the national political conventions have been attended by delegates and alternates who were Federal officeholders to an extent that varied all the way from 100 up to a figure near 400 out of a total of between eleven and twelve hundred delegates. It is an accepted fact, I take it, that those who control these Federal officeholders need but little other strength in order to control the convention and to nominate the candidate.

I speak on this subject now, Mr. President, because of my interest in the bill presently pending in the House, and because of my belief that this measure will exert an effective power to purify and cleanse the national conventions, to take out of those conventions the office seekers and the officeholders, and to see to it that our own Federal employees shall not go to those conventions to yield to the will of an incumbent administration. The enactment of this bill will permit the people of this country by free action in a free convention to nominate for President and Vice President the real choice of the different parties. After its enactment we will no longer be seriously concerned over the question of final election through an electoral college or by some other means. Party nominations, honestly and fairly made, will do much to make the people the rightful masters of the politicians and will insure a final choice satisfactory to the Nation.

The argument made here with some force that the pending constitutional amendment is necessary in order to bring to the convention a sense of political responsibility will largely disappear when Congress shall have taken appropriate action to keep its own officeholders out of the convention. To me it seems better to make the direct approach. It seems better to make the attempt to purify the conventions by minimizing patronage control than to risk the ever-present possibility of throwing the election of the President into the House of Representatives, where the results may be more harmful than anyone can foresee at this time.

I desire to refer briefly to one other matter and then I shall yield the floor.

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

Mr. STEIWER. I yield.

Mr. FESS. When this matter was being discussed the other day, I put into the RECORD figures showing the number of contests where the margin was so close that a small change of votes in a single State would have changed the result of the election. If the Senator will take all those cases, he will find that in every case the man who was chosen President was chosen by a plurality vote but failed of a majority vote. In every case, if this amendment had been part of the Constitution, the election would have gone into the House of Representatives.

Mr. STEIWER. That is true; but, Mr. President, the Senator is speaking of conditions in the past. When we abolish the electors and invite independent candidacies, we decrease the probability of a majority vote; we increase the probability of a plurality vote and bring about a condition that all of us may rue before very many years have passed.

Mr. FESS. What I wanted the Senator to note was that while under the present Constitution throwing the election of President into the House of Representatives is a rare thing, this amendment in a number of cases in the past would have thrown it into the House of Representatives.

Mr. STEIWER. I think so, Mr. President.

Mr. FESS. Has the Senator ever considered the desirability of an amendment which would limit the term of the President to, say, 6 years, and make him ineligible to reelection?

Mr. STEIWER. We all have; but I hope the Senator will not ask me to discuss that question at this time, because we desire to bring this matter to a conclusion.

Mr. FESS. I withdraw the question.

Mr. STEIWER. I will say, however, in further answer to what the Senator from Ohio has said, that I liked this amendment better at the time it was on a 35-percent basis than I do now, when it is on a majority basis. I think the committee acted wisely, and that the view of the Senator from Nebraska was sound in placing it on a 35-percent basis.

Mr. NORRIS. Mr. President, will the Senator yield there?

Mr. STEIWER. Yes.

Mr. NORRIS. That illustrates how impossible it is to get a constitutional amendment or any other measure through by unanimous consent. Why did not the Senator raise his strong voice in favor of that before we amended this bill? That provision went out because nobody defended it. Everybody was against it. It has gone out. Now the Senator opposes the amendment because it did not stay in.

Mr. STEIWER. Mr. President, I am not so conceited as to believe that what the Senator characterizes as my "strong voice" would have influenced any votes with respect to that question when the quiet omnipotence of the Senator from Nebraska failed to do so. I sincerely believe, however, that a 35-percent requirement is better than a 50-percent requirement, and that it would constitute a fairly good assurance that the selection would not go to the House, but that under almost every reasonable condition the election would result in the selection of a President of the United States by the people.

Now, Mr. President, I desire to discuss one other matter very briefly, and then I shall conclude.

As I suggested a while ago, there are other ways by which we may approach this very important subject. One of them, as suggested by the Senator from Missouri [Mr. CLARK] earlier in the debate, is by an amendment of the Constitution relating to the popular nomination by a direct primary system of candidates for President and Vice President; in other words, a constitutional amendment which would permit the Congress of the United States to provide such a system. To me that is the ultimate solution and the effective solution of this question.

I do not know why, in the face of the record of political conventions in the past in this country, there has not been a more acute and favorable reaction to the idea of the direct primary selection of the nominees for President and Vice President. The idea has been presented to Congress, but, I am afraid, in a half-hearted sort of way. I have talked about it with other Senators, and many others have considered it.

During this session of the Congress I introduced Senate Joint Resolution 79, proposing the appropriate amendment to the Constitution in order that direct primary elections might be held in the various States to nominate candidates for President and Vice President. Pressure of other matters has prevented me from giving the matter the attention it deserved. The Committee on the Judiciary, to which the joint resolution was referred, has not taken it up for consideration, and I assume that at this late day no action will be taken with respect to it. I cannot escape the conclusion, however, that some such amendment as this ought to be vigorously pressed, and that those of us who believe in popular government ought to insist upon action by Congress in submitting this proposal to the people of the United States.

I have felt for a long time that the legislatures would approve such an amendment; that we should set up a system of direct primary elections which would bring about a result satisfactory to the people of our country; that if we should set up such a system we could bring about a satisfactory result. There would be no repetition of the old boss-ridden conventions, and we would have no occasion to be dealing now with a question like the proposal to abolish the presidential electors.

Through this kind of amendment means can be found for bringing the elections closer to the people, and that great object may be achieved without running the risk of upsetting the system, in those cases in which the number of votes obtained by the leading candidate is not sufficient to result in an election, and the final determination goes to the House of Representatives.

Mr. President, this concludes all I care to say at this time. I ask that Senate Joint Resolution 79, to which I have referred, be printed in the RECORD at the conclusion of my remarks.

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

Joint resolution proposing an amendment to the Constitution of the United States relating to popular nominations of candidates for President and Vice President

Resolved, etc., That the following article is proposed as an amendment to the Constitution of the United States, which shall be valid to all intents and purposes as part of the Constitution when ratified by the legislature of three fourths of the several States:

"ARTICLE —

"SECTION 1. The Congress shall have power to provide a uniform system of primary elections to be held within the several States for the nomination by members of political parties of candidates for the offices of President and Vice President, and to prescribe the manner of holding such elections therein; but the legislatures of the several States shall have power to prescribe the times and places of holding such elections and to prevent fraud and corrupt practices in connection with such elections.

"SEC. 2. This article shall not deprive the several States of power to provide for the manner of making such nominations until the Congress shall have enacted legislation with respect thereto pursuant to this article."

The VICE PRESIDENT. The question is, shall the joint resolution pass?

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

The VICE PRESIDENT. The clerk will call the roll.

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

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

Mr. DIETERICH. I wish to announce the absence of my colleague [Mr. LEWIS] on important business.

The VICE PRESIDENT. Eighty-two Senators having answered to their names, a quorum is present.

Mr. THOMAS of Oklahoma. Mr. President, when this question was before us yesterday, and my name was called, I voted "nay."

On yesterday morning three committees, two of which I am a member, and another committee before which I had a bill, held meetings. I could not, of course, attend all the committee meetings, but I did attend one.

I came into the Senate Chamber just as my name was being called during the vote on the joint resolution now pending, and I had to have my name passed until I could learn what the question was. I have tried to follow a rule that when I do not know a thing about a matter before the Senate, I vote "nay", and upon that theory, I voted "nay" yesterday.

When a motion is made to reconsider, if one shall be made, I expect to change my vote and to vote "yea", since I now think I know what the question is.

The VICE PRESIDENT. The question is on the passage of joint resolution introduced by the Senator from Nebraska [Mr. NORRIS] proposing an amendment to the Constitution of the United States with reference to the election of Presiment and Vice President.

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

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

Mr. ROBINSON of Arkansas. I desire to announce that the junior Senator from Arkansas [Mrs. CARAWAY], the Senator from Missouri [Mr. CLARK], the Senator from Iowa [Mr. MURPHY], the Senator from Illinois [Mr. LEWIS], and the Senator from Florida [Mr. TRAMMELL] are necessarily detained from the Senate.

I also wish to announce that the junior Senator from California [Mr. McADOO] is detained from the Senate by illness.

I also announce that the Senator from Massachusetts [Mr. COOLIDGE], the Senator from Wisconsin [Mr. DUFFY], the Senator from Utah [Mr. KING], and the Senator from Mississippi [Mr. STEPHENS] are absent in attendance on an important committee meeting.

Mr. FESS. I desire to announce that the Senator from Rhode Island [Mr. HEBERT] is absent on account of illness.

I also wish to announce that the Senator from Pennsylvania [Mr. REED] and the Senator from New Jersey [Mr. KEAN] are necessarily absent.

Mr. ROBINSON of Arkansas (after having voted in the affirmative). A pair has been arranged for the Senator from Missouri [Mr. CLARK] and myself with the Senator from Pennsylvania [Mr. REED]. I transfer my general pair with the Senator from Pennsylvania [Mr. REED] to the junior Senator from Massachusetts [Mr. COOLIDGE], and let my vote stand.

Mr. FESS. I desire to announce that the Senator from Rhode Island [Mr. HEBERT] is paired with the Senator from Arkansas [Mrs. CARAWAY] and the Senator from Iowa [Mr. MURPHY].

The Senator from New Jersey [Mr. KEAN] is paired with the Senator from Wisconsin [Mr. LA FOLLETTE] and the Senator from Florida [Mr. TRAMMELL].

I am advised that if the Senator from Rhode Island [Mr. HEBERT], the Senator from Pennsylvania [Mr. REED], and the Senator from New Jersey [Mr. KEAN] were present and voting they would vote "nay" on this question, and that if present and voting the Senator from Arkansas [Mrs. CARAWAY], the Senator from Iowa [Mr. MURPHY], the Senator from Missouri [Mr. CLARK], the Senator from Massachusetts [Mr. COOLIDGE], the Senator from Wisconsin [Mr. LA FOLLETTE], and the Senator from Florida [Mr. TRAMMELL] would vote "yea."

The roll call resulted—yeas 52, nays 29, as follows:

YEAS—52

Adams	Copeland	Long	Robinson, Ark.
Ashurst	Costigan	McCarran	Robinson, Ind.
Bachman	Couzens	McGill	Russell
Barkley	Cutting	McKellar	Schall
Black	Dill	Neely	Sheppard
Bone	Erickson	Norbeck	Shipstead
Borah	Fletcher	Norris	Thomas, Okla.
Brown	Frazier	Nye	Thomas, Utah
Bulkley	Harrison	O'Mahoney	Thompson
Bulow	Hatch	Overton	Van Nuys
Byrnes	Hayden	Pittman	Wagner
Capper	Johnson	Pope	Walsh
Connally	Logan	Reynolds	Wheeler

NAYS—29

Austin	Dieterich	Hatfield	Townsend
Bailey	Fess	Keyes	Tydings
Bankhead	George	Lonergan	Vandenberg
Barbour	Gibson	McNary	Walcott
Byrd	Goldsborough	Metcalf	White
Carey	Gore	Patterson	
Davis	Hale	Smith	
Dickinson	Hastings	Steiwer	

NOT VOTING—15

Caraway	Glass	La Follette	Reed
Clark	Hebert	Lewis	Stephens
Coolidge	Kean	McAdoo	Trammell
Duffy	King	Murphy	

The VICE PRESIDENT. On this question the yeas are 52, the nays are 29. Two thirds of the Senators present not having voted in the affirmative, the joint resolution is rejected.

CITIZENSHIP AND NATURALIZATION

Mr. COPELAND. Mr. President, I ask unanimous consent for the present consideration of a Senate concurrent resolution which I send to the desk and ask to have read.

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

There being no objection, the Senate proceeded to consider the concurrent resolution (S.Con.Res. 19), which was read and agreed to, as follows:

Resolved by the Senate (the House of Representatives concurring), That the President of the United States be, and he is hereby, requested to return to the House of Representatives the enrolled bill (H.R. 3673) to amend the law relative to citizenship and naturalization, and for other purposes; that if and when the said bill is returned, the action of the Speaker of the House and of the President of the Senate in signing the said bill be deemed to be rescinded; and that the Clerk of the House of Representatives be, and he is hereby, authorized and directed to reenroll the said bill with the following amendments, viz:

On page 2, line 1, of the House engrossed bill, strike out the following: "and unless the child, in" and insert in lieu thereof a period and the word "In".

On page 2, line 2, of said engrossed bill, after the word "alien" and the comma, insert the following: "the right of citizenship shall not descend unless the child".

THE RIGHT TO PETITION

Mr. SCHALL. Mr. President, during these days of dust storms, emergency relief, and depression legislation, Members of Congress are besieged with all sorts of appeals for relief from their constituents based on the theory laid down in the first amendment to the Constitution that Congress has no right to make a law to abridge the freedom of petition, on which amendment the Supreme Court commented thus:

> That the right of the people to petition Congress "for a redress of grievances or for anything else connected with the powers or duties of the National Government is an attribute of national citizenship, and, as such, under the protection of and guaranteed by the United States."

This amendment prohibits Congress from legislating in such a way as to bar a constituent from appealing to it for redress or relief. But, due to the emergency, it has passed laws distinctly contrary to the spirit and intent of this amendment delegating its duties and powers to the White House. At first it was understood that this power was delegated only temporarily, but since obtaining so much power it seems the White House has changed its mind and wants to make it permanent.

Hence, the White House becomes the only place for our people to take their troubles, for surely Congress has little or nothing to do with them. It votes power and money to the President and he distributes and administers it. For instance, in the last few days Members in Congress from my State have been besieged with appeals for relief due to the recent dust storms and drought. People take their troubles to us on the theory that we have something to say about what they shall have or that we can do something for them. As a matter of fact we can only appeal to the departments and bureaus downtown as humble citizens of our State, asking them if they will not kindly do something for these people.

A month or so ago I took up the matter of drought relief with the Federal Emergency Relief Administration, and was told that the Governor of Minnesota had just been down and told them that by allotting $760,000 for my State the drought situation would be taken care of.

However, the Governor, as relief director for this Administration in Minnesota, had hardly left town when telegrams came in in abundance calling attention to the fact that this was not enough. I am sure the House Members and my colleague had the same trouble. Then we had to wait for further orders from the Governor and departmental chiefs before getting anywhere, all the while as duly elected representatives of the people helpless in the matter, for we had delegated power to handle money and relief to the President, and it is up to him to take care of the situation.

But people have not become educated to all this newfangled legislation, and still think they have a Constitution, duly carried out as our oaths require. They have not learned that they cannot have their cake and eat it too, that they cannot have this so-called "dictatorial, efficient" Government to cope with the emergency and a representative Government where those elected to office have anything to say at the same time.

But the White House appears to relish this situation, for very nonchalantly the President sends Congress a message asking that he be given authority to spend the modest sum of $940,905,000 for relief purposes at his discretion. He says that it is his thought that this sum should be appropriated to him under fairly broad powers because of the fact that no one can determine the exact needs under hard and fixed appropriations headings. In other words, where the Constitution gave the purse strings to the lower House on the theory that they were closer to the people and their needs, the White House now finds that that is an outworn theory and that it shall have the power to disburse money by the billions as it sees fit.

But Congress might consider how that may work out. Arkansas, for instance, with only 7 Members in Congress, has received $10,952,641.08 from the Agricultural Adjustment Administration, whereas Minnesota with 9 Members has received only $3,044,698.82. With such fairly broad powers lodged in the White House because of the fact that it does not think that anyone now can tell just what money is needed, contrary to the intent and spirit of the Constitution, it is fairly safe to assume that this money will be used to bolster up the cause of the Democratic Party for the coming fall elections and that Minnesota, with its lone Democratic Representative, has about as much chance to get its fair share of this money, in spite of the worst catastrophe in its history, as it had to get its share of money from the Farm Administration.

The test will be where can it help to elect good Democrats, rather than where are there the worst drought, dust storms or relief needs. And if the Governor cannot gage the needs any better the rest of this year than he has done so far, the President had better look for someone else to administer the money to Minnesota residents, for since he said Minnesota would be satisfied with $760,000 for drought needs, reports indicate thousands of head of livestock have either died or been forced on the market due to lack of feed. From the experience of Members of Congress from my State, we are quite convinced that this new theory of government that the White House should determine the need for money for relief, instead of leaving that matter to Congress, where the Constitution has put it, has not worked out successfully, and that Congress has done wrong by delegating this power to the President even to satisfy the need of an emergency. The emergency has not been lessened by this transfer, but the money has been apportioned by less competent hands than by Members of Congress and more injudiciously and politically, not so much to help the needy as to help the Democratic Party. One can almost feel certain that Thomas Jefferson had just such a situation in mind when he urged adoption of the amendment prohibiting Congress to abridge the right of petition to our citizens.

THE "DOCTORS" VERSUS THE ELEMENTS

Mr. President, Will Rogers calls the attention of the doctors of the new deal to the fact that the drought in the Middle West has done more for farm prices in 30 days than all the patent medicines of the alphabetical series in a year.

In July 1933, when the N.R.A. and the A.A.A. were applied to the country, the Chicago price of wheat was at the top price of $1.15. Nine months later—after the A.A.A., the N.R.A., the P.W.A., the C.W.A., the R.F.C., the F.E.R.A., gold premiums to Europe, wreckage of United States currency had sunk Uncle Sam to the tune of $10,000,000,000 in debt and deficit—the Chicago price of wheat had dropped to 75 cents. The price had fallen 40 cents a bushel, and the farmer was paid in 59-cent dollars at that. We had Dillingered the farmer and Caponed the taxpayer, jimmied the Treasury, and wooden-pistoled the public.

Then came the drought, until the dust clouds from the grain farms rose 10,000 feet and covered the whole eastern half of the United States, even shrouding in haze the Capitol which had squandered billions in useless patent medicines. In 30 days of drought the Chicago price of wheat rose 15 cents a bushel. Drought, wind, and grasshoppers were more effective than the A.A.A., the N.R.A., and all the monkeyshines in debasing the coinage. The wheat crop is cut down 300,000,000 bushels, and threatens to put the A.A.A. into the waste basket, where it belongs. Old Sol has beat Wallace to it.

The Senator from New York, Dr. COPELAND, and the Senator from West Virginia, Dr. HATFIELD, will tell you that many a man has no chance to rise from a sick bed until someone with common sense comes along, gathers up the medicine bottles, and throws them out the window.

Under the A.A.A. the Government slaughtered or gave to packers 6,000,000 hogs, and today the price of hogs and the price of lard are lower than when the A.A.A. started 10 months ago. A hog-cholera epidemic would have been more effective—the doctors will try again.

An amusing incident is told on Secretary Wallace by farmers reading the Wallace Farm Journal. He is engaged in a program to reduce corn acreage 19 percent so as to reduce corn production to domestic requirements. But in his advertising columns Wallace carried information of a wonderful new variety of corn he has brought out after years of scientific breeding. The new Wallace corn is guaranteed to increase the corn yield of an acre by exactly 19 percent. So by planting the Wallace corn the farmer can raise the same corn crop that he raised before, though his acreage has been reduced 19 percent by the A.A.A. If Wallace were logical, he would invent a variety of corn largely cob, that would cut down the yield 50 percent and accomplish double the price result, so producing a greater prosperity than by the A.A.A. Also, cob costs nothing in processing taxes and complies with the Constitution.

In fact, the whole purpose of Dr. Wallace's prescription for reducing production is based on the old bleeding theory of the Dark Ages, when doctors tapped the blood stream to cure all ills, whereby disaster brings prosperity. Drought, flood, famine, pestilence, accomplish the same results as the new deal and cost less in taxes. They carry out the doctrine of an ancient monarch, of whom it is said: "He produced a desert and called it peace." The new deal produces disaster which the doctors call "recovery." Did John Dillinger get the wooden-pistol idea from the "brain trust"? It sounds Tugwellian or "Crack-up" Johnsonian.

A like parody on economic sanity comes to light under the N.R.A. Legal powers of the Federal Government under the National Recovery Act are restricted, of course, to interstate and foreign commerce. That is as far as Congress under the Constitution can lawfully go. But under Brigadier "Crack-up" Johnson the Federal Government assumes to enter local and State commerce to the extent of fixing code prices for barbering, shoe shining, clothes pressing and cleaning. What these local industries have to do with interstate and foreign commerce God knows not—only Johnson knows.

Over in New Jersey, so the press informs us, an old man who pressed a suit for 35 cents, the price at which he commanded customers enough to earn him a fair living, was sentenced to jail because he had violated the Blue Eagle code. He lost his trade and was thrown into jail because of the unlawful interference of the Federal Government in a local business. That old man is entitled to a Federal claim for damages, and I hope the Senators from New Jersey introduce a bill to give him a well-deserved pension.

No wonder that Clarence Darrow and his committee pronounce the N.R.A. a flop and say that it helps make the big fellow bigger and to kill off little business.

The N.R.A. should be repealed and Clarence Darrow should be given a vote of confidence of the Senate. Clarence Darrow today for his brave denunciation is being called by the administration doctors about everything in the dictionary. It reminds me of the calumny heaped upon me when I opposed this "National Ruin Act" at its inception and was called "traitor", "buzzard", "obstructionist", and any other gentle name that they could think of concerning me. When I pointed out to the country that Barney Baruch and his crowd had established 1,800 factories in foreign countries, where cheap labor could be used in making the goods to sell back into this country, and that in order that the selling might be more profitable, Barney's partner, "Hooey" Johnson, was appointed, without the consent of the Senate or any direct representative of the people, unless the President should be so designated, to lift arbitrarily the prices through the so-called "National Racketeers Association" that Barney's goods could more easily come in over the tariff, I was designated, by no less a personage than the Governor of the State of Minnesota, as a guerrilla. I shall ask at the conclusion of my speech to print a letter of mine to the Governor, in which I quote his letter to me designating me, along with 13 courageous Democrats and 18 Republicans, as something outside of the pale of patriotic society.

The N.R.A. was certainly a great scheme to keep the 12,000,000 Americans out of employment, and still serves that end, making it plain that Dr. Wirt's accusations were not unfounded. If that was the purpose of the N.R.A., and no doubt it was, it has succeeded admirably.

The amount of $10,000 to meet the deserving claim for this New Jersey cleaner could well be raised by firing one doctor from the Federal pay roll. If we fire the whole 2,000 of Farley appointees from N.R.A. practice, we would save $4,000,000, which would take care of 40,000 such cases—a far more logical economy than reducing the pensions of disabled veterans.

The logical economic effect of the price-fixing code on cleaning and pressing clothes was well told in a special article in the Washington Times-Herald. Isador Paul is a New York cleaner who built up a large business by reducing the price of cleaning a suit to 39 cents, and thereby developed a patronage that employed many hundreds of people in various Manhattan sections. Then comes along the Blue Eagle code and jumps the price to 70 cents, destroys the business, and subjects the enterprising proprietor to arrest. He had followed the modern business tactics of Henry Ford, Alexander Stewart, and John Wanamaker—reduce the price to reach the thousands.

Says Isador:

At 39 cents we make a fair profit on a suit or dress. At 49 cents we make a very excellent profit. At the code price, 70 cents, we lose money. At the code price we're finished. There is nothing for us but bankruptcy.

He and his brothers have built up a line of stores on the Ford principle—something of which the witch doctors and Dr. "Crack-down" Johnson have never yet learned. For a month this line of stores tried the Blue Eagle code. Their business dropped 30 percent in that month. Then what happened?

Our customers during the month we were on the code price bought benzine and gasoline and cleaned their own clothes or just wore them three or four times as long without cleaning. We had to lay off employees by the wholesale, and it was only a matter of time before we would have had to close up altogether.

Think of such a condition in a free country, the Government carrying on its pay roll thousands of theorists and patronage hunters, brainless parasites supported by a bankrupt Treasury, and destroying business at the expense of taxpayers and the unemployed.

Years ago these enterprising shopmen found that the price of getting a suit cleaned was $1.50 to $2.50, and only a few of the well-to-do could afford the luxury. The cleaning business amounted to nothing. Then the price fell to $1, and hundreds of customers came. When the price was cut to 49 cents and even 39 cents, the cleaning business extended to almost everyone and it became a national business valued at $800,000,000, the big share of which went to pay rolls for tens of thousands. When the price code jumped the charge to 70 cents, a store that handled 400 garments a week was cut down to 100 garments a week, with the same overhead cost, and the hands were reduced two thirds and "our losses grew day by day." The business under the N.R.A. has "bankruptcy as the only alternative." The small shops in the poorer sections are being destroyed. Only the shops in the aristocratic sections can survive under the N.R.A., and the ranks of the unemployed are being swelled under the Blue Eagle of political recovery.

Happily, there is another picture. Ford motor works are not under a Blue Eagle or a price code. On Sunday, May 13, the following report was sent out from Dearborn, Mich.:

Ford domestic sales in the first 4 months of 1934 show an expansion of 176 percent.

Ford sales in Canada—for Canada escaped the collapse in purchase power of agriculture which occurred in the United States under new-deal panaceas—are five times as large in 1934 as in 1933.

Ford sales even in South America and the Far East are four times as large in 1934 as in 1933.

Ford sales in the British dominions, which recently showed a budget surplus, are nine times as great in 1934 as in 1933.

In short, the principal evils which now confront national recovery in the United States are those produced by political amateurs and quack doctors, under the wasteful and destructive policies of the alphabetical system by suspension of the laws of the land.

Mounting public debt, with an annual interest charge now approximately $1,000,000,000, which is more than the cost of all Federal Government disbursements during the administration of Theodore Roosevelt.

Mounting taxes checking the expansion of industrial enterprise.

The greatest bureaucracy of useless parasites in world history—and chiefly maintained as party patronage outside of the Civil Service.

Invasion of the rights of the 48 States by a centralized Federal power that has seized control of local industry—despite the guaranties of the Constitution.

A national system of doles now approximating $800,000,000 a month—enough to support the Government a year if economically administered under the terms of the Constitution—a national system which threatens to corrupt the body politic with the false doctrine that Government is a hog trough with equal rights for none and special privileges for all.

The road to real recovery will open when government by the people cleans the way by stump-pulling the dictators and giving the doctors their own patent medicines. Even at that, we have a national debt that will scarcely be lifted before the end of the century, and a Treasury deficit that will outlast the worst deficits of Europe, Asia, and Africa. It is the price we pay for bold experiment with the rules of common sense and common honesty. It is the price we pay for flirting with strange gods and play-boy doctors. It is the price we pay for departing from the Constitution—the way of Washington and Jefferson, the way of Lincoln and the first Roosevelt.

Mr. President, I request that the letter which I wrote to the Governor of Minnesota may be read by the clerk.

There being no objection, the legislative clerk read the letter, as follows:

OCTOBER 4, 1933.

GOVERNOR FLOYD B. OLSON,
St. Paul, Minn.

MY DEAR GOVERNOR: I am sorry to hear that I misinterpreted your resignation as code administrator of the N.R.A. in the State of Minnesota, for I had hoped you were a man, who, when he was convinced he was wrong or had misplaced his confidence, as any honest man is liable to do, would have the doublefold, real courage to assert it, regardless of where the chips fell.

You say you "believe the plan of the N.R.A. to be workable, but unfortunately the Department of Agriculture has not kept step with General Johnson's department, and its failure to increase the buying power of the farmer has endangered the entire program.

"There are many fine citizens in the United States who believe in the plan and want it to succeed. On the other hand there are a number of political guerillas in this country, some holding high offices, who are attacking the N.R.A. for sinister reasons. I note that you were absent at the time the vote was taken on the National Recovery Act. It is charged in Minnesota that your absence was deliberate so that you might afterward determine which position to take. Of course I would not be so unkind as to charge you with that. I presume that your absence was due to your onerous duties as a member of the Nicaragua Canal committee.

"I doubt that anyone will agree with you that increased tariffs will solve our difficulties. Certainly the Smoot-Hawley tariff, for which you voted and which was pushed through Congress through the efforts of Grundy and your old chum Vare, has been the greatest contributing factor to the present inequality between industry and agriculture.

"The American people are seeking a way out of their difficulties. I am sure that you could render a very valuable contribution to them by taking a definite stand with reference to some plan which would help them."

Governor, you have your facts all twisted. Charitably, I presume you have relied upon some literary confidant to furnish them to you, for I cannot believe you would deliberately misstate.

There is no Nicaragua Canal committee in the Senate. My "chum Vare", as you put it, for whom I fought with all the strength I had to retain in the Senate, was replaced by the Pennsylvania Governor's appointing Mr. Grundy.

You must be a protectionist yourself, because you supported Hoover in 1928 by advising your friends, in a series of speeches over the radio, not to vote for President.

If your literary adviser had looked back into the CONGRESSIONAL RECORD, he would have found that my attacks on the N.R.A. began in May and June and he would have found about 20 pages of my speeches in the CONGRESSIONAL RECORD to that end. He also would have found that on June 8, the day before the passage of the so-called "N.R.A.", upon which I was paired against with Senator KING, an administration Democrat, that Senator BENNETT CHAMP CLARK, of Missouri, who is the son of Champ Clark, four times Democratic Speaker of the House, offered the following motion to strike the trust chapter, which is the unconstitutional heart of the N.R.A., from the bill:

"Mr. President, I move to strike out title I.

"The PRESIDING OFFICER. The question is on the motion of the Senator from Missouri."

I here quote the record of Senator CLARK, a Democrat, which I wholly endorse, because his words may have more potency because you were a Democrat, and I am informed—though it may be as erroneous as your literary advice concerning my record—that you are contemplating becoming one again:

"Mr. CLARK. Mr. President, the bill in its present form again illustrates the new practice in legislation, against which I have heretofore protested, of loading down a meritorious measure with indefensible and totally unconnected matter. There is no logical or reasonable connection on the face of the earth between the meritorious and desirable provisions of title II, for improving the unemployment situation by a public-works program, and the provisions of title I, for the emasculation of the antitrust laws * * * the establishment of an industrial dictatorship, and the requirement that citizens of the United States may be required to obtain a license from some bureaucrat in order to conduct a legitimate business in a free country."

The son of Champ Clark then proceeded for an hour, through pages of the CONGRESSIONAL RECORD, to denounce the provisions of title I—now known as the "N.R.A."—as a violation of every Democratic principle and platform pledge from Thomas Jefferson down to the very platform of 1932 on which Roosevelt and Garner were elected.

He began with Jefferson, Madison, Monroe, and Jackson, and cited the fountain principles of democracy—the first 10 amendments of the Constitution—the so-called "bill of rights", for which Jefferson and Mason were responsible.

He came down to Bryan and Cleveland, to Champ Clark and Woodrow Wilson, and the antitrust platforms on which they ran. He reviewed the antitrust planks of every Democratic platform in 40 years, the platforms of Bryan, Parker, Wilson, COX, Davis, Gov. Al Smith, Roosevelt, and Garner—all cast into the wastebasket by title I. He proceeded to the stand of former President Theodore Roosevelt and the Progressive Senator La Follette, Sr., and cited the decisions of the United States Supreme Court.

Then the vote was taken on Senator BENNETT CHAMP CLARK'S motion to strike out title I—the pet provision of the White House—and 13 Democrats voted with 18 Republicans to strike it out, regardless of the party peril to patronage appointments by voting against the White House. The 13 Democrats voting against the "trust" title I were: BAILEY, of North Carolina; BLACK, of Alabama; BYRD, of Virginia; CLARK, of Missouri; CONNALLY, of Texas; DILL, of Washington; GORE, of Oklahoma; LONG, of Louisiana; MCGILL, of Kansas; OVERTON, of Louisiana; RUSSELL, of Georgia; TYDINGS, of Maryland; and SMITH, of South Carolina, Chairman of the Senate Agricultural Committee; and GLASS, of Virginia, was paired "yea".

Governor, are all the above Democrats guerrillas?

I was one of the 18 Republicans who voted with 13 Democrats to strike from the Recovery Act title I for the "trust 600"; and Senator BORAH, author of the antimonopoly proviso (now being violated), was paired for the Clark amendment.

The irony of the final vote that day lay in the fact that the vote of 9 Progressive Republicans, hating the "trust" feature of title I, then as today, felt that the only way to get their favorite measure—title II, the La Follette-Costigan public-works chapter—through a Congress controlled by the administration was to vote with the White House. Those 9 votes saved N.R.A. and the imitation Russian Blue Eagle, because our progressives, including Senator LA FOLLETTE himself, were led to believe that this administration would keep its word and put over the public-works program for which they had labored through two sessions.

That they are now disillusioned, but have the courage to say so, is shown by the fact that both Senator La Follette and his brother, Gov. Philip La Follette, though courted by the White House with the same offers of Federal appointments as you are, are vigorously denouncing the entire "brain trust" program, including N.R.A. and the rest.

We have heard from BOB LA FOLLETTE, BORAH, NORRIS, and we shall hear further from the rest of the Progressives, against the betrayal of the country to the trusts.

Was it too much for me to have hoped that you, by your resignation had joined these courageous men?

President Martin, of the American Bar Association, told the association in convention assembled at Grand Rapids, Mich., that the N.R.A. is an invasion of constitutional rights, and threatens the perpetuity of the great charter of American liberty and union.

United States Senator PATRICK A. MCCARRAN, of Nevada—formerly chief justice of the Nevada Supreme Court, and vice president of the American Bar Association, and a Democrat—warned the convention that the N.R.A., and other acts passed at the recent session by White House request, constituted "an avalanche that sweeps away the structures fought for and reared by the great Jefferson and his adherents."

Representative BECK, of Pennsylvania, Assistant Attorney General under President Theodore Roosevelt, and Solicitor General under President Coolidge, told the Maryland Bar Association, at their thirty-eighth annual convention in Atlantic City, that the emergency measures, such as the N.R.A., threatened the overthrow of the Constitution.

United States Senator WILLIAM H. DIETERICH, junior Democratic Senator from Illinois, says that the present N.R.A. regime violates the Constitution.

Fears that the departure from the Constitution may not be temporary were expressed even by the Committee on Administrative Law in the report delivered by its chairman, Louis G. Caldwell, of Washington, D.C.

Former Attorney General Wickersham, Senator Hatfield, Senator Dickinson, Senator Watson, and scores of other public men who are undoubtedly as patriotic as yourself, join the ever-swelling protest.

How about Al Smith, John W. Davis, Jim Reed, Randolph Hearst, Carter Glass? Shall these be classed as not worthy to lace the shoe of your so-termed "fine citizens"? Are they also guerrillas?

Governor, the issue of the hour is to save world democracy, which we failed to do in 1917–18, by bringing the country back to the Constitution.

Italy may prefer Mussolini to a king. Germany may prefer Hitler to an emperor. Russia may prefer Stalin to a czar. But the people of the United States do not prefer a bureaucratic dictator, neither elected by the people nor confirmed by the Senate, to representative government under the Constitution.

You refer to the Smoot-Hawley Tariff Act as being the greatest contributing factor to the present inequality between industry and agriculture. Recite to me one instance where the present administration has lowered those schedules. What have you to say about the fact that President Roosevelt recently ordered the tariff schedules investigated and raised where he thought necessary?

There are at least three reasons why increased tariffs are necessary. They are (1) that the present price-lifting program gives importers an advantage over our own producers; (2) it will help to balance our own economics which is practically self-sufficient, and within which is done about 94 percent of the commerce of our Nation, and which, when adjusted, will take care of all of our population; and (3) the present competition in foreign exchange will be directed to the end of gaining advantages in the field of foreign commerce, where we will have no recourse but to raise our tariffs and establish embargoes for the protection of our domestic commerce.

To lend weight to my argument I refer you to the Honorable Raymond Moley for corroboration.

The N.R.A. program has for its object the raising of prices, if possible, to the 1926 level. The A.A.A. program has for its object the raising of farm prices to the average level of 1909–14. On the basis of 100 for the farmer, industry will have about 160; hence, if the N.R.A. were ever to attain success for industry, it would perforce mean the absolute ruin of the farmer. For every dollar he took in he would have to pay about $1.60 for what he had to buy. There can be no parity for the farmer in the two programs, and the success of the N.R.A. would mean his positive extermination from our economic life.

You say that the failure of the farm program has endangered the N.R.A. program. Yes; and I had hoped that this inevitable conclusion was the cause of your resignation, although you have now assured me otherwise. I ask you, Governor, what other possible result can we expect than that the farm program must fail?

To bolster it up, the administration is now engaged in loaning 10 cents a pound on cotton, 75 cents a bushel on wheat, and 50 cents a bushel on corn. It can find no other way to keep farm prices in line with industrial prices. This burden will have to be borne in some form of tax. The Hoover administration bought wheat to help the farmer, which had the same effect. It pegged prices. Then came last year's elections and the promise of a new deal. I ask you, Governor, where is the new deal for the farmer in this remedy? The Democrats have appropriated the remedy of the Republicans for the farmer, and then you ask me to take a stand one way or the other for farm relief.

I can suggest one form of relief for the farmer, and that is lower taxes on real estate; but when I compare the increase in the State levies of Minnesota with the State levies of neighboring States, I am led to believe that you have not yet been converted to that form of farm relief.

In conclusion, I make bold to say that a tariff to protect America for Americans holds a much larger promise for our people, and has much more positive history in favor of this Nation, than has any doctrine of socialization of key industries, communism, or a dictatorship, no matter what its form may be.

I suggest, Governor, that you think over the suggestion of Farm Leader John A. Simpson, who supported Roosevelt as strenuously as yourself, in his recent speech at Chicago, where he dubbed the Frankenstein Roosevelt administration as the "D.B.D.—Drink, Borrow, and Destroy."

Cordially yours,

THOS. D. SCHALL.

Mr. SCHALL. Mr. President, I ask leave to insert in the RECORD the speech Governor Olson made to the Farmer-

Labor Convention, taken from the Minneapolis Journal for March 28, 1934, which speech laid the foundation for the Farmer-Labor platform, and in which speech the Governor said:

Now, I am frank to say that I am not a liberal. * * * I am what I want to be—I am a radical.

I also ask leave to print the Farmer-Labor platform, which is the purest form of communism this side of Russia.

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

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

[From the Minneapolis (Minn.) Journal, Mar. 28, 1934]

OLSON LABELS HIMSELF "RADICAL" IN SPEECH BEFORE FARMER-LABOR CONVENTION—SEES FASCISM, NOT COMMUNISM, REAL PERIL FOR AMERICA

(NOTE.—The address of Gov. Floyd B. Olson before the Farmer-Labor Convention in the St. Paul auditorium yesterday follows in full.)

There are a great many things about the office of Governor that are depressing and sometimes annoying, and so, coming before you today as I do, I not only have the inspiration of a great political movement but I have that decided uplifting feeling because of the change between some of the conditions with which we are confronted and the fine spirit which prevails here today. I am not only proud to be one of the leaders of the Farmer-Labor movement in Minnesota but I am honored in the fact that I am speaking under the auspices of a political association conceived in the spirit different from that which has prevailed with reference to political organizations in these United States.

Under the party form or organization, the party committees, to so speak, are appointed by the candidates when they successfully secure their nominations to office under the constitution and by-laws of the Farmer-Labor Association. Delegates and leaders come with a voice of the rank and file. The ordinary organization has its roots growing upward into the candidates. This organization, dedicated to the ideal of aiding people along progressive political principles, has its roots in the rank and file of the people, so that there is no opportunity with an organization of this kind for party bossism or party dictatorship.

Facing today as we do one of the greatest transitional periods of the history of the United States, it should be inspiring to anyone to know that in the State of Minnesota there exists a political movement divorced from the old theory of party politics—a political movement having as its ideal and design a more equitable distribution of the wealth produced by the people of the Nation into the hands of those who produce it, a party devoid of any of the ideas of reward because of political action and without speaking in any sense of harping criticism. I hope it is fortunate that we have such a political movement.

STRANGE POLITICAL ANOMALY OF TODAY

It is fortunate not only I believe for the citizens of this State but it is fortunate because it expresses as an example and something upon which the eyes of the Nation may focus itself. We have a very strange anomaly from a political standpoint in this Nation today. We started out as we were taught at least with the idea that there were two conflicting theories of government; one, the so-called "Hamiltonian", believed in the creation of a strong centralized government, and which incidentally believed the rich, wise, etc., should rule, and whatever benefits resulted from government could gradually get down to the masses.

On the other hand, there was a Jeffersonian theory that the benefits of government should be conferred on those at the bottom of the heap, and in time those benefits would move upward, and that the best kind of government was one decentralized, one in which State rights were predominant.

Today I would say, by way of anomaly, we find the Democratic Party of the United States endeavoring to give out the benefits of Jeffersonian philosophy through the medium of Hamiltonian theories. We find that the desire and the will is to confer benefits from a Jeffersonian standpoint, but we find the procedure, insofar as the centralization of power is concerned and the establishment of bureaucracies, is along Hamiltonian lines; and I am sure that the very distinguished President of the United States, who is himself a Jeffersonian, will fast realize the danger of such a move on the part of the party which he represents and that in course of time the centralization of power in the Federal Government, which is proceeding so rapidly, will be broken up and passed back to the State.

I need but cite one concrete example of that. The States are having difficulty in collecting sufficient taxes with which to meet necessary governmental expenses. Property is unable to continue to bear the burden. Special taxes and forms of taxation must be used, but the Federal Government is gradually encroaching upon the field of special taxation. For example, it is now in the field of taxing gasoline, a form of revenue heretofore left exclusively to the States, and if the Federal Government is to continue along those lines it must be purely in the role and character of a collection agency. It must collect through the medium of high income taxes, through the medium, if you please, of practical confiscatory inheritance taxes, through the medium of other special forms of taxation, and rebate the money back to the States so that the States may use the revenue so received from the Federal Government as a means of replacing taxes upon property.

GREATEST JOB NOW IS THAT OF RELIEF

The greatest job today on the part of government is the administration of relief and in that administration of relief lies the greatest hope under a so-called "capitalistic system" of bringing about cooperative effort. Of course, there are a great many inconsistencies about Congress' attitude with reference to relief.

It was impossible to secure from Congress further funds for the purpose of carrying on the C.W.A. program, but it was comparatively easy to secure a billion dollars from the Congress of the United States to build a new Navy in order to prevent us from going into war when no one, and the appropriation of that billion dollars and the principles involved bring us right back home to our own principles of government, the principle of government ownership, the principle of the cooperative commonwealth, because can anyone deny but what the agencies which are used for the purpose of carrying on war should be entirely within the control of Government; that if government must create vessels and vehicles of destruction, government should build those vessels and vehicles themselves and not leave their building to private-profit enterprise, not create the means which arouse greed and avarice in the hearts of men, and so that greed and avarice will lead those media on to foster and promote wars among mankind, because, can anyone doubt that there is a constantly going on effort on the part of munition factories to promote discord, to bring out dissatisfaction, to bring about dissension among the peoples of the world, and you and I know that if the peoples of the world were organized upon the same principle, upon which we who are here assembled today, are organized, there would be no more fighting among the nations of this world.

WAR IS CURSE OF CAPITALIST SYSTEM

One of the curses, if you please, of the capitalistic system is war, because greed and avarice constantly seeking increased profits, constantly seeking new lands and new peoples to exploit, must needs use the armed force of government for the purpose of carrying out their designs. I say that the Congress of the United States, if it is to be consistent with the principles of the party which is now dominant within those Halls of Congress, must appropriate at least $500,000,000 and preferably more for the purpose of continuing in some form or another the public-employment project which was known as the "C.W.A."

Operating under a so-called "relief plan" will in no sense solve the difficulty and coming back, as I say, to this question which is so closely interwoven with our aspirations and principles, if Government should own the factories and the shipyards and those instrumentalities which are used for the building of instruments of destruction why then, carrying it out further, should not Government own all those industries which have to do with the obtaining of the raw material and the transforming of it into necessary products such as the ownership of the coal mines, ownership of packing plants, such as the ownership of grain elevators, such as the ownership of oil fields, such as the ownership of iron mines.

The blackest pages in the history of the treatment of human beings may be found with reference to any coal field in the United States. We speak of the fuedalism which prevails in some States. Why it is a Y.M.C.A. performance in some other nations of the world compared to the feudal barons of the coal industry in any coal field in the United States owned and operated by private enterprise, and I ask you, speaking as a fellow citizen of a State which owns and yet leases fine iron-ore mines, why should not the State of Minnesota, if you please, operate its own iron mines? You say, "Well, where can they sell the iron ore?" I say the Government of the United States, if it desires to manufacture its own instruments of war, can have its own steel mills and the State of Minnesota can sell iron ore direct to the Government of the United States.

LOOKS FOR UNITED STATES TO OPERATE INDUSTRIES

I am speaking of these things as merely touching upon the ideals of this movement of an ultimate cooperative commonwealth. The Government of the United States in its relief program, I believe, will soon come to the point where it will set up industries to be operated by the unemployed for the purpose of manufacturing articles commonly used by people such as overcoats, shoes, and hand goods and things of that kind, and so we will have, and I predict it will come in the not distant future before the summer is over, if you please, and then we will have the very unusual situation of a capitalistic society being taxed for the purpose of creating cooperative enterprises and, of course, when that occurs it becomes a question of time and a question of the imagination of details and leadership of the American people, as to which system shall ultimately survive. Certainly no one in the light of what has happened in the last few years can defend the so-called "capitalistic system."

Certainly, in the light of what is happening now no one can defend it because the very people who control it and whom the Government of the United States are trying to encompass with regulation to make them more decent are the ones who complain most vigorously about Government regulation. Congress is endeavoring by legislation to tinker with and to patch up the so-called "system", and we agree with their statement that the old order is gone and a new order is here, but I have some doubts

about the reforming of the so-called "persons" sought to be reformed.

I am quite a believer in parole and probation, but one who has so conducted himself as to be classed as an habitual criminal cannot safely be trusted with common relationship with society and must consequently be impressed and upon the same principle, a group of financial and industrial overlords who have constantly, by their actions, shown an entire disregard for the welfare of those who helped them produce the wealth which gives them their power, those people who have shown that inclination have no right to be treated as a subject of possible reform.

Now, I am not endeavoring to deliver any philippics at the capitalistic system. Such comments as I make I address to your sense of fairness and logic, and I endeavor to make comparisons more forcefully to show to you just what attitude we, the American people, should take in this matter. The Farmer-Labor Party enters the coming political campaign with prospects for success the brightest in its history. We have withstood the test of fire born of the rank and file. Our party is representative of the rank and file. Our mission is not to make more secure the position of those who rule the economic world but to bring more security and comfort to the masses who create our wealth and receive little of what they create and no thanks for their toil as a reward.

The people know after years of sad experience and bitter disappointments that the servants of trusts, corporations, and big business interests cannot also be the servants of the people.

Never has the Republican Party, both national and local, been quite so low in morale and quite so bankrupt in ideas as it is today. It has stood by like a man dazed, watching the parade go by and not knowing what it is all about. It does not understand our changing world. It is still living in the jungle age that will never return. It is unable to comprehend the change taking place in governmental functions and governmental responsibilities. It does not comprehend the significance of all this because it cannot grasp the modern trend, the force and effect of social and economic forces now in action. What a spectacle it presents! The spirit has left the body and only a faint hope lingers. This hope does not pertain to the present but to the distant future.

The present Republican leaders, if such they may be called, admit it is lost. Even the old lust for battle is gone. In Minnesota we are battling virtually with a corpse, a political party that has not a thing to offer the people. It knows it, and the people know it, too. The faint hope that lies in its breast is tied up with the efficacies of prayer—of prayer that somehow the national R.F.C. (Reconstruction Finance Corporation) program will result in failure and that the Republican Party will ride into power on the miseries of the people.

G.O.P. STRATEGY ONE OF HARPING CRITICISM

One would assume, considering the unfortunate economic plight of the Nation and the Republican record of do nothing in an emergency, when the occasion cried to high heaven for action that they would at least have put their shoulder to the wheel and pushed plans for public welfare, but even this has not been forthcoming. Their strategy has not been to cooperate but to harass through harping criticism.

They believe they are lost unless the R.F.C. fails and acts accordingly. Service to the people is of secondary importance to their own political misfortune but like a drowning man they are grasping at a straw and are lost in any event. Their complete helplessness when an emergency arose will not be soon forgotten. In the campaign we are now entering we can look forward to success for both our State and congressional tickets and I am glad to observe in that great gathering the spirit of harmony and unity that prevail.

One of the worst things that could happen to us would be to fall into the same situation as the old party sometimes fell into. If personal ambition, if patronage desire, if a desire for a place in the sun is to take the place of the old crusading spirit then there is no more justification for our existence. We cannot, my friends, get into that position. This party was founded upon the basis of a crusade and a crusade it must remain. Just the moment that any political movement starts to fall into the fleshpots, so to speak, that marks the end. It will take the people some little time perhaps to find out and to discover that the party or the movement has so fallen but in the course of time the anger and judgment of the people will overtake it. Then we would bring sorrow not only to the fine members of this great crusading movement but we would bring sorrow to all the liberals and progressives and radicals of the United States.

Now, when I speak on the subject of patronage I speak in no sense by way of any left-hand criticism. I know the most severe unemployment situation in the history of the world has resulted in the necessary application of people for any kind of work and so I do not say directly or indirectly that the Farmer-Labor Party has lost any of its crusading spirit. The best evidence it still possesses is your inspired presence here today, but I do ask you to keep in mind that thing which has meant the downfall of party, yes, the downfall of nations, the sinking into a struggle for personal political aggrandizement and that is the sinking into struggle for patronage and preference and I know we are going into this campaign united. Today we are at the peak. Today we represent beyond any challenge and no challenge comes from even the most conservative newspaper organ of the old parties but that we are the dominant political party in the State of Minnesota. That carries with it not only pride but responsibility. We must present a united front both from the standpoint of candidates and standpoint of program. We must all work together.

I for one am committed to the program of having all the candidates of the Farmer-Labor Party running as such under the campaign control of a committee of the Farmer-Labor Association so selected by you but we must bear in mind that by no action of ours shall we rebuff anyone who wishes to assist us in this political movement. We shall not discourage anyone from joining with us in this crusade and this political struggle.

We shall not determine the liberality or progressiveness of any citizen of this State by reason of the fact that he belongs or she belongs or he does not belong or she does not belong to a political organization. In addition to success with reference to the State and congressional elections, we are going to achieve our greatest and most essential success—the control of the Legislature of the State of Minnesota. In order to make people understand and believe and have confidence in our program, we must of necessity enact it into law and we must place the administration of those laws in the hands of people who believe in those principles, who are committed to them, and who have high ideals of public service.

HONEST, EFFICIENT SERVICE IS NEEDED

Because I regard the two outstanding ideals of this political movement as the crusading spirit and as a desire for honest and efficient public service, it is not enough just to pass remedial legislation. It must be effective and efficient administration of the laws already on the statute books of this State. There must be an effective and efficient administration of various departments that have been created for the purpose of promoting the general welfare of the State and that means a high order of public service. Public service not in terms of the public service of the past, because we have been promising the people of this State something better than the public service they have had in the past, and so we cannot be content with merely giving that kind of service to which the people of the State have been used and accustomed in preceding administrations.

We must go beyond that, and so that we must have in mind—and I speak frankly and bluntly—we must have in mind that in the matter of giving positions or offices to members of our political movement that the first consideration must be ability—ability to serve. Because unless you have that you endanger the very program and principles for which you stand.

The Farmer-Labor Party of Minnesota already has achieved the position of leadership in the Nation for advanced legislation which we were able to accomplish in the face of a reactionary senate. We were compelled to call on public opinion to compel support of public measures from reactionaries. When we measure our progressive accomplishments in the light of a majority reactionary opposition, we have a right to say to the voters, We ask your support, if they are concerned with the welfare and happiness of the common man and common woman. Here is a brief résumé of legislative accomplishments:

A satisfactory redistricting measure—a substitute for the gerrymander bill I vetoed in 1931.

An equitable metropolitan sewage disposal law, also a substitute for the special privilege bill vetoed in 1931.

The mortgage moratorium law designed to relieve the distressed farmer and home owner.

The homestead tax law, a measure which lowers the tax levy on small farms and homes.

The oleomargarine tax law which prohibits under penalty of tax the use of foreign oils in the manufacture of all oleomargarine sold in the State.

The statutory income tax, a law that levies a tax on net incomes as a replacement for real-estate taxes.

The chain-store tax, and a bank reorganization act, the creation of a land-use committee, the creation of 13 new State forests, two gasoline tax evasion laws, a compulsory old-age pension law, an appropriation for the continuation of the investigation of the tax dodgers, a liquor-control bill, and the strengthening of the securities law with reference to the sale of stocks and bonds, relief bills passed at the regular session, as well as a $5,000,000 relief bill enacted at the special session.

The economic depression, if such it may be called, had a disastrous effect on the farm and home owner. The situation called for prompt and positive action on the part of government. We could no longer trust the Republican Party just-around-the-corner-prosperity philosophy.

REVIEWS DARK DAYS OF LAST YEAR

By February of last year the foreclosure of farm mortgages had reached alarming proportions. Unrest was brewing in the rural districts of the State. Violence and bloodshed were threatening a desperate people faced with the stark reality of losing their farms and homes. They turned their eyes to the Farmer-Labor administration for relief. The time had arrived for a practical application of the philosophy of human rights, of property rights, which we of the Farmer-Labor Party have advocated since our inception. On February 24 of that year, I issued an executive order restraining the sheriffs of the State of Minnesota from foreclosing farm and real-estate mortgages until May 1. * * *

This was later augmented by a request that the legislature enact a law embodying the principles of the executive order. A draft of the mortgage moratorium bill was submitted to the legislature, and through the fine assistance of the office of the attorney general a bill was finally drawn.

The house, controlled by the liberals, passed the measure with dispatch. The reactionary senate refused to act. Certain senators appeared more concerned with the constitutionality of the bill than with the welfare of Minnesota farmers and home owners. So much opposition was manifested in the senate against the bill I was obliged to bring the measure before the people. Members of the senate hear from the folks back home.

RECALLS VICTORY OF MORATORIUM

Crowds thronged the capitol displaying indignation, and the mortgage moratorium bill was enacted into law. I am, of course, happy to say that the minority of the senate, within whose numbers are included members of our own party and other liberal senators, were constantly endeavoring to bring about a passage of the mortgage-moratorium act.

This law has been declared constitutional by the Supreme Court of the United States. It has been cited throughout the country as an outstanding example of the new order of things. The law of the land now is that the common welfare is paramount, and in a state of economic emergency, supersedes property rights. The Supreme Court decision is significant in that it is a declaration that our laws and our courts must take cognizance of modern progress and the economic needs of the times.

The mortgage moratorium law offers some hope to distressed farmers, hope that by May 1, 1935, the rise of farm commodities will have been restored to a parity with industry and that the people of our farms will be able to pay off at least a part of their mortgages; and now on the subject of paying off, there has been organized in this State in every county a so-called "debt-reduction committee" acting voluntarily and endeavoring to bring about a readjustment between creditor and debtor for the purpose of scaling down the debts of the farmer by agreement with the creditors so that the farmers may be put in a position where his debt is so reduced that he can refinance the entire amount of it through the Federal Credit Administration. I am speaking from the standpoint of the farmers. I ask the people of this State to consider this proposition.

ATTACKS A.A.A. VIEW ON FARM PRICES

Everything the farmer buys is sold to him as the product of an industry that under the N.R.A. is absolutely forbidden to be sold below the cost of production. Everything the farmer buys is bought at a price which is fixed and protected by law and which cannot be below the cost of production. On the other hand, the farmer sells his commodities upon an open market over which he has no control, at prices in many cases below a cost of production.

And so I say to you as I said to the farm conferences at Des Moines, that if the farmers of the United States will concentrate upon one request—not talk about inflation, money control, and all those things—but talk upon one direct question, the fixing of prices and the market place and with reference to that the position of the triple A's is indefensible because agriculture is the basic industry of the United States. It is so admitted, but despite that it is the only industry whose prices of its basic commodities are not protected in the market place. And I said to them, as I say to you, let us not argue and haggle upon parity prices or cost of production or anything else. Let us see and insist that the Federal Government fix a fair price on the basic farm commodities. If it is necessary the Federal Government has already authority to cancel the licensing of processors and handlers of farm commodities and if those processors and handlers will not obey the dictates of the Federal Government, then the Federal Government has ample authority to engage in the processing business on its own accord and under its own direction. After a so-called "fair price" is fixed there may be hearings conducted for the purpose of determining a cost of production plus a reasonable profit price and those hearings may be carried on under the same procedure as the hearings before the Interstate Commerce Commission with reference to railroad rates or the hearings before any tribunal with reference to any public-utility rates.

I do not see how the Secretary of Agriculture or the President of the United States can refuse, in the light of that argument and that comparison, to do that for the basic industry of the United States which the administration has done for all other industries. Of course this is a Federal problem. This cannot be solved by an edict of a Governor. That is but futile.

To my mind it would but injure the people of our own State to embark—it would enable the speculator who now holds large quantities of stored food commodities to profit tremendously. It must be done with the sanction and under the mandate of the Federal Government. I speak of the legislation that has been passed from the standpoint of public service.

WILL ISSUE REPORT OF FARMER-LABOR ACHIEVEMENTS

I should like to speak to you, with your indulgence, about some of the accomplishments of the departments under the Farmer-Labor administration. I, of course, cannot cover all the departments because time does not permit. A full statement will be prepared and generally circulated with reference to the accomplishments of the various departments under Farmer-Labor administration, and an endeavor will be made in there to answer any pertinent questions that might be asked by anyone who wishes to inform himself or herself in order to vote and the answer to which will appear in this so-called "primer."

I think one of the outstanding accomplishments was the passage of the so-called "income tax law." Another important law was the homestead tax law to which I have referred. This measure reduces the taxes on small homes when the value is under $4,000. Taxes will be levied on 20 percent instead of the previous 33⅓ percent. That is to say, by way of explanation, that on a $4,000 home the tax ordinarily levied was on the basis of $1,366 valuation, one third. The basis will now be on a basis of $800 valuation. The difference between 20 percent and 33⅓ percent should reflect, with some readjustments in the tax structure, the difference between the tax on a $4,000 homestead before the passage of the law and the total tax afterward, excluding special assessments.

The chain store was fast replacing the local merchant. It has brought with it underpaid store managers and help, unfair competition, and has effected the removal of capital to the industrial centers of the East. We have continually advocated legislation which would place the independent merchant on the same level as his chain-store competitor. The last legislature enacted into a law a graduated chain-store tax. It is the most drastic law on the statute books of the United States with reference to chain stores.

NO TIME TO WASTE WORDS ON RELIEF

In view of the grave emergency that confronted the people of the State, it was no time to mince words on questions of relief. I believe the Government should assume responsibility to see that no man, woman, or child remains hungry and unclothed as long as there is a dollar left in the public coffers. The question of expenditures is of secondary importance when people are in distress. Despite the opposition and craft technique of the conservative members of the legislature, we were enabled to enact laws to alleviate distress and destitution. The laws passed were as follows: The State board of control was designated as the State welfare body. This is the first time any State department has been given responsibility to provide relief for citizens. Every political subdivision is now charged by State law to support its poor. A two-thirds vote is sufficient legal authority for issuance of relief bonds.

In the cities of Minneapolis, St. Paul, and Duluth a poor tax of 3 mills is assessed on real estate and personal property. The old relief law empowering the executive council to administer relief in case of emergency was included to apply to cases of destitution during a period of economic depression. In addition to that, as you know, there was enacted at the last session of the legislature a bill appropriating $5,000,000 for public relief. That bill will not result in the payment of a single penny of taxes from real estate or personal property in this State. The entire amount will be collected from the proceeds of taxes levied upon beer and whisky.

It seems unfortunate that one must resort to beer and whisky in order to get relief, but that was necessary, I believe, because of the very severe burden already existing upon property in the State of Minnesota. At the time the discussion was had with reference to the $5,000,000 of relief a good many people thought that was a tremendous sum and that the State was embarking upon a tremendous program. Later events have disclosed that it is entirely insufficient, entirely inadequate.

It is estimated, and conservatively so, that if we are to carry out a proper relief program in the State of Minnesota, and the biggest part of public administration today, I repeat, is relief, if we are to carry that on, it will cost between the 1st of April and the 1st of February 1935 about $36,000,000.

HOPES INDIGNATION WILL REACH CONGRESS

We cannot hope in this present day, with the present temper of Congress, to obtain from the Federal Government the difference between what we can raise through State giving and through the giving by local communities to make up the total of $36,000,000.

But I hope that the indignation of the American people over the refusal of Congress to add to the amount appropriated for relief and reemployment as compared to the amount appropriated for the purpose of, potentially at least, destroying people, that that indignation will be so manifest and be felt so strongly by Congress that Congress will be obliged to appropriate at least another billion dollars for the purpose of relief in the United States.

This is a great home-rule State, and yet while we are champions of the home-rule principle, we must recognize that just as in some instances where Federal control must supersede general State control, so in some other instances State control must supersede to some extent, at least, local control of certain functions of government. I speak particularly with reference to relief. When I say Federal superseding I mean, for example, the State is unable to cope in the struggle with large interstate utilities. Federal Government must assist there, and so the local communities, because of the tax-delinquency situation and because of all other considerations, is often unable to cope with relief situations, and I speak particularly of the old-age pension law and the mothers' pension law.

I think that the administration of those laws should be lodged in the State, and I further think that the State should contribute from State funds a part of the cost of the maintenance of old-age and mothers' pension systems. Now, I assure you that I have arrived at that conclusion with reference to a unified relief system after a great deal of study and reflection, having in mind my thorough conversion to the principles of home rule, and I have arrived at this conclusion because of the many discriminations that exist between people who are subject to pension in a so-called "poor county" and people who are subject to pension in a comparatively rich county, all people. All people in the State of Minnesota are entitled to the equal protection of the State, and the State can equally protect them only when the State has some control over the system under which they are to be protected. I further believe that the State itself should build up

slowly and gradually a system of health and accident insurance throughout the State of Minnesota so that we may protect the poor and needy from the consequences of privation or consequence of accidents.

PROGRAM EXPRESSES FINEST OF IDEALS

I think that is the most humane part of the program. And we must, you will bear in mind, we must continually go forward in this matter of protecting the citizens of the State. This is not a controversial program. This is a social-service program. This is a program carrying out the finest dictates and finest ideals and mandates of any race of people, and if anyone challenges you upon the subject of health-and-accident insurance for the people of this State you remind them of the fact that there is nothing new or novel about it.

Away back in 1878, the great Bismarck, yielding to the demands of the Socialists of Germany, installed a form of health-and-accident insurance in the great Empire of Germany, and in 1912, Lloyd George, of England, in his budget message to Parliament provided for health-and-accident insurance, and today in that great Nation of England the hardest shelled Tory would stand up and fight if you attempted to change the system of health-and-accident insurance in England; and so, while we talk about being progressive, we sometimes are wrong, because sometimes challenged as particularly radical by some proposal, it is one that the people of the Old World adopted a good many generations ago, and the next step in our social program should be the enactment of an unemployment insurance law.

We attempted that at the last session of the legislature, but met with no success whatever. The principal and only valid objection made was that the imposition of a substantial tax on employers of this State during this period of depression would be unfair, because it would put them at a disadvantage in their interstate business, in their competition with similar enterprises in other States not subjected to such a tax. That condition probably will be removed through the passage of the so-called "Wagner bill", under the terms of which Congress will provide for a tax, perhaps, up to 5 percent on the pay roll of the Nation on all enterprises employing more than 10 people, and it will remit tax, depending upon the kind of unemployment-insurance laws the States have; it will remit the several States the amounts gathered by it as the collecting agency of and for the State.

Certainly a progressive State like Minnesota should be one of the first in the Nation to pass such a law. This is the opportunity, my friends, for the passage of so-called "social legislation."

There is also almost an equal opportunity for the passage of legislation which I may differentiate from social legislation by referring to legislation pertaining to the field of economics, but there is a great opportunity along the lines of social legislation and we certainly should be the pioneers. Minnesota has much more than it had before the Farmer-Labor administration. It had a fine system for helping out in education, for child welfare, and other things, but it needs improvement and forward steps, and we have the opportunity, and we will be charged with the responsibility at the next session of the legislature of the first session, if you please, of the Farmer-Labor Legislature of the State of Minnesota.

SHOULD DO AWAY WITH SUBTERFUGE

And, I think—you will pardon me if I use the term "I" too much—but I think we should do away with all the subterfuge about nonpartisan candidates for the legislature. We all know it is merely a subterfuge. As a matter of fact, all the people in Minnesota know it except perhaps some of the members of the legislature, but they are broken up into groups, call them liberal and conservative, or call them what you will, they are broken up into groups or gangs or whatever term you wish to designate them. There they are, and so I think the first thing in the Farmer-Labor legislature should do is to pass a law providing that candidates for the legislature shall run upon partisan party tickets. Now, threatening you again with a recital of some of the things that have been done with reference to departmental action. Then, after talking about that some few words about some legislation along the economic line, I will take no further indulgences of you. I think the department of this State which is the least talked about but which contributes a great deal to the State is the conservation department.

The conservation department at the time when the Federal Government came in here with erosion camps and C.C.C. (Citizens' Conservation Corps) camps set up what has been described by the Federal Government as a very fine program, and they have worked hard and diligently in that department in cooperation with Federal officials to such an extent that if I may be pardoned perhaps in some boasting, Minnesota's department heads enjoy a very fine standing with the Federal bureau at Washington.

I presume to do that boasting in view of what our chairman told you in way of introduction of me, and I think that the reason—the reason that they are always willing to listen and help us—is because they believe that our programs are founded upon the ideal of giving social service and promoting welfare, and I must stop for a few minutes to tell you about a project which has to do with cooperation with the Federal Government, which is, so to speak, my pet project.

MUST FIND WAY TO SHORTER HOURS

If we are to shorten hours of labor, and we certainly shall, we must find means for recreation for our people. The old order is passed. The new order comes, and there must be recreation, there must be an opportunity for pleasure and joy. There must be opportunities for education, there must be opportunity for people, not only who are children, but adults, to better educate themselves. All those fields are open, and the only thing that bars us is the lack of imagination and the lack of a desire to conceive and build, and so around these great centers of population we must find great areas for recreational purposes. We want to find and create those all over the State.

Down in the valley of the Minnesota River between Mendota and Shakopee is a great, wide, beautiful valley. In that valley wild game abound. There are trout streams. There are spring-fed lakes, great areas upon which forestry reserves may be built, and so we have conceived a project, first, as game refuges, as forestry reserves, as a place for creating a barracks, so to speak, for homeless men, not transient men, homeless men of the State, and for the building up of those barracks of camps in the summer for the children of poor people to be there cared for. This is but the beginning of a large program, taking in the State, which we will carry on through the help of the Federal Government, and the Federal Government is seeking projects of that kind; and the Federal Government, through its representatives, has said to our agents, this is the finest plan of its kind that has come to us from the whole United States. That is what I mean when I talk about the opportunities for social service.

Well, so much for the department of conservation.

I will just pass by in discussing the fact that the highway department of the State—the highway department in the road program also put out by the Federal Bureau of Roads to assist the State—was at various times in the course of the carrying out of that program, first or second in the rapidity with which it set up the projects and got the people to work and at one time—despite the amount we received as compared with the amount received by other States of the Union—one time stood in the second place in the number of people employed upon the public roads of the State. That, indeed, I consider an achievement.

MUCH CONCERNED WITH DROUGHT AREAS

Mind you, second of all the States of the Union, despite the fact that some States had received appropriations four and five times the amount we received. At one time it was second in the whole United States from a standpoint of the number of people actually employed upon the roads.

Well, I would like to go on and tell you about these departments, but I don't want to take all the time on the radio, and I might say, in view of the crusade, so to speak, that many fine people are making with reference to crime, some perhaps with an eye to the political winds, but nevertheless being made, that the bureau of criminal apprehension of Minnesota, which is not a State police because it has no general authority and can only go into a county upon the request of the sheriff of the county—the bureau of criminal apprehension, during the time it has been functioning, has disposed of more than twice as many cases as the bureau has disposed of prior to the Farmer-Labor administration, and, of course, the period during which our predecessors had it was considerably longer than the period during which we have had it.

Now, speaking along the lines of relief again, and I speak of that because of the fact that it takes up the larger part of our administration duties, we are very much concerned about the drought situation out in the western part of the State, and there are some 43 counties in Minnesota claimed as so-called "drought counties", and to the best of our ability and within the limitations of our funds, we are moving livestock feed in as rapidly as possible.

Our main concern now is in the problem of seed; seed, because unless those farmers out there are given seed and given it very rapidly, they will all be upon the relief lists next fall, and they are the kind of people that do not want to be on relief lists. They want to work to raise the food upon which the Nation must live. The conditions over which they have no control, climatic and economic, have conspired together to reduce them to a state of dire distress.

BLAMES SYSTEM FOR CONDITION OF PEOPLE

The Federal Credit Administration has certain rules and regulations, I presume, of necessity under which they make seed loans, but many of them are refused, and so we are confronted with a great problem of seed, and I hope you will pardon me for not being present at your meeting tomorrow because of the fact I am obliged to go to Washington tonight to discuss seed and other relief measures.

Now, all this destitution that confronts us in this Nation certainly must suggest to every thinking man and woman that the system under which we have operated is a poor system; that it is a bad system; that a nation cannot endure, as has been fittingly said, part rich and almost entirely poor. What causes it? Why, the system itself causes the conditions which exist under it, and so every thinking man and woman must know that the system must be changed, and that this very distress and destitution and poverty and suffering is in itself a sufficient indictment of the system in order to convict it, and that we see who represents the radical political movements of the United States.

Now, I am frank to say that I am not a liberal. I enjoy working on a common basis with liberals for their platforms, etc., but I am not a liberal. I am what I want to be—I am a radical. I am a radical in the sense that I want a definite change in the system. I am not satisfied with tinkering; I am not satisfied with patching; I am not satisfied with hanging a laurel wreath upon burglars and thieves and pirates and calling them code authorities or something else. I am not satisfied with that.

I want, however, an orderly, a sane, and a constructive change. I don't want any visionary things any more than the hardest Tory or conservative wants it, but I know the transition can take place and that, of course, it must be gradual. It cannot come overnight, but I want to do all I can, and I am sure you want to do all you can to set it in motion and keep it going steadily, not in jerks or jumps or in spurts, but going steadily ahead; and what is the ultimate we are seeking? Why, I can best express it: the ultimate is a cooperative commonwealth. Now, I do not want to alarm a lot of fine, liberal people, and so I will just to a slight extent at least define that. A cooperative commonwealth may be a commonwealth in which all the industry is carried on by cooperatives. That may be a cooperative commonwealth. A cooperative commonwealth may be a commonwealth in which part of the industries are carried on by cooperative effort and part by the direct control and ownership of the Government. I think Government should operate the means of communication, the means of transportation, the control of power, control of electricity and current and gas and those things, but that Government, of course, cannot go into the grocery business or meat business or anything of that kind.

REAL DANGER IN TORIES, NOT RADICALS

That must be through consumers' cooperatives, but whether you do it through government or you do it through the people; it is the same thing so long as you have a people's government. Now, the danger in this Nation lies not from radicals; the danger to this Nation lies, my friends, in the hearts and minds of the tories.

There is a greater danger of fascism in the United States than there is of communism, and those interests and those people who most strenuously oppose this changing order and this setting up of Government regulation are the people who are the most eager and willing to accept fascism. They want it because just as the history of all dictators and all kings and all monarchs, a powerful group behind always controls the dictator and monarch, and they believe that under a species of facism they can again—I say again—they can again control the Government and control it much easier than they have in the past, because they only have to control a few, while under a suit of democracy they have to control a majority of the parliamentary body in order to have their wishes observed.

When the final clash comes between Americanism and fascism we will find a so-called "red" as the defender of democracy and the superpatriot and captain of industry on the side of mass slavery. Our party has been making steady progress. The eyes of liberals throughout the Nation, yes, throughout the world, are focused upon us. We are the answer to those that contend that a Government cannot truly be representative of common men and common women. If we fail them, we fail humanity, but we cannot fail, not so long as we are worthy of the ideals we profess, and my friends, in this hour of our impending greatest triumph, let us observe ourselves and our accomplishments with humility, not too much cocksureness, not too much pride, but with humility, remembering that we have dedicated ourselves to a crusade that we have made ourselves the agents and servants of people, that we have promised to do or ultimately to lift them up from below, out of the morass of distress, privation, and suffering and that we have consecrated ourselves to a task akin to that of a crusader, and if we do that we will be true not only to our ideals, but to the people who are going to put us in power in the State of Minnesota. Thank you very much.

FARMER-LABOR PLATFORM FOR CAMPAIGN

(NOTE.—Following is the text of the platform of the Minnesota Farmer-Labor Association on which candidates of the party will run this year:)

The Farmer-Labor Party of Minnesota recognizes that the United States has the most wonderful resources, great factories, machinery of production; steam power and electric power, and millions of capable workers and farmers ready and able to produce food, clothing, and shelter in great abundance for all. At this time when all of us could live in prosperity and happiness we find that there are millions of working men and women in poverty, want, and degradation, and that there are also hundreds of thousands of farmers, business, and professional people who have become povery-stricken and bankrupt, and millions of people in all walks of life are compelled to eat the bread of charity. Palliative measures will continue to fail. Only a complete reorganization of our social structure into a cooperative commonwealth will bring economic security and prevent a prolonged period of further suffering among the people.

We therefore declare that capitalism has failed, and immediate steps must be taken by the people to abolish capitalism in a peaceful and lawful manner and that a new, sane, and just society must be established; a system where all the natural resources, machinery of production, transportation, and communication shall be owned by the Government and operated democratically for the benefit of all the people and not for the benefit of the few.

In order to bring about this cooperative commonwealth and also for the purpose of adopting legislation for the immediate relief of the people, the Farmer-Labor Party adopts as its platform the following proposals:

AGRICULTURE

Adequate legislation to insure security of tenure on the land for those who farm it. To this end we further demand that Congress pass the Frazier bill for refinancing agricultural loans, and the Swank-Thomas bill or other legislation to give agriculture a price based upon the cost of production.

Exemption from taxation of homesteads in the city and on the farms to the value of $4,000.

Legislation extending the present moratorium 2 years from the date of expiration and that no action may be brought within the 2 years on any obligation secured by a mortgage.

MARKETING

The greatest problem of the farmer being to find markets for their products, we advocate building and maintaining adequate cooperative marketing and purchasing agencies in all the large industrial centers of the State, to be correlated by some State-supervised central head.

INDUSTRIAL PROGRAM

To protect our citizens from exploitation through industrial profits, we demand public ownership of all mines, water power, transportation, and communication, banks, packing plants, factories, and all public utilities. Provided, that this shall not apply to bona fide cooperatively owned and operated enterprises.

Until we attain nationalization of banking, we advocate the establishment of a central State bank of deposit to be wholly owned by the State of Minnesota.

That the bank act as the fiscal agent for the State in all matters.

That it be the only legal depository in Minnesota for State funds or the funds of any subdivision of the State.

That it be permitted to purchase the securities of the United States Government, the State of Minnesota, and other securities designated by law.

That it be permitted to loan money to correspondent State banks and deposit money with correspondent State banks, and that it not be permitted to loan money to private enterprises.

That the deposits or loans to the Minnesota State banks be a preferred claim.

And that the deposits in the bank of Minnesota be guaranteed by the State.

The issue of money is a governmental function, and all money should be issued directly by the Government and made a legal tender in payment of all debts.

All money permitted by law to be issued against the gold now in the United States Treasury should be put in circulation by the payment of all Government bonds due, or soon to become due, and for all public works constructed.

We declare our opposition to issuance of interest-bearing bonds by the Government.

MUNITIONS

We demand passage of the resolution now before the United States Senate calling for investigation of the munitions industry, and we demand that the Government take over such plants and operate them.

We pledge the people to submit an amendment to the constitution to permit establishment of the Ontario system of power development in the State. We also pledge our farm population and electric consumers that we will permit municipally owned power plants to sell power freely outside their limits.

The immediate passage of a Minnesota reconstruction act with full power to regulate hours and wages and carry on useful public projects.

EMPLOYMENT

The State to take over sufficient idle industrial plants to furnish employment for idle citizens and to distribute the products to the needy.

SOCIAL INSURANCE

That all insurance including workmen's compensation, unemployment, accident, sickness, maternity, old-age pension, fire, cyclone, hail, and life insurance be taken over by the State and operated without profit.

CONSERVATION

An intelligent and comprehensive plan for the conservation of the natural moisture of the State with arrangements made to retain the greatest possible benefits of the snow and rainfall of the State and restoration as far as practicable of the lake and river levels, and the encouragement of similar projects in the adjacent States. Also that State lands containing peat be withdrawn from sale.

REFORESTATION

Reforestation to restore and protect the timber wealth and to prevent and retard erosion.

ST. LAWRENCE WATERWAY

Ratification of the treaty with Canada affecting the construction of the St. Lawrence-Great Lakes Waterway.

EDUCATION

Fullest educational opportunities for all, with security of tenure and freedom of expression to teachers. Textbooks to be published by the State and free to all the students. Military training at all educational institutions supported wholly or in part by State funds to be optional.

TAXATION

Restoration of unearned wealth to the community and State by graduated taxes effectively administered on large incomes, gifts, and inheritances.

SOLDIERS' BONUS

Immediate payment of the soldiers' bonus by Treasury notes, and repeal of the National Economy Act.

TAX-EXEMPT SECURITIES

We oppose the issuance of tax-exempt securities.

ELECTIONS

All candidates for the State legislature to be elected with party designation.

CONSUMERS' COOPERATIVES

The powers of Government to allow consumers to freely organize on a cooperative basis, unrestricted by discriminatory laws.

MONEY AND BANKING

Nationalization of banking with Government monopoly of money and credit operated without profit.

RECIPROCAL TARIFF AGREEMENTS

The Senate resumed the consideration of the bill (H.R. 8687) to amend the Tariff Act of 1930.

Mr. METCALF. Mr. President, the purpose of this bill is to enable the President to reduce tariffs. The reduction of tariffs will in many cases cause the virtual closing down of important industries and will throw thousands of American citizens out of their jobs. The task of arriving at a rate of duty on foreign products which may be considered fair and yet offer a reasonable degree of protection is an important one. Before reducing tariffs we should take into consideration a number of complex factors which enter into the production of commodities which must compete with foreign countries. These include wage scales, productive power of the individual, cost of raw material, taxes, and general overhead costs. The wage scales of workers in the United States have long been several hundred percent in excess of those pursuing the same trades in foreign countries. When we consider living conditions in this country, it is impossible to understand the logic by which our Washington professors expect to revive trade by lowering tariffs. The British, Japanese, and French are not more efficient than Americans. The reason they can pour their products into this country is that their raw materials cost less by virtue of cheap labor, and the actual processing of these materials costs less by virtue of unconscionable working conditions and low living standards.

One point which I have discussed in connection with levying rates of duties on foreign products is the cost of taxes and general overhead resulting from internal conditions which must be directly reflected in the prices of commodities which compete with goods from foreign countries. In discussing a tariff bill we cannot lose sight of these conditions and the resulting burden which our farmers and manufacturers must bear in the form of taxes.

On March 31 of this year 20,616,000 adults were receiving monthly pay from Federal, State, or local governments. Strangely enough, this number is almost as great as the number of persons who are gainfully employed in productive agriculture and industry in the United States. Thus we would have for every person in the United States gainfully employed in productive pursuits another person supported from the public pay roll. The following table lists the number of persons supported wholly or in part from the public coffers on March 31 of this year:

Federal emergency relief pay roll	11,115,120
Local relief pay rolls	1,500,000
Civilian Conservation Corps	300,000
Federal employees	892,126
Insane institutions	290,000
Prisoners	224,000
Federal hospital population	33,000
State, city, and county employees	3,962,500
Directly and indirectly on public construction	1,300,000

This list does not include pensioners of States, cities, and local governments; persons receiving retired pay; privately contributed charities; or schools or institutions in which part or all of the population are minors. These exceed 1,000,000.

By far the greater proportion of money paid to these 20,000,000 people is furnished by the manufacturing regions of the United States, and it is the worker in these regions who must produce commodities for competition with foreign countries. We cannot place heavy tax burdens on particular sections of the country and at the same time expect these sections to bear the brunt of foreign competition.

During this administration billions of dollars have been doled out to the States by bureaus of the Federal Government, and must be returned to the creditors of the Federal Treasury by money derived from taxation. It is a significant fact that many States of the Union are actually receiving in cash from the Federal Government many times the amount of money which those States pay in the form of taxes.

The State of Wyoming, for example, is getting from the Federal Government, in cash, more than 20 times as much as all the people in that State pay in the form of Federal taxes. This State gets about 500 times as much money per capita from the Treasury out of every dollar paid in taxes, as does the State of New York. The rapid centralization of power in the Federal Government and the policy of Federal initiative in public and semipublic projects is rapidly taking away from the local government the responsibility for the expenditure of public funds. The net result has been to place upon industrial States most of the burden of taxation.

The shift of tax responsibility from the local to the National Government is building up the power of centralized bureaus and commissions dominated by a virtual dictatorship. The right of local self-government is being whittled away, and those communities which are dependent upon industrial pursuits for the support of the body politic are finding themselves unable to formulate balanced fiscal programs. The load they are forced to carry as the result of the whole national program is so great that it must be reflected in the ability of the products of these communities to compete with those of foreign countries.

While the number of persons directly or indirectly supported from the Public Treasury is in excess of 20,000,000 for the whole United States, the proportionate number in a State like Rhode Island is considerably smaller. On March 31 of this year 60,451 adults were supported wholly or in part by taxation in the State of Rhode Island. This figure is not complete, but it is sufficiently accurate to demonstrate the relative proportion of the cost of the whole national program which this State, and others of like nature, must bear. The figure of 60,451 does not take into consideration persons directly or indirectly employed on public construction projects, nor does it take into consideration pensioners or retired persons on either city or State pay rolls. If these were taken into consideration, we would undoubtedly find the number considerably enlarged. This would mean that out of a population of 687,000, in excess of 240,000 are supported by the Public Treasury, a figure which is significant enough, but which is relatively small in proportion to the United States as a whole.

With an average family of 4 persons, we find not less than 240,000 persons dependent upon the public coffers for all or part of their livelihood. People in the State of Rhode Island receiving aid from the public pay roll are, numerically, as follows:

United States pay roll	16,884
Local public employees	17,999
State employees	2,700
Veterans	5,365
Adults in tax-supported institutions	9,722
Local relief	7,781

Thus we find the industrial State of Rhode Island bearing a tax responsibility for the whole or partial support of not only 60,000 adults within its own borders, but as well for an unjust portion of the cost of maintaining the public pay rolls in States where the proportion of public-supported people is much larger. In an industrial State it is quite obvious that much of the cost of exorbitant taxes must be absorbed by the commodities produced in the area paying these taxes.

Since this tariff bill is but a part of the top-heavy bureaucracy thrown together by the new powers in Washington, I presume it is useless to discuss it on merit alone. There probably will be a new commission added to the hundreds

of others created by the administration. The extent to which these commissions have been established is appalling. In the face of President Roosevelt's declaration of a policy of economy and the subsequent dismissal of thousands of officeholders, the Democratic patronage machine has increased the number of employees of the Federal Government by 60,000 in the past 12 months. A few of the bureaus and commissions in Washington designated by alphabetical symbols are: A.A.A., C.C.C., F.E.R.A., N.E.C., P.W.A., T.V.A., H.O.L.C., F.A.C.A., E.H.C., R.F.C., F.C.A., C.W.A., F.S.A.C., N.L.B., C.S.B., N.R.A.B., F.B.O.H., F.O.I.C., S.H.A., F.P.A., N.C.B., E.H.F.A., S.A.B., F.C.O.T., F.H.L.B. I have not the slightest idea what the duties of all these Commissions and Bureaus are. They are working independently of each other, and in many cases have policies in contradiction to those of other divisions of the Government. There is no reasonable coordination, and no evidence of any regard for constitutional guidance.

It will be useless to oppose this tariff bill on the ground of unconstitutionality, because there is no such thing as a regard for the Constitution in the new deal. Section 8 of article I of the first draft of the Constitution of the United States said:

> The Congress shall have Power to Lay and collect Taxes, Duties, Imposts, and Excises, to pay the Debts and provide for the common Defense of the United States.

It was the intent of the authors of this document to place a strict safeguard around the expenditure of public funds, but during a thoughtless moment the authors unwittingly added the words "and general Welfare of the United States." The addition of this language in the final draft of the Constitution was for the evident purpose of limiting the manner in which public funds could be expended rather than enlarging upon the methods. During the past 2 years all constitutional regard for the manner in which public expenditures shall be made has been discarded.

Article I, section 9, clause 7, states:

> No Money shall be drawn from the Treasury, but in Consequence of Appropriations made by Law; and a regular Statement and Account of the Receipts and Expenditures of all public Money shall be published from time to time.

This clause is not specific enough to limit the superior evasive craftsmanship of the "brain trusters." They are setting up corporations to which the Congress appropriates huge sums of money to be expended on the sole authority of the officers of these corporations. The establishment of the corporations is presumed to be in the interest of the public welfare, and at this point constitutional safeguards cease. We find the Government entering into all sorts of business and using the public funds for that purpose.

The framers of the Constitution would certainly turn over in their graves if they could witness the spectacle of our Government establishing and operating the only pure communism on the face of the earth, with the full sanction of the document which they framed as a sacred safeguard of a democracy. I am referring to the unprecedented creation of the Virgin Islands Corporation, which, in my opinion, merits discussion as a shining example of the program of which this tariff bill is a part.

President Wilson purchased the Virgin Islands from Denmark for $25,000,000 in cash, after negotiations to sell them to the United States for only $1,000,000 had failed several years before. Since the purchase of these islands, we have invested nearly $10,000,000 additional. As the Virgin Islands are some distance away from the continental United States, some officials have seized upon them as an opportunity to establish an experimental communism; and when they have completed their task the United States will have financed and will be operating the only pure communism on the face of the earth today. It is being brought about in the following manner:

The Congress appropriated several billion dollars to the Public Works Administration. The P.W.A. is lending to a corporation known as the "Virigin Islands Corporation" approximately $1,400,000 to be used, first, for the purchase of all available sugar lands in the Virgin Islands, the ownership to be wholly in the name of the corporation; second, to buy up all sugar refineries on the islands and to maintain a monopoly in the refinement of sugar; third, to build rum distilleries, engage in the manufacture of rum, and maintain a complete monopoly therein.

Officers of the corporation will be officers of the new deal, and they will have a complete ownership of all industry and all land as well as a monopoly on industry and agriculture. The profits earned by the Corporation will be used for the welfare of the people of the islands.

Thus, the United States Government will not only engage in the business of growing cane, refining sugar, manufacturing rum, constructing and operating a hotel, but it will at the same time be administering a communistic government for and in behalf of its own citizens. I wonder if this is to be a model of what the "brain trusters" expect to make out of the United States when they have completed the work of "evolutionizing" the Government.

I recall that when Roger Q. Mills, a Senator from the State of Texas, was visiting in the State of Rhode Island, he stood before a mill building some 200 feet long. He turned to my father and said, "That building contains a lot of machinery which may be rendered worthless by a whim of Congress."

We should not adopt legislation without full knowledge of its import. I believe that when people are hungry and cannot find work we must find a way to provide food and jobs for them. I feel that we are right in enacting legislation to correct the evils of economic distress. Many of the principles upon which the National Recovery Administration is founded are desirable, but in many cases the administration of that act is working a hardship on business.

Let us undertake everything necessary to help the needy and to guarantee to the workingman a fair portion of the fruits of his labor, but in doing so we should not enact legislation so drastic that it imperils the whole structure of our economic system. In these days we must adopt new methods for correcting old evils; but let us stand on solid ground, and move with reasonable caution in doing so.

I realize that this bill will probably be logrolled into law. These are strange days and strange things are happening. Practicality is replaced by theories; industrialists are bowing to professors; farmers are learning to skip their rows and collect from the rest of the people for that which they fail to plant; many are finding that it is easier to receive a Government check than it is to work and produce the necessities of life. Just where this will lead us I hesitate to predict, but I do maintain that we should temper our whole program with reasonable conservatism. Just how many Members of the Senate are voting for this type of legislation with full belief that it is undesirable? I do not see how any Democrat, after voting for this bill, can with a clear conscience attend another Jeffersonian dinner.

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. BARBOUR in the chair) laid before the Senate messages from the President of the United States submitting sundry nominations and several treaties and conventions, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

EXECUTIVE REPORTS OF COMMITTEES

Mr. WALSH, from the Committee on Naval Affairs, reported favorably the nominations of sundry officers in the Navy.

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

Mr. DILL, from the Committee on the Judiciary, reported favorably the nomination of R. Kenneth Kerr, of Ohio, to be

United States marshal, southern district of Ohio, to succeed Paul H. Creswell, resigned.

Mr. HARRISON, from the Committee on Finance, reported favorably the nomination of Robert H. Jackson, of Jamestown, N.Y., to be Assistant General Counsel for the Bureau of Internal Revenue.

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

If there are no further reports from committees, the calendar is in order.

TREATIES

Mr. ROBINSON of Arkansas. Mr. President, the Chairman of the Committee on Foreign Relations is not present. I ask that the treaties go over for the present.

The PRESIDING OFFICER. Without objection, the treaties will be passed over.

COLLECTOR OF INTERNAL REVENUE

The legislative clerk proceeded to read the nomination of Daniel D. Moore to be collector of internal revenue, District of Louisiana.

Mr. ROBINSON of Arkansas. Let that go over.

The PRESIDING OFFICER. The nomination will be passed over.

DIPLOMATIC AND FOREIGN SERVICE

The legislative clerk read the nomination of Raleigh A. Gibson to be secretary in the Diplomatic Service of the United States of America.

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

THE JUDICIARY

The legislative clerk read the nomination of William Ryan to be United States marshal for the eastern district of Illinois.

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

POSTMASTERS

The legislative clerk proceeded to read the nominations of sundry postmasters.

Mr. McNARY. Mr. President, the junior Senator from Michigan [Mr. VANDENBERG] spoke to me a few days ago about a postmaster in his State. Does the Senator from Arkansas have that nomination in mind?

Mr. ROBINSON of Arkansas. My information is that that nomination was recommitted to the Committee on Post Offices and Post Roads and that it is not now on the calendar.

Mr. President, I ask unanimous consent 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.

COAST GUARD

The legislative clerk proceeded to read sundry nominations of officers promoted in the Coast Guard.

Mr. ROBINSON of Arkansas. I ask that the nominations for promotions in the Coast Guard be confirmed en bloc.

The PRESIDING OFFICER. Without objection, the nominations for promotions in the Coast Guard are confirmed en bloc.

IN THE ARMY

The legislative clerk proceeded to read sundry nominations in the Army.

Mr. SHEPPARD. I ask unanimous consent that the nominations in the Army be confirmed en bloc.

The PRESIDING OFFICER. Without objection, the nominations in the Army are confirmed en bloc.

That completes the calendar.

RECESS

The Senate resumed legislative session.

Mr. ROBINSON of Arkansas. Mr. President, I move that the Senate take a recess until 11 o'clock tomorrow morning.

The motion was agreed to; and (at 4 o'clock and 58 minutes p.m.) the Senate took a recess until tomorrow, Wednesday, May 23, 1934, at 11 o'clock a.m.

NOMINATIONS

Executive nominations received by the Senate May 22 (legislative day of May 10), 1934

COMMISSIONER OF EDUCATION

John Ward Studebaker, of Iowa, to be Commissioner of Education, vice George F. Zook.

DISTRICT ATTORNEY, UNITED STATES COURT FOR CHINA

Felthan Watson, of Missouri, to be district attorney, United States Court for China, to succeed George Sellett.

APPOINTMENTS IN THE NATIONAL GUARD OF THE UNITED STATES

GENERAL OFFICERS

To be major generals, National Guard of the United States

Maj. Gen. David Prescott Barrows, California National Guard.

Maj. Gen. Albert Hazen Blanding, Florida National Guard.

Maj. Gen. Erland Frederick Fish, Massachusetts National Guard.

Maj. Gen. William Nafew Haskell, New York National Guard.

Maj. Gen. Benson Walker Hough, Ohio National Guard.

Maj. Gen. John Augustus Hulen, Texas National Guard.

Maj. Gen. Roy Dee Keehn, Illinois National Guard.

Maj. Gen. Charles Irving Martin, Kansas National Guard.

Maj. Gen. Morris Benham Payne, Connecticut National Guard.

Maj. Gen. Milton Atchison Reckord, Maryland National Guard.

Maj. Gen. Henry Dozier Russell, Georgia National Guard.

Maj. Gen. Edward Caswell Shannon, Pennsylvania National Guard.

Maj. Gen. Mathew Adrian Tinley, Iowa National Guard.

Maj. Gen. Alexander MacKenzie Tuthill, Arizona National Guard.

Maj. Gen. Robert Henry Tyndall, Indiana National Guard.

Maj. Gen. George Ared White, Oregon National Guard.

Maj. Gen. Guy Merrill Wilson, Michigan National Guard.

To be brigadier generals, National Guard of the United States

Brig. Gen. Samuel Garrison Barnard, New Jersey National Guard.

Brig. Gen. Claude Vivian Birkhead, Texas National Guard.

Brig. Gen. Robert Morris Brookfield, Pennsylvania National Guard.

Brig. Gen. Harold Montfort Bush, Ohio National Guard.

Brig. Gen. John James Byrne, New York National Guard.

Brig. Gen. Edgar Hugh Campbell, Michigan National Guard.

Brig. Gen. Ellerbe Winn Carter, Kentucky National Guard.

Brig. Gen. Paul Bernard Clemens, Wisconsin National Guard.

Brig. Gen. Ludwig Shaner Conelly, Ohio National Guard.

Brig. Gen. Herbert Reynolds Dean, Rhode Island National Guard.

Brig. Gen. Henry Herman Denhardt, Kentucky National Guard.

Brig. Gen. Daniel Wray DePrez, Indiana National Guard.

Brig. Gen. Arthur William Desmond, Massachusetts National Guard.

Brig. Gen. Nathaniel Hillyer Egleston, New York National Guard.

Brig. Gen. Park Alfonso Findley, Iowa National Guard.

Brig. Gen. Irving Andrews Fish, Wisconsin National Guard.

Brig. Gen. Albert Greenlaw, Maine National Guard.

Brig. Gen. Louis Francis Guerre, Louisiana National Guard.

Brig. Gen. William Ernest Guthner, Colorado National Guard.

Brig. Gen. James Ambrose Haggerty, Connecticut National Guard.
Brig. Gen. Thomas Stevens Hammond, Illinois National Guard.
Brig. Gen. Alvin Horace Hankins, Washington National Guard.
Brig. Gen. Dudley Jackson Hard, Ohio National Guard.
Brig. Gen. Frank David Henderson, Ohio National Guard.
Brig. Gen. William Shaffer Key, Oklahoma National Guard.
Brig. Gen. James Craig McLanahan, Maryland National Guard.
Brig. Gen. William Swan McLean, Jr., Pennsylvania National Guard.
Brig. Gen. Charles E. McPherren, Oklahoma National Guard.
Brig. Gen. Trelawney Eston Marchant, South Carolina National Guard.
Brig. Gen. Edward Martin, Pennsylvania National Guard.
Brig. Gen. Wallace Ashton Mason, California National Guard.
Brig. Gen. John van Bokkelen Metts, North Carolina National Guard.
Brig. Gen. Daniel Needham, Massachusetts National Guard.
Brig. Gen. John Cecil Persons, Alabama National Guard.
Brig. Gen. John James Phelan, New York National Guard.
Brig. Gen. William Richard Pooley, New York National Guard.
Brig. Gen. Winfield Scott Price, New Jersey National Guard.
Brig. Gen. George Perry Rains, Texas National Guard.
Brig. Gen. Frank Elisha Reed, Minnesota National Guard.
Brig. Gen. Thomas Edward Rilea, Oregon National Guard.
Brig. Gen. David St. Clair Ritchie, North Dakota National Guard.
Brig. Gen. Oscar Edwin Roberts, Texas National Guard.
Brig. Gen. Lloyd Denison Ross, Iowa National Guard.
Brig. Gen. William Frederick Schohl, New York National Guard.
Brig. Gen. Frank Rudolph Schwengel, Illinois National Guard.
Brig. Gen. Edmund Justin Slate, Massachusetts National Guard.
Brig. Gen. Edward James Stackpole, Jr., Pennsylvania National Guard.
Brig. Gen. Edward Moses Stayton, Missouri National Guard.
Brig. Gen. Walter Perry Story, California National Guard.
Brig. Gen. Amos Thomas, Nebraska National Guard.
Brig. Gen. John Sylvester Thompson, New York National Guard.
Brig. Gen. Robert Jesse Travis, Georgia National Guard.
Brig. Gen. Samuel Gardner Waller, Virginia National Guard.
Brig. Gen. George Henderson Wark, Kansas National Guard.
Brig. Gen. William Gray Williams, Utah National Guard.
Brig. Gen. Jacob Franklin Wolters, Texas National Guard.

ADJUTANT GENERAL'S DEPARTMENT

To be brigadier generals, Adjutant General's Department, National Guard of the United States

Brig. Gen. John Henry Agnew, Adjutant General's Department, Massachusetts National Guard.
Brig. Gen. Joseph Homer Ballew, Adjutant General's Department, Tennessee National Guard.
Brig. Gen. Carlos Emerson Black, Adjutant General's Department, Illinois National Guard.
Brig. Gen. Lindley Wayland Camp, Adjutant General's Department, Georgia National Guard.
Brig. Gen. Vivian Bramble Collins, Adjutant General's Department, Florida National Guard.
Brig. Gen. Ebenezer L. Compere, Adjutant General's Department, Arkansas National Guard.
Brig. Gen. Raymond Hartwell Fleming, Adjutant General's Department, Louisiana National Guard.
Brig. Gen. Charles Harry Grahl, Adjutant General's Department, Iowa National Guard.
Brig. Gen. James Walter Hanson, Adjutant General's Department, Maine National Guard.
Brig. Gen. William Aloysius Higgins, Adjutant General's Department, New Jersey National Guard.
Brig. Gen. Seth Edwin Howard, Adjutant General's Department, California National Guard.
Brig. Gen. Ralph Maxwell Immell, Adjutant General's Department, Wisconsin National Guard.
Brig. Gen. William Ferson Ladd, Adjutant General's Department, Connecticut National Guard.
Brig. Gen. Milton Robbins McLean, Adjutant General's Department, Kansas National Guard.
Brig. Gen. Maurice Thompson, Adjutant General's Department, Washington National Guard.
Brig. Gen. Franklin Wilmer Ward, Adjutant General's Department, New York National Guard.

CONFIRMATIONS

Executive nominations confirmed by the Senate May 22 (legislative day of May 10), 1934

SECRETARY IN THE DIPLOMATIC SERVICE

Raleigh A. Gibson to be secretary in the Diplomatic Service.

UNITED STATES MARSHAL

William Ryan to be United States marshal for the eastern district of Illinois.

PROMOTIONS IN THE COAST GUARD

Harold A. T. Bernson to be lieutenant (junior grade).
George W. Dick to be lieutenant (junior grade).
Russell J. Roberts to be lieutenant (junior grade).

APPOINTMENT BY TRANSFER IN THE REGULAR ARMY

Second Lt. Charles Edward Wheatley, Jr., to Cavalry.
First Lt. Howard Waite Brimmer to Field Artillery.

PROMOTIONS IN THE REGULAR ARMY

Wallace Gordon Smith to be captain, Air Corps.
Charles Adam Horn to be captain, Air Corps.
Leroy Cullom Davis to be first lieutenant, Field Artillery.
Alford Van Patten Anderson, Jr., to be first lieutenant, Air Corps.
Charles Lewis Gandy to be lieutenant colonel, Medical Corps.
William Washington Vaughan to be lieutenant colonel, Medical Corps.
Francis Patrick Kintz to be captain, Medical Corps.

POSTMASTERS

COLORADO

Myrtle Hufty, Paonia.

GEORGIA

Burgess Y. Dickey, Calhoun.
Ralph W. Baker, Chickamauga.
Robert R. Lee, Dallas.
William M. Denton, Dalton.
Nathaniel M. Hawley, Douglasville.
Joseph T. Bohannon, Grantville.
William E. Wimberly, Rome.
James S. Alsobrook, Rossville.
Charles D. Bruce, Sea Island Beach.

ILLINOIS

Rose H. Jennings, Beecher City.
Juanita H. Greene, Coffeen.
Earl Grimm, Fairview.
Richard L. Lauwerens, Kincaid.
Mary Reardon, La Salle.
Walter D. Wacaser, Mount Pulaski.
John R. Sheehan, Ohio.
Helen G. McCarthy, St. Charles.
Leon J. Walsh, South Beloit.
Joseph D. Cotter, Stockton.
John W. Foster, Toluca.
George L. Hausmann, Vandalia.

MARYLAND

Charles T. Kreigh, Clear Spring.
Henry J. Paul, Linthicum Heights.
Howard Griffith, Silver Spring.

MASSACHUSETTS

James F. McClusky, Middleboro.
Lawrence D. Quinlan, Northfield.
John F. Malone, Southwick.
Arthur J. Fairgrieve, Tewksbury.

MICHIGAN

Roy P. Hallock, Almont.
Josephine Salsbury, Alto.
Clare E. Richardson, Augusta.
Arthur E. Dann, Beaverton.
Walter J. Grace, Carson City.
Herbert D. Witherell, Chelsea.
Harry J. Lynch, Gaylord.
Ruth G. Templeton, Harbor Beach.
Bernice E. Knopp, Hartford.
Peter J. Nora, Iron River.
William M. Hankerd, Munith.
Edwin E. Thompson, Oscoda.
Morton Rann, Perry.
Byron O. Gillies, Prescott.
Daniel S. Kelly, Reading.
Martha M. Kern, Reese.
John D. Mershon, Saginaw.
Asa E. Streeter, Vassar.
Arthur Cavender, Wakefield.
Clayton H. Norton, Walkerville.
Ernest F. Taylor, Walled Lake.
Flossie A. Brown, Williamston.

MISSOURI

Mary E. Chambers, Appleton City.
Pearl Herndon, Blackburn.
Robert E. Chaffin, Breckenridge.
Lee Dickson, Carrollton.
Gideon W. Miller, Edgerton.
Parker G. Wingo, Ellsinore.
Sadocia B. Herndon, Fulton.
Opal C. Ray, Gilman City.
Robert E. McCue, Jamesport.
Leslie L. Travis, Joplin.
Thomas C. Vaughan, Linn.
Harold F. Hopkins, Polo.
Almon A. Gracey, Reeds Spring.
Charles F. Halligan, Union.
James E. Ferguson, Williamsville.

MONTANA

Oscar L. Henry, Belfry.
Eugene T. Kirchner, Circle.
J. Charles Johnson, Fairview.
Roy W. Dorwin, Flaxville.
Francis P. Bartley, Fort Benton.
Frederick L. Coughlin, Geyser.
Edward F. O'Neil, Glendive.
Joseph M. Astle, Hardin.
Myrtle C. DeMers, Hot Springs.
Jessie G. Rolph, Joplin.
Sterling C. West, Jordan.
Cletus J. Walsh, Polytechnic.
Halsey E. Brickley, Rapelje.
Lucile D. Knight, Twin Bridges.

NEBRASKA

Edith E. Fahrlander, Brule.
Kenneth R. Newcomb, Cambridge.
James B. Gordon, Cedar Rapids.
Gladys J. Broun, Crookston.
Charles E. Furman, Danbury.
Edmund A. Hall, Fairmont.
Thomas A. Siefken, Harvard.
Philo J. Hewitt, Lexington.
Juna M. Daly, Lisco.
LaVern A. Breeden, Minatare.
George C. Thurman, Peru.
William M. Goding, Potter.
Beth Clary, Senaca.
George A. Hallock, Springview.
Frederika W. Weber, Wahoo.
Orley E. McCallum, Wauneta.

NEW JERSEY

Rose B. Sokolowski, Alpha.
William A. Lambert, Bivalve.
Harry J. Mack, Jr., Bloomsbury.
Frank F. Burd, Califon.
Edward W. Walker, Cranbury.
Thomas R. Boyle, Florence.
Arthur B. Williams, Grenloch.
Charles Orth, Hackensack.
Frank Mastrangelo, Iselin.
Edith B. Brooks, Kingston.
Harry F. Reder, Lincoln Park.
Harry N. Savage, Livingston.
James D. McErlane, Morris Plains.
James Entwistle, Sr., New Milford.
Katherine A. Cooney, Pedricktown.
Frederick G. Brochu, Pompton Plains.
William N. Schwab, Ridgefield Park.
Allen J. Thomas, Scotch Plains.
Anna A. Mullen, Sewaren.
Michael A. Carroll, South Bound Brook.
Harry E. Carter, White House Station.

NEW YORK

Katherine C. Newton, Homer.
Helen M. Freese, Massapequa.
Arthur F. Hawkins, Patchogue.

NORTH CAROLINA

James J. Parker, Murfreesboro.

NORTH DAKOTA

Benno G. J. Schimansky, Jr., Solen.
Charles K. Otto, Valley City.

OHIO

Claude S. Coyle, Batavia.
Roy H. Kerns, Bellefontaine.
Gilbert C. Wilson, Hiram.
Milton L. Dickason, Richwood.

OKLAHOMA

Martin O. Kizer, Apache.
Pearle F. Yates, Avant.
Hallie C. Forde, Cherokee.
Jesse W. Keith, Haileyville.
Clay B. Burnham, Hanna.
Dyke M. Wiley, Muskogee.
Josh S. Cole, Porter.
Beulah Brown, Red Oak.
Vesta Denham, Three Sands.
Harry James Barclay, Tonkawa.
Charles F. Rogers, Wagoner.
Thomas O. Stewart, Wapanucka.
Bryan Nicks, Wetumka.

OREGON

J. Dayton McLucas, Hood River.
Elton A. Schroeder, Myrtle Point.
George A. Hartman, Pendleton.

SOUTH DAKOTA

Stephen E. Halva, Belvidere.
Anna Donohue, Bonesteel.
Ira H. Pinnell, Eagle Butte.
Ray W. Pitsor, Faith.
John D. Cannon, Fort Pierre.
Gustave I. Honsey, Hecla.
David K. Batchelor, Hot Springs.
Michael J. Matthews, Isabel.
William J. Walsh, Lesterville.
Ella M. Ottum, Mellette.

Clyde M. McDonell, Murdo.
Matt McCormick, Tyndall.
Arthur R. Siegmund, White River.

TEXAS

Martin N. Guest, Aspermont.
Alva Spencer, Crowell.
John M. Diggs, Haskell.
Oscar J. Halm, Kingsbury.
George T. Elliott, Kress.
William D. T. Storey, Littlefield.
Mamie Milam, Prairie View.
Thomas A. Bynum, Texas City.

VERMONT

Albert S. Juneau, St. Johnsbury.

WASHINGTON

Herbert O. Thompson, Colfax.
Thomas H. Van Noy, Kelso.
LeRoy C. Eastman, Longview.
Jehu O. Patterson, Pullman.

WISCONSIN

George A. Harding, Cornell.
Walter J. Hyland, Madison.
Raymond A. Whitehead, Phelps.
Solon A. McCollow, River Falls.

HOUSE OF REPRESENTATIVES

TUESDAY, MAY 22, 1934

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D.D., offered the following prayer:

O Thou, who hast lighted life and death, earth and heaven, and art the lamp of all, we breathe again Thy holy name in prayer. We thank Thee that Thy arms are as encircling walls amid the problems and perplexities of life. May we trust Thy Fatherhood, in whom there is all the freshness and richness of wisdom and mercy. O bathe the very depths of our souls and make radiant any dark passageways of experience. This day sustain and support us with the abundance of Thy evergrowing power, leading and teaching us and shedding Thy presence upon our pathway. In the name of Jesus. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGES FROM THE PRESIDENT

Sundry messages in writing from the President of the United States were communicated to the House by Mr. Latta, one of his secretaries, who also informed the House that on May 21, 1934, the President approved and signed bills and a joint resolution of the House of the following titles:

H.R. 207. An act for the relief of Homer C. Chapin;

H.R. 371. An act for the relief of Peter Guilday;

H.R. 889. An act for the relief of Frank Ferst;

H.R. 3868. An act for the relief of Arabella E. Bodkin;

H.R. 5284. An act for the relief of the Playa de Flor Land & Improvement Co.;

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; and

H.J.Res. 311. Joint resolution 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;

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Horne, its enrolling clerk, announced that the Senate had passed bills of the following titles, in which the concurrence of the House is requested:

S. 3032. An act to require financial responsibility of owners and operators of vehicles for hire in the District of Columbia, and for other purposes; and

S. 3151. An act to convey to the King Hill Irrigation District, State of Idaho, all the interest of the United States in the King Hill Federal reclamation project, and for other purposes.

The message also announced that the Senate had passed the following concurrent resolutions, in which the concurrence of the House is requested:

Senate Concurrent Resolution 18

Resolved by the Senate (the House of Representatives concurring), That the action of the Speaker of the House of Representatives and of the President of the Senate in signing the enrolled bill, S. 3355, to authorize the coining of 50-cent pieces in commemoration of the two hundredth anniversary of the birth of Daniel Boone be rescinded, and that the Secretary of the Senate be authorized and directed to reenroll the bill with the following amendment:

Before the period at the end of section 1, insert a semicolon and the following: "but the United States shall not be subject to the expense of making the models or master dies or other preparations for this coinage."

Senate Concurrent Resolution 19

Resolved by the Senate (the House of Representatives concurring), That the President of the United States be and he is hereby, requested to return to the House of Representatives the enrolled bill, H.R. 3673, to amend the law relative to citizenship and naturalization, and for other purposes; that if and when the said bill is returned, the action of the Speaker of the House and of the President of the Senate in signing the said bill be deemed to be rescinded; and that the Clerk of the House of Representatives be, and he is hereby, authorized and directed to reenroll the said bill with the following amendments, viz:

On page 2, line 1, of the House engrossed bill strike out the following: "and unless the child, in" and insert in lieu thereof a period and the word "in."

On page 2, line 2, of said engrossed bill, after the word "alien" and the comma, insert the following: "the right of citizenship shall not descend unless the child."

LEAVE OF ABSENCE

Mr. MONAGHAN of Montana. Mr. Speaker, I ask unanimous consent that the gentleman from Pennsylvania, Mr. DUNN, be excused for the remainder of the week, inasmuch as he has a matter in the Federal court in Pennsylvania, in which he must appear.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

HOUR OF MEETING TOMORROW

Mr. BYRNS. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet at 11 o'clock a.m. tomorrow. I have spoken to the chairman and ranking minority member having in charge the bill coming up today and the succeeding bill, and they are very anxious that this be done.

The SPEAKER. The gentleman from Tennessee asks unanimous consent that when the House adjourns today it adjourn to meet at 11 o'clock a.m. tomorrow. Is there objection?

There was no objection.

CONTESTED-ELECTION CASE—BREWSTER *v.* UTTERBACK

Mr. THOMPSON of Texas, from the Committee on Elections No. 3, reported a resolution in respect to the contested-election case of *Ralph O. Brewster* v. *John G. Utterback*, for a seat in Congress, which was referred to the House Calendar and ordered printed.

FINANCIAL LIBERTY—DEPRESSION'S CURE

Mr. HOEPPEL. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include therein a radio address delivered by the Honorable BRONSON CUTTING, a Senator from the State of New Mexico, Saturday last, before the People's Lobby in the city of Washington.

The SPEAKER. Is there objection?

There was no objection.

Mr. HOEPPEL. Mr. Speaker and Members of the House, on Saturday, May 19, I had the pleasure of listening to an admirable radio address delivered by Senator BRONSON CUTTING, of New Mexico, before the People's Lobby here in Washington. In my opinion, Senator CUTTING has presented a plan for financial freedom which would cure the depression in very short order and as I believe every American citizen should know the truth about conditions in order to act intelligently, I take great pleasure in incorporating in my

remarks the address of Senator CUTTING, discussing the existing financial system and presenting a plan which, I believe, if adopted, would be the Magna Carta of our economic liberty.

It is my opinion that if the Government, under the Cutting plan, divorced itself from the uses and practices of the bankers today and extended Government credit at cost to the borrower, the increased profits to the American public would stimulate business and restore confidence, the unemployment problem would soon pass into history, and an era of prosperity as yet undreamed would unfold itself to the American people.

The address is as follows:

For a year or more we have been engaged in currency manipulation. We have juggled with the currency, and we shall no doubt continue to do so. The results have been small. The depression is still with us, and it is doubtful if we can cope with it by any such methods.

The reason is that only a small part of our monetary system consists of currency. Much the greater part is made out of bank credit. Until the Government takes control of this most vital part of our financial system it is not going to break loose from the burden of debt which is weighing down the Government, as well as the private citizen, of the Nation.

Most people think of banking as a terribly complicated subject, a subject which they cannot even attempt to understand. Of course it is complicated in its details, but it has been part of the bankers' conspiracy to confuse the public by a discussion of the details so that they may lose sight of the main outlines. Those outlines are very simple, and they vitally concern the life and happiness of every human being in the civilized world.

Since from 90 to 95 percent of our money is made up of bank deposits, it is important to understand just what these bank deposits are. Of course part of them, the smaller part, comes from the bank's customers, who deposit cash or checks for safe-keeping with the bank. But by far the greater part of these deposits are not deposits at all, in the real sense of the word. They come from the right given to a bank to loan 10 times, or 20 times, as the case may be, the amount of its reserves.

When you borrow a thousand dollars from an individual, he parts with his money before you get it. When you go into a bank and borrow a thousand dollars, what happens? Of course the bank may give you the $1,000 over the counter. But that seldom is the case. Usually you are satisfied by having the bank place the $1,000 to your account. In that case, the bank writes your name at the top of a column in its book as having made a deposit of a thousand dollars. The $1,000 is not transferred from any other account. It is made out of thin air. To that extent it increases the total amount of money in existence. To that extent it raises the price level, and changes the value of the money in the country. Yet the Constitution of the United States provides that "The Congress shall have power to coin money, and regulate the value thereof." In practice the Congress regulates the value of only a small fraction of the total amount of money in the country. The rest is regulated by the bankers. We are so used to this kind of transaction that we seldom stop even to question it. We allow the bankers to inflate our money each time they make a loan, and to deflate it each time the loan is called.

And then there is another very important feature connected with this loan of a thousand dollars. When you get it you generally have to deposit with the bank collateral security of double the value of the loan. If you have a $2,000 house you will probably be obliged to mortgage it for the privilege of obtaining $1,000, and, mark, you, of paying interest when the loan falls due. Yet the only piece of real value which has entered into the transaction is the value which you, yourself, have put into it, your house and lot, or your Liberty bonds, as the case may be. You are paying tribute to a private institution for the right to use your own credit. Your credit depends on your property, which really means your ability to deliver goods of service as required. The bank has contributed nothing but pen, ink, and paper, plus a risk of defrauding its bona fide depositors. Yet, in order to use your own credit, you are forced to pay interest to a nonproductive agency. The bank has actually lent you your own credit, and made you pay for getting it.

How can such a system be justified? It can be explained historically, but not defended on grounds of either ethics or public policy. The modern bankers are the successors of the medieval goldsmiths, who used to accept deposits of gold and jewels from their clients, and issue credit which would be honored by goldsmiths elsewhere. As a matter of practice it was found that less than one tenth of the deposits would ever be claimed at one time, and so the goldsmiths fell into the habit of loaning credit to 10 times the amount of their deposits. It was essentially a dishonest proceeding. Yet people got used to it, and it had no very serious effects until modern times, when the issuance of loan credit of this sort has completely outshadowed the primary duty of the State to issue money, and control its value.

Sometimes it is easier to show up a fallacy of this sort by reducing it to its simplest terms. Let us suppose that three men are shipwrecked on a desert island. There are enough natural resources on the island to provide food, clothing, and shelter for all three, provided each one works at one of the three tasks. The three men might decide to go socialistic, and own the island in common. We shall assume, however, that they find it more convenient to let one man own the timber, one the food crops, and one the sources of clothing.

Then, in order to exchange their goods, they will probably issue some form of scrip to enable them to barter. Let us suppose that the possessions of the three are approximately equal. Each one will then receive the same number of units of value, say a hundred tokens apiece. If they choose, they may call them a hundred dollars.

Now, this scrip really means something. It means the respective ability of each one to deliver a quantity of goods, produced and improved by his own labor. The wants of these men are simple. They manage to live. In course of time they improve their properties, and are able to live more luxuriously, with the expenditure of less individual labor. If it seems convenient to all of them they can issue as much more scrip as is needed to take care of the increased value of their production.

Now, let us suppose that after a few years of this, a stranger is shipwrecked on the shore of this island. He approaches the three men, and says, "Your economic system is preposterous. Your money is unsound. I come from a civilized country. I am a banker. Bankers know that a sound currency can be based only on a gold standard. I saved from my shipwreck three $10 gold pieces. Under the law of a civilized country I am allowed to lend $300 on that basis—or $600 if I belong to the Federal Reserve System. I shall be glad to lend you my credit if you will mortgage your holdings to double the amount.

Now, manifestly, if the three original settlers are sane, they will reject this offer. But let us suppose that they have been touched by the tropical sun and fall for the banker's proposal, which you know will not be couched in such simple language but will contain a great deal of technical talk about discount rates and the balancing of the budget. The settlers go in debt for the $300 and promise to pay interest on it. The banker does a little bookkeeping and lends them their own credit. Of course, he keeps the $30 in gold.

Now, suppose that the settler who owns the timber decides to install a sawmill. He will need help from his neighbors and will have to pay them for it. The banker decides that he will consider himself a member of the Federal Reserve, and extends the settler an additional loan of $200. A hurricane comes along. The banker at once grows timid. He calls half of his loans and renews the other half. The owner of the timber is completely ruined. The other two have to pay in produce twice the amount of their original loans on account of the deflation caused by the banker's call. At the end of another year they, too, find themselves unable to pay. The mortgages are foreclosed and the banker retains the original $30 in gold, and, in addition, the entire tangible assets of the community.

Now, of course, this seems childish and silly when you are dealing with four people on a desert island. As a matter of fact, it is far less reasonable in dealing with a complicated civilization, and with 125,000,000 people. On the island, if only for purposes of self-protection, the banker will have a healthy regard for the feelings of his fellow-citizens, and will not press his advantage too far. Moreover, he will be in a position where he understands the exact needs of the particular community.

Neither of these considerations apply to the banking system of the United States.

In the main, the interest of the banker is opposed to that of the general community. He is lavish with credit in good times, when it is not needed, and he withholds it in bad times, when it is a necessity. Someone has said that the banks lend you an umbrella in fine weather, and take it away from you when it rains. Furthermore, the bankers of the United States, even if we grant them the best intentions in the world, are not in a position to work in cooperation in support of any definite policy. They have the power to issue vastly more credit than is ever actually necessary. Sometimes they do this. At other times they issue so little that the economic system cannot be carried on. Then we get starvation in the midst of plenty, such as we are enjoying at the present day.

Our bankers may be compared to a number of theater agents, each of whom is authorized to sell an indefinite number of tickets in a theater. The total seating capacity of the theater, we will say, is 3,000. If 500 tickets are issued, or if 6,000 tickets are issued, in either case the results are disastrous. It is a hit-and-miss method.

In my judgment, the only agency which should be authorized to issue tickets for the national theater is the Nation itself. Call these tickets tokens, or scrip, or dollars, as you will. The National Government must decide as to how many are needed.

For, mind you, it is not merely the private individual who is forced to pay tribute to this strange, unreasonable system. The great industries, the great producers of the country, who are creating their share of the national credit, have each one of them to pay tribute to a bank in order to make use of the credit which they are creating.

And what about the Government itself? Here we have a financial crisis, due in large measure to the stupidity of the bankers, and the futility of the system under which they are working. The purchasing power of the country has dwindled to a vanishing point. Millions upon millions are out of work and have no means

of support. The Government is fulfilling its primary duty when it comes to the rescue of these people.

The amount that we are spending for public works and relief may seem large when figured in dollars and cents, but it is not a drop in the bucket compared to the credit of this country as measured in its natural resources, in its plant, and in its man power. Yet what does the Government do when it goes to the rescue of its needy and starving citizens? It floats loans through the banks. It pays interest to private organizations for the use of its own credit. The thing becomes still more preposterous when we realize that an enormous proportion of the relief expended by the Government has gone to the aid of the great banking institutions. So that actually the Government of the United States is getting itself into debt to the banks for the privilege of helping them to regain their strangle hold on the economic life of the country.

To my mind, this situation should have been stopped in March 1933. The bankers were then helpless and hopeless. They thought the end had come. They would, themselves, have welcomed a liquidation of their assets in favor of the Government. Now, it will be more difficult. Yet the logical situation remains the same, and we are going to have to reestablish in the hands of the Federal Government the right which the Constitution placed there in the first place.

I am now preparing a bill which is intended to accomplish this result. I wish that we might have a chance to vote on it at the present session. If that is impossible, it will be largely due to the lack of public pressure, public interest, and public understanding on the subject. The creation of a national bank which will eventually have a monopoly of the issuance of credit is, to my mind, the most vital need of the country today. I do not mean that that alone will get us out of the depression, but it is the first step in that direction, the first step without which none of the others can be taken.

When I have argued this point in the past I have met with two general objections. The first is that it will put the banks into politics, and substitute in making loans partisan considerations for sound principles of banking. Now, I have no doubt that, to some extent, this will be the case. Partisan politics have crept into most departments of our public life, and it would be rash to assume that banking could be exempted. But let me say, first, that no politician in high public office in the history of this country has ever made such a complete mess of his job as the private bankers have made with theirs. Furthermore, your public servants are as good or as bad as you choose to make them. If you do not like them, or you do not approve of the way in which they handle their offices, you can replace them with others. As things stand, the people elect their Governors, their representatives in Congress and in the Senate, and their President. But none of these men, nor all of them put together, has anything to say about what concerns most vitally the people of the United States, the distributive system, or the money system, if you prefer that term. Until the system is changed, the bankers are the real rulers of the people. You can vote for your President—you cannot vote as to who shall be head of the National City Bank of New York, or of J. P. Morgan & Co. There is no reason why you should, so long as these men are functioning as private citizens. Yet at the present time it is these men who actually control the destinies of every human being, not only in this country, but in this hemisphere. I say this not in criticism of any individuals, but of a system of bondage under which it is disgraceful for free men to live.

The second objection usually made to national banking is that it is a radical idea, and would be used for socialistic or communistic purposes. This does not follow at all. A national bank might be used for radical purposes. It might also be used for extremely reactionary purposes. There is a very interesting article by Mr. Herbert Agar in the current issue of the American Review. It is entitled "The Task of Conservatism." Mr. Agar thinks we have gone too far toward socialism. He believes in going back a hundred years to the conditions which prevailed in the early nineteenth century. Let me read you a few words from his final conclusions: "The first prerequisite for a return to a system of private property is that the state should reassume its basic sovereign power—the power to issue and recall money and credit. At present that power has been given to a private monopoly, chiefly on the plea that it is too important to trust to the politician. I feel no call to praise the typical modern politician, but it is fair to point out that his repute is no lower than that of the typical modern banker."

So you see that once you have control of the banking system you may use it to carry out any policy which you choose. At present you have nothing to say about the policy which is to be carried out.

I have quoted from the Constitution of the United States, certainly not a radical document. Let me also quote from that classical exponent of sound finance, John Stuart Mill: "The idea of a rational democracy is not that the people govern themselves, but that they have security for good government. This security they cannot have by any other means than by retaining in their own hands the ultimate control."

The ultimate control rests today neither with the people nor with the representatives of the people, but with a body of private citizens who, no matter how high-minded they may be as individuals, are responsible to no one but themselves. Let us as free Americans resume that ultimate control of the distributive system which the Fathers of our Republic intended us to have.

MONEY CONTROL

Mr. JOHNSON of Minnesota. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include therein a radio address delivered by Senator NYE, of North Dakota, last Saturday.

The SPEAKER. Is there objection?

Mr. BLANTON. Mr. Speaker, reserving the right to object, has it come to pass that Senators cannot get their speeches inserted in the RECORD in the other body? That is a remarkable situation.

Mr. JOHNSON of Minnesota. I suppose the speech could be gotten in the RECORD over there, but Senator NYE is a personal friend of mine, and I believe in many of his ideas, though not 100 percent. In any event, this is a good speech.

Mr. BLANTON. This is the second occasion this morning where, in order to get into the RECORD an address delivered by a Senator, the request is made here in the House.

The SPEAKER. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

Mr. JOHNSON of Minnesota. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following radio address by Senator GERALD P. NYE, of North Dakota, over the National Broadcasting chain luncheon at Cosmos Club, Saturday, May 19, 1934:

Few there are to doubt what has been declared in the past to the effect that whoever controls the money of a nation controls that nation. It does seem to me, however, that we might more accurately say that control of the nation goes to those who, by manipulation, can make existing money and banking credit create fictitious values upon which a return must be paid by the American consumer such as creates profit on value that does not exist.

During the dozen boom years leading up to 1929 capital structure in America took on a growth so great as to challenge comparison with any 50-year period in American history. But the growth, for the most part, was of a kind that could not do other than destroy the health of our entire economic structure from top to bottom as it was virtually destroyed, starting in 1929. This growth was the result of manipulation by those who controlled the money of the Nation. While it was affording, through larger concentration, a greater control over the money of the Nation by the few, it was at the same time distressing to and making public charges of more of the masses of American people. Poverty and distress came to those masses not alone because of their play as sheep waiting to be sheared in the booming stock market, but more particularly because of the burden which was placed upon the consumer by reason of the will to make the public pay such prices as would afford a return upon the swollen capital investment and structure of business and industry.

An example revealing how burdensome this manipulation and unhealthy capital structure growth has been is to be found in the case of the Bethlehem Steel Corporation. Prices were charged and are being charged for steel, which plays so large a part in construction and effort to accomplish recovery, such as would enable the Bethlehem Steel Corporation to pay a return not alone upon its true capital, but upon that part of its capitalization which was nothing more than wind and water. In addition to this, consumer prices on steel had to be large enough to pay bonuses to Bethlehem executives, bonuses so sizeable that in 1 year a lone executive was enjoying a bonus of more than a million dollars in addition to his excessively large salary. This is alleged to have constituted robbery of Bethlehem Steel stockholders, but it was something more than that. It was robbery of the American public as well. This kind of program created costs in construction which, when entered into the capitalization of that industry which was constructing with steel, added to the prices which consumers had to pay not alone today, but for all time to come in order that there could be a so-called "reasonable return upon capital investment."

The cement industry affords another glaring example of what was done to the consumer of today and the consumer of tomorrow who may be interested in the prices of this great building commodity. The boom days found investment bankers purchasing small manufacturing units, merging them, and selling stock in the merged company to the public for two and three times as much as they had actually paid for the properties. Upon the basis of these fictitious valuations the industry appealed to the Congress and received tariff protection such as would enable them to maintain prices for cement which would offer opportunity to pay a return upon the investment which had been made in such outrageous manipulation on the stock market. As long as capital structure thus created is permitted to stand, that long are the American people going to be compelled to pay prices which are burdensome and destructive, and kept from honest opportunity for accomplishment of real industrial recovery.

Our attention has very recently been called to the fact that we may contemplate ultimate ownership of American railroads by the Government. Millions upon millions of dollars have been poured

by the Government into the railroad structure in an endeavor to keep it alive. Close students insist that the time is only a few years off when the railroad owners themselves will be urging the Government to run and operate them. Commissioner Eastman, of the Interstate Commerce Commission, within the last few days warned the public to plan as though public ownership were to be ultimately dealt with.

I leave to others at this luncheon discussion relative to the merit of public ownership of railroads, with which I have very great sympathy. I wish to discuss thus briefly alone the question of capitalization which will assuredly be involved when it comes to really deal with the problem of our Government's possession of the railroads.

In the first place, it may well be pointed out that the Government has already granted concessions and loaned money to railroads to an extent that may well be accepted as representing about all the railroads are worth. In any event, the real battle ultimately will not be one to determine whether or not the Government shall take over the railroads, but at what price the deal shall be made. Naturally, the banking interests which are so largely involved in our present railroad structure are going to be insistent upon prices based upon the water that has been pumped into the capital structure of railroads down through all these generations—prices that will meet every cent of bonding and stocks which the railroads have issued. In other words, if left to the bankers, the Government would take over the railroads at a price such as would forever prevent a reasonable return being made upon the investment through a rate structure that was in any degree reasonable, and without terrific burden upon the back of the American consumer. When Government ownership comes, it should come in a way that would enable the Government to start from scratch with an honest opportunity to make Government ownership of railroads pay. The wastes and manipulation by railroad builders in other days must be wiped out, and not one penny more should be paid for the railroads by the Government than represents the actual cost of the property to be taken over.

Capitalization in industry has found, especially during the recent boom years, a complete abandonment of true values.

A study of capital structure in American industry all too clearly reveals the need for vast reform if we are ever to enjoy a measurable degree of prosperity for the people. In 1931, for example, corporations with capital assets of $50,000,000 or more numbered 632. These 632 corporations possessed over half of the total assets of all corporations. These 632 paid over three fifths of the total of corporation cash dividends paid during the year, and included all the large financial, industrial, railroad, power, and natural resource enterprises.

The power and influence exercised by these few giants is all too evident. It can fairly be said that the destiny of the economic structure of America is in the hands of these few. Into their capital structure there has been poured much water. Upon this water and the true values involved selling costs and prices are based. These prices enter very largely into the lives of all Americans and in a great measure determine their prosperity. It was a terrific overload of this sort that the people found upon their backs in 1929, and which caused the crash from which we have not even yet recovered. And we are not going to recover until we can sluff off that part of capital structure which is representative of anything other than true wealth invested in actual and productive values.

In these manipulated markets of 1925 to 1929, we never asked questions about the real values in a share of stock. We did not stop long enough to learn what were the earnings of the concern in which we bought an interest. We but wanted to know how much the price of a share of stock had jumped the day before, and the manipulators saw to it that a healthy gain was shown.

This mad race for easy money while the manipulators at the pumps were busy pumping water into capitalization and creating, through mergers and otherwise, false and fictitious valuations for industrial enterprises, found capital withdrawn from worthy fields, and saw interest and solicitation lost for fundamental and honest industry.

It is quite proper to say that factors within our economic structure for those years leading up to 1929 were bent upon destroying it from within, and succeeded in no uncertain measure. Yet we speak of our economic structure as having suffered a break-down in 1929 as though some force from outside had moved upon the structure with malice and intent to crush it.

Likewise, we refer to those years between 1925 and 1929 as the years of our greatest prosperity, while as a matter of fact, they were years in which the few were reaping great harvests while the interests of the masses of the people were ruthlessly ignored, and while our economic structure was actually in the throes of death and destruction.

Ignoring of these truths and refusing to face these facts would afford some amusement were it not for the fact that we are today devoting our national energy in a great drive to win new and renewed life for our economic structure with the fiction rather than the truth of 1915 to 1929 as our blueprint. It follows that we waste these energies. Economic recovery will never be accomplished by construction upon the drifting and uncertain sands washed up by the boom days, those days of our so-called "greatest prosperity." It grows increasingly evident that extensive programs of public ownership are about the only answer in this hour to the continued greed of the possessors of America's money.

WHAT CHANCE HAS THE FARMER?

Mr. McGUGIN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD of Wednesday, tomorrow.

The SPEAKER. Is there objection?

There was no objection.

Mr. McGUGIN. Mr. Speaker, the American farmer is confronted with almost insurmountable obstacles growing out of a world-wide increased production and decreased consumption of his products. The American farmer is unquestionably the most resourceful, thrifty, patient, and dependable American citizen. Give him any sort of a fair and equal opportunity and he will come out on top. There is one thing which he cannot overcome, and that is an intolerable, uneconomic, and discriminatory conduct on the part of his own Government.

There must be some radical changes in the personnel and in the program of the Department of Agriculture if there is to be any hope for the farmer. This Department is supposed to operate for the farmer's benefit. It was established for that purpose. In actual practice we now find that this Department is loaded down with officials who are primarily interested in socializing this country and establishing a society according to their fancies and ideas rather than bringing profit to the farmer.

The wheat program in the Department of Agriculture is a fair example. It is trying to reduce the production of wheat. At the same time the Department of Agriculture has another program in which it is doing everything within its power to reduce the consumption of wheat in the United States. This second program destroys any good which might possibly be obtained by the first program of reducing the production of wheat. In fact, if the Department can accomplish both of these purposes, it would, in the end, make present matters immeasurably worse.

It seems incredible that the Department of Agriculture would be carrying on an aggressive and deliberate effort to reduce the American wheat farmer's market at home, yet, none the less, this is actually what the Department of Agriculture is doing.

In November 1933 the Department of Agriculture issued circular no. 296, which advocates an annual human consumption of 130 pounds of wheat per person. This circular or bulletin no. 296 sets forth what the Department of Agriculture advocates to be an adequate and balanced diet. This bulletin is being circularized throughout the country for the purpose of prevailing upon the people to adopt the diet prescribed by this circular. The diet which is advocated in this circular recommends an annual consumption of 130 pounds of wheat per capita. The Department of Agriculture, not content with one publication, issued Miscellaneous Publication No. 183, published in December 1933. This publication likewise advocates an annual consumption of 130 pounds of wheat per person.

The present actual annual consumption of wheat is 170 pounds per capita. Thus, by these two bulletins, the Department of Agriculture appeals to the people of the United States to reduce their consumption of wheat 40 pounds per capita annually. This is a reduction of 23 percent in the American human consumption of wheat. This amounts to reducing the consumption 112 million bushels per year. This 112 million bushels of wheat represent 8 million acres of wheat.

These two bulletins presenting what the Department of Agriculture claims is the proper diet are being given wide circulation throughout the United States. In many instances they are used in the schools.

This criticism of these bulletins is equally as much a criticism of bureaucracy as it is criticism of those who have political control of the Department of Agriculture. Those in the Bureau of Home Economics who prepared these bulletins are not political appointees. They are civil-service appointees. They are, therefore, a part of the permanent bureaucracy of the Department of Agriculture. While Sec-

retary Wallace and the political appointees who are in charge of the Department are not responsible for the preparation of these bulletins, yet they are responsible for permitting these bureaucratic subordinates to give these bulletins circulation.

In the beginning I said that the Department of Agriculture is loaded with officials and a personnel who are primarily interested in socializing the country rather than in obtaining a fair profit for existing American agriculture. As to the truth of this statement I offer this quotation from the foregoing mentioned bulletin no. 183 which was published by the Department of Agriculture in December 1933:

> The general use of either of the two diets at the higher levels of nutritive content would not only improve the health and efficiency of the population but at the same time would foster the type of agriculture which represents wise utilization of land for the country as a whole.

By this statement, we see that these busybodies and experimenters in the Department of Agriculture are taking upon themselves the responsibility of endeavoring to chart out a health course for all of the American people and to dictate what they think is the type of agriculture which represents wise utilization of the land for the country as a whole. They have no interest whatever in what the farmer, who owns and tills the land, thinks is the wise utilization of the land. They are determined to dictate what is the wise utilization of the land.

In the first place, the diet which is set up by these dreamers and experimenters is by most respectable authority condemned as a silly and unwise diet. Among such respectable authority who disagree with the diet prescribed by the Bureau of Home Economics of the Department of Agriculture is Dr. Lafayette Mendal, dean of the department of physiological chemistry of Yale University. As a proper diet Dr. Mendal supports a diet consisting of 30 percent white flour. For the average person, the diet prescribed by Dr. Mendal provides for the consumption of 195 pounds of wheat per person per year. Thus Dr. Mendal recommends a diet which would provide for an increase in the consumption of wheat of 25 pounds per year above present consumption while this Bureau in the Department of Agriculture is appealing to the people of the United States to reduce the consumption 40 pounds a year.

Another most eminent authority who disagrees with these experimenting bureaucrats in the Department of Agriculture is Dr. E. V. McCollum of Johns Hopkins University at Baltimore, Md. Dr. McCollum in a recently published article stated:

> In my opinion, the American diet should consist of about 40 percent wheat flour.

Under this diet recommended by Dr. McCollum, the people would consume well over 200 pounds of wheat per person per year.

Further discussing the subject, Dr. McCollum said:

> Bread, in my opinion, should form the principal source of energy in the American diet. I say this because any system of diet must be sound from the agriculture standpoint as well as sound physiologically. The United States has a large territory which is preeminently suited to the growing of wheat and the well-being of many farmers can best be achieved through wheat culture. Wheat should, therefore, remain our principal bread grain.

Thus Dr. Mendal, of Yale University, in recommending a diet whereby the American people would consume 195 pounds of wheat per person per year, and Dr. McCollum, of Johns Hopkins University, in recommending a diet whereby the people would consume more than 200 pounds of wheat per year per person, are infinitely better friends of the American wheat producer than the women in the Bureau of Home Economics of the Department of Agriculture. These two eminent doctors of these two outstanding universities owe no specific allegiance to the wheat farmer, while in the Department of Agriculture we find these mere experimenters in the Bureau of Home Economics who owe their allegiance to the American farmer advocating a reduced consumption of wheat.

If these dreamers and experimenters in the Department of Agriculture are right, then it is most remarkable that the American people have been able to build up a civilization upon their former diet, which civilization has never lost a war, has increased the span of life, and throughout the years has been the most prosperous civilization that the world has ever known.

Not only by their deeds, but by their words, we know that these officials are socializers and experimenters who are determined to wreck agriculture as we have known it, and the governmental and economic structures as we have known them, in order to accomplish their purpose of planning and remaking American people according to their fancy.

Let us call the roll of some of those who are in charge of the Agriculture Department. Secretary Wallace is far more a dreamer and philosopher than a practical business man or agriculturist. By many of his published articles, he discloses himself to be one who is completely out of sympathy with what the American people have accomplished and have been. In a series of recently published religious articles, he referred to all of us Americans as being "sons of David, licentious and contentious." In another of these articles, after commenting upon the tremendous earnestness of the reformers of the sixteenth century, he followed with this statement. I quote from Secretary Wallace:

> The only people of this century who have a comparable earnestness are such men as Lenin, Mussolini, and Hitler.

Prof. Rexford Tugwell, Assistant Secretary of Agriculture, and obviously the dominant personality of the Department of Agriculture, is determined to break down the American governmental and economic structures and supplant both of them with some form of new plan of society modeled after his personal fancies. In a speech before the American Economic Association, he stated that three changes were required in order to have a limited acceptance of the planning idea. These changes were: First, uprooting and changing constitutions and statutes; second, destroying private business as we have known it; and, third, destroying the sovereignty of the States.

After setting forth these requirements, he makes this bold statement:

> All three of these wholesale changes are required by even a limited acceptance of the planning idea.

Obviously the A.A.A. is at least a limited acceptance of a planned agriculture. As proof that the Agriculture Department regards the allotment plan as planned agriculture, I quote from the April issue of the Consumers' Guide which is published by the Department of Agriculture:

> To earn a share in the money, the farmer must become a partner in the Government's new experiment in "planned agriculture."

Notwithstanding the fact that Professor Tugwell made clear in his speech before the American Economic Association that the price of a limited acceptance of the planning idea meant the uprooting of constitutions and statutes, destroying business as we have known it, and destroying the sovereignty of the States, he expressed in this speech his undying love for planned economy. He expressed his love for a planned economy in this speech with the following words:

> This is one of the basic reasons why the prospect of a planned economy is so congenial to every other hope and belief which I have.

Jerome Frank, attorney for the Agricultural Adjustment Administration is another dominating personality in the Department of Agriculture. The Cooperative Dairy Defense Committee recently issued a statement in defense of the dairy farmers of the United States. In this statement it severely criticized the A.A.A. and the views of Mr. Frank pertaining to profits. In this statement the Dairy Defense Committee stated:

> The A.A.A. has refused to accept the counsel or heed the plans suggested by practical leaders in the dairy industry. Had such a plan been followed, the dairy industry would now be well on its way to stabilization.

Of course, this stabilization implies that a profit motive may be considered by both producers and distributors.

Mr. Frank, however, states that such profit motive is only one of our "current folkways."

Now, what hope is there for a farmer to obtain a profit from an agricultural program when one of the principal administrators speaks so disparagingly of profit as to refer to the profit motive as only one of our "current folkways"?

Another dominating personality in the Agriculture Department is Frederick Howe, consumers' counsel of the Agricultural Adjustment Administration. During the war Mr. Howe was commisssioner of immigration of Ellis Island. As commissioner it was his duty to deport anarchists. On June 21, 1919, Representative LaGuardia, of New York, made the charge on the floor of the House of Representatives that while it was the duty of Commissioner Howe to deport alien anarchists, yet, instead of deporting them, he acted as their counsel.

At the same time Representative Siegel, from the State of New York, in speaking of Mr. Howe, said:

It is useless to have a Commissioner of Immigration at New York away from his post of duty. He presided as chairman over what proved to be the largest Russian meeting held in Madison Square Garden a few weeks ago.

Shortly after these two speeches in the House of Representatives Mr. Howe resigned as Commissioner of Immigration of Ellis Island. Can anyone believe that a man with the record of Mr. Howe can possibly be interested in any program which will bring profit to the American farmer?

Another important personality in the Department of Agriculture is Miss Kneeland, who holds a most responsible position in the Bureau of Home Economics. It is this Bureau which put out these two circulars advocating a reduced consumption of wheat. In a recent congressional hearing she made clear that she had no sympathy with an economic program, the goal of which was to restore the price levels to 1926. She made it clear that her goal was what she termed as "a more abundant life." It was impossible to obtain any clear understanding from her as to just what she regards as "a more abundant life." Whatever may be said when she opposes the restoration of the 1926 price level she is not reflecting the views of the American farmers. This is true, notwithstanding the fact that she receives a handsome salary for working in the Department of Agriculture, which Department should be working for the interest of the farmers. Unquestionably the farmer would like to trade the present conditions for the 1926 conditions. Wheat in 1926 was worth $1.45 a bushel. It is worth about 76 cents at this time.

In a speech at Philadelphia, Professor Tugwell made a clear-cut statement as to what is the present governmental farm program. I quote from the concluding words of his speech:

Private control has failed to use wisely its control of land. * * * For the first time, the Government is thinking of the land as a whole. For the first time, we are preparing to build a land program which will control the use of that greatest of all natural resources, not merely for the benefit of those who happen to hold title to it, but for the greater welfare of all the citizens of the country.

This program is not in keeping with the free, independent American farm program which we have known. It is more in keeping with the philosophy of Stalin and Marx. Communistic Russia has prepared a land program not for the welfare of those who happen to hold title to the land, but what the Soviet thinks is for the welfare of all the citizens of Russia.

Thus in accordance with the statements of Mr. Tugwell, the Government is now engaged in a land program which is not merely for the benefit of the American farmer who happens to hold title to it, but for what Tugwell and the Agriculture Department thinks is for the greater welfare of all of the citizens of the country.

The net result of what the Department of Agriculture is doing, together with what Mr. Tugwell said was the Government's present land program, makes a statement made by Professor Tugwell before the American Economic Association in December 1931 strikingly significant. That statement of Professor Tugwell is as follows:

Many observers are observing the contemporary Russian practice and are recording carefully the experience there, which later may be of assistance to us, for instance, my (Tugwell's) Experimental Control in Russian Industry, also Heinrichs and Brown, The Planned Economy of Soviet Russia.

Professor Tugwell's statement in his Philadelphia speech is similar to the foregoing quoted statement from bulletin no. 183 in which it was said by the use of the diets which are advocated, there would be "fostered the type of agriculture which represents wise utilization of the land for the country as a whole."

If the Government is carrying out a land program as Mr. Tugwell said, then it is being done by this socialistic Department of Agriculture's perverting the Agriculture Adjustment Act. No legislation has ever been enacted authorizing the Government to engage in a land program to control the land. The only land which the Government has any legal control over is the public domain, but Mr. Tugwell was not talking about the public domain. He was talking about all the land. He made clear the statement that their program was to control all the land not merely for the benefit of those who happen to hold title to it.

The Department of Agriculture by forcing a reduction in the agricultural production through the A.A.A. and then advocating a further reduction in the consumption of wheat, the principal food product, is dominating and controlling the land. One thing is certain, Mr. Tugwell was correct when he said that the program was not for the benefit of the man who happened to hold title to it.

THE STOCK EXCHANGE BILL

Mr. SNYDER. Mr. Speaker, I ask unanimous consent to extend my own radio address in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. SNYDER. Mr. Speaker, under leave to extend my remarks in the RECORD, I include the following radio address delivered by me over the N.B.C. network, 9:45 eastern standard time, May 14, 1934:

My friends, that we should have our stock markets and security markets operate within certain specified limitations has been proven by the fact that at least 99 percent of the legitimate operators of the stock markets of the Nation agree with Congress that the Government should cooperate in regulating the stock exchanges of the country.

I favor such a measure because the stock-exchange people and big business generally realize that they must have some set-up by which they can regulate their business so as to assure stability and restore confidence in the markets of the Nation and the markets of the world.

The stock-exchange markets and big business enterprises of the Nation announced to the world in 1929 that they were no longer able to control the business enterprises which they themselves had built up. In other words, their business enterprises went to smash, which was the most effective way they could announce their failure to run their business.

I think the whole bunch of them are more to be pitied than censured—pitied because they did not know, and did not know that they did not know, until it was too late and the crash of 1929 was on them.

Those who controlled and managed the stock exchanges and security exchanges of the Nation either had no vision or did not know that the stock-market structure or security structure that they had built was unsound socially and economically. Thus the 1929 crash came and carried down with it millions of people who had invested their money with these institutions.

Those who were on the inside saw the markets tottering under the great boulder of mismanagement, and, realizing that the millions—yes, billions—of worthless securities and watered stock would drive to ruin not only millions of individuals but thousands of mills and factories and mines and farms, set out to save from the wreckage all that they could.

We recall how they marshaled their forces in November 1929 and then gathered under their wings as much of the safe and sound securities as they could, and then stood at attention until the crash came.

I well recall how the people in the Midwest gathered around the path where the cyclone had swept the day before. We all well recall the scenes and the conversations in the homes, the streets, the market places, the business places, the drug stores, the barber shops, the day and days following the financial cyclone of 1929, the greatest cyclone of its kind that ever hit the American people.

Most of us remember vividly how this cyclone destroyed not only thousands of banks but tens of thousands of homes, and scores of mills and factories and mines. We saw thousands and tens of thousands of honest, hard-working, God-fearing men and women who had saved a few thousand dollars for a rainy day lose their all. They had put their trust in these institutions and their savings; their ideals were not only shattered, but they were sent to almshouses, poorhouses, or thrust upon the charity of their friends or relatives, all because of the lack of proper management of big banking institutions, stock markets, and security institutions.

I am not ready to say what percent of these multiplied millions of worthless securities that were floated in our markets in 1929 were worthless because of loopholes in our law, or what percent were worthless because of bad management on the part of these institutions; but in either case, everyone realizes that the structure was weak or the crash would not have materialized.

In an industrial Nation like ours, where there are big units of business, we must ever keep before us the fact that these big units have a tendency to grow soulless in their operations. Of course, 99 percent or more of the officials of these corporations are honest and upright gentlemen, but the individuals employed in any corporation are usually pushed to the place where the books must show in the black; hence the very nature of the set-up of such a procedure is destructive in itself. Individuality is removed through such a set-up. Cold figures and margins of profit slowly place such institutions in an atmosphere wholly material and altogether soulless. Therefore, such institutions, like dangerous individuals, must be managed and regulated by an authority that is always operating in the best interests of all the people.

Some people live on the theory, "Don't do anything lest you do the wrong thing"; others operate on the basis of "Go ahead and do something, and if you do the wrong thing, adjust it as often as necessary until you are doing the right thing."

This administration is operating on the last-mentioned theory. I am glad that it is. We never get any place if we stand still. The last administration either ran around in a circle or else stood still and thus brought about the stagnation of every industry, mine, and mill. This Congress, this administration, is doing constructive things, sometimes wrong, of course, but, thank God, if the set-up does not work we are willing to adjust it to another level until it does work. It is hard to see how anyone would raise his voice against the regulation of the stock markets and security markets after realizing what happened in the last 6 or 7 years.

One thing every individual knows—one thing Congress knows—one thing the opponents of this bill realize—and that is that a government that permits institutions like a stock market to spring up within its own borders that can no longer be controlled is a government that needs adjustments, and needs them at once, if it is to protect its business interests and the interests of its citizens.

Can the Members of Congress of a great Nation say to the people that institutions which are eating out the very vitals of a nation have grown to such proportions that we can no longer manage them? I, for one, say "no." We can control, if we will, any and all of the institutions of our land. We can control the security markets of the Nation. We can control the stock exchanges of the Nation. We can control the banking institutions of the Nation. The deplorable collapse of the Nation's banking system in March 1933 is evidence that the Government must cooperate in guiding and directing the banking system of this Nation. By way of parentheses, I wish to say that right now an administration measure is under consideration to give aid to those who have their money tied up in closed banks.

In this matter of control I do not wish to be misunderstood. I do not want to see a set-up in our banks and stock markets that would make it possible for some group of know-nothing investigators or so-called "government experts" to step in and upset the workings or management of a mill, a factory, a mine, or a bank. That is not the intent and the purpose of this stock-market measure. The intent and the purpose of this measure is to throw out this group of know-nothings and bad managers and to keep them out.

A few of the specific provisions of the stock exchange bill are as follows:

First. (a) The control of credit; (b) the power to control markets. The main purpose is to give a Government credit agency an effective method of reducing the aggregate amount of the Nation's credit resources.

Second. Control of manipulative practices. The bill forbids absolutely those pools operating and other devices by which professional speculators bring up fictitious prices. The bill seeks to give investors prices where markets may be established by the free and honest balancing of investment demand and investment supply.

Third. A provision for adequate and honest reports. It is fundamental that no one can safely buy or sell securities without an intelligent basis for judgment; no one can obtain such a basis without full and true reports. This has been recognized by the officials of the leading exchanges and they welcome this feature.

Fourth. Control of unfair practices by corporate insiders. In order to curb speculation by officers in the stocks of their own companies, the bill provides for disclosures by officers and directors and the large inside stockholders. Moreover, the Commission is given power to regulate proxies so the stockholders will no longer blindly approve acts of management in violation of the corporation's rights.

Fifth. The exchanges themselves are regulated on the theory that the exchanges are public institutions which the public is invited to use for the purchase and sale of securities listed thereon, and are not simply private clubs to be conducted only in accordance with their members' interests.

The bill is not a moral pose or a vengeful strikeback at brokers for the losses which nearly the entire Nation has suffered in the last 5 years. It is simply an earnest attempt to make belated intelligent adjustments long required by changing conditions.

The way to restore the confidence of business is to restore in the market places of the Nation those standards of honesty and fair dealing which alone can serve as a basis of confidence. This is precisely what the present bill will accomplish.

This bill, along with some 20 other citizenship-building and Nation-building measures enacted by the Seventy-third Congress, further completes the bridge which leads to permanent and social economic recovery. It is just another granite pillar in the Roosevelt administrative program—a program designed to equally help the farmer, the laborer, and the business man.

INDIAN LEGISLATION

The SPEAKER. Under a special order of the House the gentleman from Oklahoma [Mr. HASTINGS] is recognized for 10 minutes at this time. The gentleman from Oklahoma requests that he be not interrupted during those 10 minutes.

Mr. HASTINGS. Mr. Speaker, in connection with that I ask in advance unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. HASTINGS. Mr. Speaker, I want to analyze and discuss the bill prepared under the direction of the Bureau of Indian Affairs, commonly known as the Wheeler-Howard bill (H.R. 7902).

The Commissioner of Indian Affairs has toured the West in advocacy of the provisions of this bill. Releases have been extensively carried in the press of the country commending the provisions of the bill. Radio addresses have been made to create public sentiment in its favor. Employees in the Indian Service have been intimidated into support of the bill, with the threat of dismissal from the service. They have been active throughout every Indian community in assembling Indians and having them endorse prepared resolutions in an effort to show that Indian sentiment favors the bill. The actual truth is that the bill is so complicated that but few, if any, Indians, understand its provisions. Extensive hearings have been held, both before the House and Senate Committees on Indian Affairs. The bill has been revised a number of times.

The original bill covers 48 printed pages and has four separate titles:

Title I—Indian self-government—covers 22 pages and in general provides for chartering Indian communities, granting them local self-government similar to that exercised by all of the Indian tribes throughout the United States a century ago.

Section 1 is a declaration of policy sought to be accomplished through the granting of local self-government.

Section 2 authorizes the Secretary of the Interior to issue a charter to Indians on any reservation or subdivision thereof, granting them certain enumerated powers subject to ratification by three-fifths vote of the residents of the area covered. In the event land is acquired by the Secretary of the Interior he shall prescribe conditions under which one may become a member if of one-fourth Indian blood, and acceptance of membership is a vote for the acceptance of the charter. Under this section any number of charters could be granted to groups or subdivisions of one tribe. And if the tribe should by vote reject the charter, those occupying an area of a purchased tract could accept and be granted powers of self-government within the discretion of the Secretary of the Interior.

Section 3 provides that each charter shall define the territorial limits of the community, prescribe a form of government for the community, its management, the bonding of community officials and Federal employees, and for continuing supervision by the Office of Indian Affairs as the Secretary may find necessary.

Section 4 authorizes the Secretary of the Interior to grant to chartered communities certain enumerated powers: (a) To organize and act as a Federal municipal corporation, to establish a form of government, to adopt and amend their

constitution, and to promulgate and enforce ordinances; (b) to elect officers, agents, or employees, fix their salaries, prescribe qualifications of voters, and for adoption of new members; (c) to regulate the use and disposition of property by members of the community and to protect the health and to provide for the general welfare of the community; (d) to establish courts for the enforcement of ordinances of the communities with exclusive jurisdiction over its members, and jurisdiction, exclusive or nonexclusive, over all other cases arising under the ordinances of the community, both civil and criminal, with authority to punish by fine up to $500 and by imprisonment up to 6 months; (e) to accept the surrender of tribal or community interests of individual members, to act as guardians, or provide for the appointment of guardians for minors, and to administer tribal and individual funds transferred or intrusted to the communities by the Federal Government; (f) to operate, maintain, and equip any public improvement, and as a Federal agency, to condemn and take title to lands or properties, to levy assessments, or require performance of labor in lieu of assessments; (g) to acquire, manage, and dispose of property, to declare and pay out dividends, to adopt and use a corporate seal, to sue and be sued, and to employ counsel; (h) to compel the transfer of any Federal employee for inefficiency; (i) to exercise any other powers delegated by the Office of Indian Affairs and to act as a Federal agency; (j) and to exercise any other powers necessary or incidental to the exercise of the enumerated powers.

The Indian community so chartered shall be recognized as the successor to any existing political power and successor to all right, interest, and title to all funds, property, choses in action, and to claims against the United States heretofore held by the tribes or other native political organization.

Section 5 requires regular reports from the chartered authorities to the community. It may compel the transfer of any person employed from the community other than persons appointed by the community. Then follows a saving proviso giving broad powers to the Commissioner of Indian Affairs to prescribe such conditions for the exercise of this power as will assure to employees reasonable security of tenure in office.

Section 6 directs the Secretary to prepare annual estimates for expenditures for functions and services administered by each community, transmit them to the Indian community and transmit the recommendation of the Indian community to the Bureau of the Budget. If not a direct, this is an implied, promise to finance the expenditures of each community from the Federal Treasury.

He shall transmit a copy of any bill for the expenditure of funds in any community and transmit the recommendations of the community to Congress.

He shall transmit the description of any project for expenditure of funds in any community.

No expenditure on any project is to be reimbursable unless approved by the community, and any funds of the community shall be expended only by the bonded disbursing agent of the community. This section clearly indicates that these expenses are to be borne by the Federal Government.

Section 7. The Secretary may delegate to any Indian community any function of government now exercised by the United States.

Section 8. The Commissioner is authorized to classify and transfer functions and services administered for Indians and make all necessary rules and regulations.

The community may appoint officers, but only with the approval of the Commissioner, and the community upon a three-fourths vote may request the transfer of any function.

Section 8 is a long-involved section but requires (a) that the community must comply with all the rules and regulations of the Secretary of the Interior; (b) directs the Secretary of the Treasury to pay out funds to bonded disbursing officers of any community; (c) requires the Commissioner to turn over lands and buildings previously used for Indians, to the community; (d) when the Secretary determines that the community has failed to comply with the conditions imposed he may reassume the administration of any functions of service; (e) requires reports from the community on or before September 1 of each year as of date June 30; (f) requires the Secretary to make an annual report to Congress on the administration of functions and services transferred to the community. This bill would permit legislation for Indians through the charter route rather than by Congress.

Section 9 authorizes the Secretary and Commissioner to continue to exercise all the existing powers not transferred, and shall have power to enforce by administrative order or veto any provisions that limit, qualify, or restrict the powers granted to the community.

Section 10 authorizes the Secretary of the Interior to convey as an agency of the Federal Government any right, interest, or title in property which may be held by the United States in trust for members of the community in any land, buildings, or equipment previously used by the United States in the administration of Indian affairs within the community.

Section 11 exempts Indian community property and land from taxation. How are the expenses of any community to be paid except through appropriations by Congress?

Section 12 authorizes an appropriation of $500,000 each fiscal year to pay expenses in organizing and developing Indian chartered communities, including building and furnishing community buildings, clerical supplies and the improvement of community land. Does anyone entertain the hope that Congress will appropriate and turn over to these Indian communities this sum annually to be expended by them?

There are many other details provided in title I, but to sum them all up it would permit segregating one or more or any number of areas as chartered communities within any State and granting to the members of the respective chartered communities, to all intents and purposes, the authority and powers exercised by Indian tribes a century ago. And Congress would be asked to make all necessary appropriations to pay the necessary expenses of these separate governments.

Mr. MARTIN of Colorado. Mr. Speaker, I ask unanimous consent that the gentleman from Oklahoma may continue for 10 additional minutes, for he is discussing a very important matter in a very instructive way.

The SPEAKER. Is there objection to the request of the gentleman from Colorado?

There was no objection.

Mr. HASTINGS. In the first place, let me qualify as one deeply interested in the general welfare of all Indian tribes and each individual Indian in the United States. I am an enrolled member of the Cherokee Tribe. I attended the Cherokee tribal public schools and was graduated from its boarding school, taught in the tribal public schools, practiced law in the tribal courts and represented the Cherokee Tribe in practically every capacity from superintendent of public schools, attorney general, delegate to represent the tribe at Washington, D.C., in securing the enactment of legislation, represented the tribe before the commission appointed by the Government to make its final roll and to allot its lands, and, finally, as national attorney for the tribe for a number of years, I appeared before the various commissions, the departments of Government, committees of Congress, and represented the tribe before the various courts of the country, including the Supreme Court of the United States.

Since my election to Congress in 1914 I challenge the examination of my record to show that there was a vote that I have cast which does not clearly show that I am in sympathy with the protection of the rights of Indians.

I prepared and assisted in the enactment of jurisdictional bills in 1924 authorizing each of the Five Civilized Tribes to bring suit against the Government for any and all claims which they have, and as a result these suits have been instituted and are now pending before the Court of Claims.

I assisted in securing the enactment of the act of May 10, 1928, which extended the restrictive period on the lands of the Five Civilized Tribes until April 26, 1956, and made 160 acres nontaxable, and the enactment of the act approved January 27, 1933, which continued the authority of the Sec-

retary of the Interior over restricted Indian property, including the funds of unenrolled restricted Indians.

As a member of the Subcommittee on Appropriations I have made every effort to secure increased appropriations for education and health work among the several Indian tribes.

I mention this record for the purpose of showing that I approach the discussion of this bill from the standpoint of one who is himself an Indian and is in deep sympathy with all legislation and administration for the welfare of Indians.

I yield to no man in or out of Congress in my earnest desire to be helpful to all Indian tribes.

In the beginning, the government of Indians was placed under the immediate supervision of a Commissioner of Indian Affairs, who was under the general control of the War Department. The Indians then had vast areas of land, both east and west of the Mississippi River. Their control was transferred to the Interior Department when it was created under the act of March 3, 1849, and since that time a definite policy has been advocated toward the education, civilization, and gradual emancipation of the Indian. Prior to March 3, 1871, treaties were entered into by and between the Government of the United States and the several Indian tribes. This policy was discontinued through an act of Congress approved on that date, and thereafter for about 25 years agreements were entered into with Indian tribes for a number of years. The courts have held in many cases that a treaty had no more binding force than an agreement or act of Congress, and since the decision of the courts to that effect and for the past 30 years Congress has been exercising control over the Indians and their property by direct legislation, and this has been held to be constitutional by the courts.

In 1887 a general policy of allotting lands among the western Indian tribes was adopted, and the first lands were allotted with a trust patent preventing their alienation until a fee patent was granted 25 years thereafter.

The first agreements were made for the allotment of lands with the Choctaws and Chickasaws, the Creeks and Seminoles in 1897, and the Chickasaw and Choctaw and Creek agreements were ratified as amendments to the Curtis bill approved June 28, 1898. The Seminole agreement was subsequently ratified July 1, 1898. The Cherokees, not having entered into an agreement, Congress by an act of July 1, 1902, submitted an agreement to the Cherokee Tribe for ratification, which was done by a vote of the Cherokee people August 7, 1902. All of the agreements with the Five Civilized Tribes are similar. They provide for the enrollment of the members of each tribe, for allotment of their lands in severalty and the disbursement of their money.

The members of the Five Civilized Tribes were made citizens of the United States by act of March 3, 1901, and all other Indians were from time to time made citizens of the United States by various acts of Congress and, finally, by general law approved June 2, 1924, Congress declared all Indians citizens of the United States.

In the discussion of the Howard-Wheeler bill before the committees and on many public occasions, the Commissioner of Indian Affairs has enlarged upon the vast amount of lands formerly held by Indian tribes, has sharply criticized the legislation by Congress, including the General Allotment Act of 1887, and in fact all acts of Congress and agreements looking to the individualization of the lands among the Indians of the several tribes. He charges that there has been mismanagement of Indian property and that the Indians of the United States have been despoiled of hundreds of millions of dollars. I heartily agree that there has been a great deal of mismanagement of Indian property. I agree that many treaties have been improvidently made. I assert that many others have been secured through coercive measures.

I think that this may be said of practically every treaty made with the Cherokees, of which tribe I am a member. The treaty of 1835, which resulted in the removal of the Cherokees west of the Mississippi River, reflects this clearly and was made with only a handful of Cherokees who did not properly represent the sentiment of the great mass of Cherokees at the time. The terms of the treaty of 1866 were forced upon the impoverished wards of the Nation and, in my judgment, without going into detail, there is not a treaty agreement made that was not secured by coercion. The act of Congress approved July 1, 1902, ratified by the Cherokees, was an acceptance of a choice between evils—the Curtis bill, approved June 28, 1898, which destroyed the Cherokee form of government and the so-called "Cherokee agreement." I think no one disputes but that the Indians, generally speaking, have been unfairly dealt with.

However, let me say that that is history. It serves no useful purpose for us to discuss the coercion by the Government or the maladministration of Indian affairs. That I fear is resorted to to lead us into a sympathetic atmosphere and away from a discussion of the details of the bill before us.

Our answer to this argument is that the Commissioner of Indian Affairs should give earnest consideration to a review of all treaties violated and to all moneys which the Government of the United States, in equity and good conscience, owes the Indians and make proper recommendations to the Congress either to make appropriations adequate to repay the Indians or recommend jurisdictional bills referring all of these claims to the Court of Claims with the right of appeal to the Supreme Court of the United States.

The Five Civilized Tribes have 41 suits pending in the Court of Claims, and the attorneys with whom contracts have been made complain that the Indian Bureau, because of the want of clerical help, is delaying reports, and therefore postponing the trial of these suits. It is suggested that if the making of the necessary reports were expedited it would greatly aid in bringing these and other suits filed on behalf of the Indian tribes to speedy trial.

I have not heard any argument to justify title I of the proposed Howard-Wheeler bill. It, in effect, turns the hands of Indian civilization back for a century.

During all of this time the Government has been engaged in an effort to have the Indians of the Nation accept citizenship, to study the Constitution and laws of the United States and of the several State governments, and to become a part of and participate in all governments—local, State, and National. You cannot otherwise develop the Indians into patriotic citizens and instill into them the purposes of the Government. The Indian was reluctant to give up his form of government, but our Government determined that it was best for the Indian. Most Indian governments, including the Five Civilized Tribes, have been abandoned for the past 30 years. It was with great difficulty that the Indians were induced to accept and to exercise the rights of citizenship. He is beginning to do this now. Untold thousands of Indians joined in the World War, and those who were fortunate enough to return did so as patriotic citizens of their State and Nation.

Twenty-two pages of the Wheeler-Howard bill looks to chartering Indian communities, to regrant to them certain powers of local self-government abolished almost a half century ago. What good would this accomplish? How would it advance the Indians? By the enactment of title 1 it prejudices the Indians against the Federal and State laws and encourages them to set up anew a different government and to make new laws. What we are trying to do is to have the Indians study our local laws, to become familiar with them, and to participate in local self-government.

In the State of Oklahoma, and this is measurably true in other States, all Indians are doing this. There is absolutely no discrimination against the Indian in Oklahoma. He is placed on an equality with every other citizen. He accepts the responsibility of citizenship, votes at all elections, and takes a part in local affairs the same as any other citizen. In my home county the sheriff, treasurer, court clerk, county clerk, county attorney, and perhaps other officers, including the mayor of my home city, are of Indian blood. There is no prejudice against them and they are elected on their merits.

We are trying to encourage every Indian to participate in local affairs. This bill will have the effect of segregating the

Indians off into chartered communities and will result in their nonparticipation further in their local and State governments. The best way to teach anyone the philosophy of their State and Federal Governments is to have them participate in them and become a part of them. You cannot stand aloof and separate yourself and not participate in local government and at the same time be familiar with it. When you set up a separate form of government you say by the very act that the local government, State government, and Federal Government is not adequate, and you prejudice the Indian against the Government which he should patriotically and wholeheartedly support.

Mr. PEAVEY. Mr. Speaker, will the gentleman yield?

Mr. HASTINGS. I hesitate to yield, having asked not to be interrupted, but I do not want to be discourteous to my friend from Wisconsin.

Mr. PEAVEY. I thank the gentleman. I would like to have the gentleman make clear to the membership that all the objectionable features of the original bill, H.R. 7902, have been stricken from the bill.

Mr. HASTINGS. I am coming to that; and in my detailed analysis I have shown what they have taken out of the bill. I shall show also, before I get through, that there are some provisions in the revised bill that ought not to be enacted into law.

Mr. PEAVEY. It was so drastically amended that they took out everything but the title.

Mr. HASTINGS. The committee materially helped it by changing every provision except the title and writing a new bill.

Mr. DISNEY. Mr. Speaker, will the gentleman yield?

Mr. HASTINGS. I yield.

Mr. DISNEY. A moment ago the gentleman referred to the fact that the bill changed the law of descent and distribution. Is that change carried forward into the substitute bill?

Mr. HASTINGS. Section 4 of the revised bill provides against the sale, devise, gift, exchange, or transfer by operation of law or otherwise of restricted lands, except with the approval of the Secretary of the Interior, and this language may repeal our partition laws and the method of determining heirs.

Why is title 1 necessary? What good will it do? What benefit will it be to the Indian? Are we not taught that our Federal Constitution and laws are the best ever devised by man? It is true we may not agree with each provision of the Constitution or all the laws enacted pursuant thereto, but each patriotic citizen who loves his Government believes in its Constitution and laws. The same is true of our local government. While we may not agree with all the provisions of each State constitution or the legislation enacted, still it is the fundamental law of each State and the laws enacted by the people of the State for the government of its entire citizenship.

Now, the legislation that is good for one is good for the entire citizenship; and when you segregate a small minority into groups, styled "chartered communities", you poison them against their State constitution and laws by arousing anew their prejudices which we are striving to overcome.

This does not mean that jurisdiction is not retained in the Federal Government to properly protect the rights and property of restricted Indians. That power is retained in the Federal Constitution and in all enabling acts admitting to statehood the several States. Congress throughout the 145 years of our existence has exercised the right to legislate for the benefit of the Indian wards of the Nation. This has been done throughout the entire continuance of our Government. Congress continues to protect the rights and property of restricted Indians, and should do so. It is not necessary, however, to protect the rights and property of Indians to have special ordinances enacted for the benefit of chartered groups, so as to place them under different laws from the other citizens of that community. I have no sympathy with title 1 of the Wheeler-Howard bill and cannot vote for it. It creates suspicion and poisons the Indians against their local governments, of which they are a part.

Title 2 is entitled "Special Education for Indians." By reference to the Interior Department appropriation bill it will be found that Congress has appropriated $16,350,185 for Indians, and of this amount $7,990,560 is appropriated for Indian education and $3,239,595 for health work. The money for Indian education is expended in two classes of boarding schools, known as "reservation" and "nonreservation", of which there are 54 boarding schools, and through the payment of tuition in public schools throughout the country and the maintenance of separate Indian day schools, and there may be need for an increase in this appropriation. I have, as a member of the subcommittee having the responsibility of assisting in preparing and reporting the Interior Department appropriation bill, urged the use of the full capacity of all boarding schools for at least another 10 years, so that the Indians may be encouraged to attend them and submit to and respect their discipline, so that they may be prepared to return to their several communities and assume their full responsibility of citizenship.

The Commissioner of Indian Affairs has insisted on a larger number attending the public schools. To my mind this action cannot be reconciled. If you segregate the Indians into chartered communities, encourage them to make and enforce their own laws, and live separate and apart from the white population, they become prejudiced against the white public schools, and, of course, cannot be induced to attend.

Permit me to say that I have always taken the position that the Government of the United States should be generous toward its Indian wards, both in preparing them through boarding schools and, when economic conditions permit, through public schools, to accept full responsibility of citizenship. If the appropriations are not adequate, they should be increased by Congress, and not have the Indians segregated into separate communities and taught to have suspicion against and despise their local governments, of which they must in the end become a part. The Congress has appropriated this year every dollar estimated for and recommended by the Bureau of the Budget. For health work the amount was increased.

Mr. MAPES. Mr. Speaker, will the gentleman yield?

Mr. HASTINGS. I yield to the gentleman from Michigan.

Mr. MAPES. I merely wished to state that personally I have received a great many protests against the bill which the gentleman is discussing, protests from my constituents, particularly from members of the Christian Reformed Church, an institution which has done a great deal of work among the Indians, and is greatly interested in them. I am very glad, indeed, to have the gentleman analyze the bill, for I realize he is an authority on the question.

Mr. HASTINGS. I thank the gentleman very much; and if the gentleman will do me the kindness to read this speech in the RECORD, he will find I have carefully analyzed the bill. I have spent considerable time and study on the provisions of this bill. I believe I can claim that I am fairly familiar with it.

Mr. MAPES. I may say to the gentleman that I intend to do as he suggests; and I also intend to send a copy of today's RECORD containing the gentleman's speech to a good many of my constituents.

Mr. HASTINGS. I thank the gentleman.

Mrs. GREENWAY. Mr. Speaker, will the gentleman yield?

Mr. HASTINGS. Certainly.

Mrs. GREENWAY. As a member of the committee, I agree with every word the gentleman from Oklahoma has said, and I hope the gentleman finishes his analysis. Last night many of us redrafted the bill, leaving nothing in it but the title; but I hope the gentleman continues his analysis of the original bill.

Mr. HASTINGS. I thank the gentlewoman from Arizona. I know she has given a great deal of time, thought, and study to the provisions of this bill.

Title III is entitled "Indian lands", and, without analyzing it in detail, it authorizes an appropriation of $2,000,000 annually with which to buy additional lands for the use and

benefit of members of the respective chartered communities. I have indicated, and I repeat now, that I am in sympathy with the purchase of additional lands for indigent, landless, and homeless Indians. Congress has appropriated money on a number of occasions to purchase lands for the landless Indians in California. There is no reason why this policy should not be enlarged and extended to other Indian tribes. I therefore favor the authorization of a sufficient amount of money to be appropriated by Congress which would be adequate to buy lands for those Indians who could be induced to go upon and beneficially use them in the form of Indian subsistence homesteads, with the title to remain in the United States and the land to be used for the benefit of the Indians subject to the rules and regulations of the Secretary of the Interior. This is along the line of subsistence-homestead legislation enacted by Congress for the benefit of those who live in industrial centers and who are unable to find sufficient work at all times to maintain themselves and the members of their families. Under that legislation it is contemplated that the land and the improvements thereon will ultimately be paid for by the occupant. However, with the Indians it may be necessary to change or have a different policy as to terms of payment. The title to the land should be held in the United States. It should be made nontaxable, of course, while held by the Government, but it may and should be necessary to contribute to the expense of the local State government because of the nontaxability of these lands. It should be held for the beneficial use of the Indians under well-thought-out legislation as to details. Funds would have to be made available to aid in the improvement of the land, including houses and other improvements, the purchase of livestock, the reduction of the land to a state of cultivation, and to otherwise temporarily assist the Indians in making a living. This would not require a separate form of government for any Indian community. He should be taught to love and respect and have confidence in his local self-government. The Federal Government should provide, as it does, Indian farmers and social workers, and perhaps the number should be increased, to live among the Indians on the Indian subsistence homesteads and to aid them in every possible way; but this would not require the setting up of a new government, the adoption of a constitution and laws by a chartered community, and encourage the members of that community to have a distrust and an aversion for their State government.

It is urged that the employees of an Indian community should be largely Indian. I am in sympathy with that suggestion. This could be done by amending the civil-service laws. I have always insisted that more Indians who could speak the language of the respective tribes should be employed, men and women, who are in sympathy with the members of the tribes, and who live their lives, instead of employing those from the eligible list of graduates from eastern colleges, but who have no practical knowledge of Indian affairs and who of necessity are not in as deep and continued sympathy with the Indians whom they serve. This would not require the chartering of a community.

Let me repeat that I favor any adequate appropriation to buy lands for the support of landless and homeless Indians, whether they were improvidently dispossessed of their lands or whether they were born since the lands were alloted, and therefore not enrolled. However, I think that the use of these lands should be confined to restricted Indians of one half or more Indian blood. If they are of less than that degree of blood they should be classed as other citizens and made to take advantage of the general laws with reference to subsistence homesteads. The great and continuing obligation of this Government, legal and moral, is to supervise and take care of the restricted Indian of one half or more Indian blood, and protect him and his property rights until he is able to stand alone and to accept the full responsibility of citizenship. However, I would not take from him the hope that he would become competent, that he would not always be an inferior. The Indians are a proud race of people. They recognize no inferiority. They point with pride to some of the leading men and women whom they have produced. It is, therefore, humiliating to enact legislation that would not ultimately look forward to and indulge the hope of release of the Indian from all governmental supervision and guardianship. You cannot fully develop any men or women, Indian or white, by constantly reminding them of their incapacity to accept the full responsibility of citizenship and their inability to take part in their local self-government.

I heartily agree that additional appropriations should be made for health work among the Indians. Only a few years ago the Indians were greatly prejudiced against being treated by white doctors. They resorted to Indian remedies. They could not be induced to go to hospitals. They would not accept the services of white physicians. This has greatly changed in the past 10 years. Practically every member of every tribe is now glad to enter hospitals provided by the Government and practically all the hospitals throughout the entire country are attended by Indians. Their prejudices against treatment in hospitals has been overcome. It has been quite a struggle but it is another step in the advancement of the Indian race. I favor making adequate appropriations for more health work among the Indians. Now that their lands are allotted and they are not able to live in the open, and many are undernourished and more subject to attack by various diseases, particularly tuberculosis, they need more medical treatment and health supervision. I think the duty is clear that Congress should make larger appropriations for this purpose.

Title IV provides for a court of Indian affairs composed of a chief justice and six associate justices. Indian courts are to be presided over by one of these justices. Jurisdiction of this court is defined in section 3 of title IV of the bill and provides for prosecution of crimes against the United States committed in the Indian area in any Indian community, whether or not committed by an Indian; of all cases at law and equity arising out of commerce of any Indian tribe; of all cases arising under the laws or ordinances of an Indian community; of all actions involving the rights of any person in whole or part of Indian blood or descent; of all cases involving heirs and settlement of estates of such Indians, including partition of Indian lands, guardianships of minors and incompetent Indians. To my mind, this is unthinkable.

We have State courts in each county throughout the United States and we have Federal courts in every State. Under all of the laws and treaties, any case involving the rights of a restricted Indian or his property may be transferred from a State to a Federal court. I have never heard of any criticism to the effect that a Federal court has not always been sympathetic toward a restricted Indian. It is inconceivable to my mind that Congress could be induced to enact such legislation. There is no necessity for it; it is not beneficial to the restricted Indian in protecting him and his property rights. It only serves to prejudice him further not only against the State courts but also against the Federal courts.

This would be a great additional expense to the United States and would necessitate the appointment of judges with a salary of $7,500 per annum, additional attorneys, court employees, and the assembling of juries, and the holding of special terms of court—where these same cases could be tried either in the State courts or in the Federal courts. The law in Oklahoma requires that where property of restricted Indians is in litigation, in order that the final decision may be binding on the Indian and the Government, notice must be served on the Superintendent for the Five Civilized Tribes, and if it is thought that for any reason it is desirable, upon the filing of a motion, the case is automatically transferred to the Federal court. I have not heard of a decision of a Federal court in Oklahoma where it was contended that the rights of the Indians were not fully protected. I grant you that in some cases they may not have been properly prepared, or the pleadings may not in all cases have properly presented the issues, and courts may have been compelled to decide questions on side issues, but I have never heard it

charged in Oklahoma that the interests of the Indians have not been protected when those interests have been properly presented to the Federal courts.

For years I was Cherokee tribal attorney. I tried many suits for them. I never had occasion to transfer any suit from a State to a Federal court. I know of no case, of the many that I have tried for them, where I believe that the Indian was not dealt as fairly with as if the case were being tried in the Federal courts. However, if it is felt that there are any communities where there may be local prejudice against the Indians, those cases can and should be transferred to the Federal courts. Congress appropriates money for probate attorneys, and they are charged with the responsibility of appearing for and defending the property rights of all restricted Indians. They are assisted in the Federal courts also by the United States district attorneys. I assert, therefore, that it is unthinkable that the Congress should favorably consider such a provision as this bill contains to create separate Indian courts.

Let me recapitulate in order to emphasize that I do not think the self-government features contained in title I of this bill are necessary. I favor adequate appropriations for the purchase of land for old, indigent, landless, and homeless Indians for Indian subsistence homesteads, the title to remain in the Government of the United States and be administered under general rules and regulations of the Secretary of the Interior for the beneficial use of such Indians.

I favor adequate appropriations for boarding and Indian day schools and for the payment of tuition, by the Government, of Indian children in attendance upon public schools.

I earnestly favor additional and adequate appropriations for health work in the Indian Service and regard this as most urgent.

I favor enlarged appropriations that will be adequate to increase the number of employees in the Indian Service who are assisting restricted Indians in finding gainful employment. The Government has a duty toward its Indian wards to assist them in finding employment and to teach the Indian to conserve his property and to abide by and comply with the State and Federal laws.

I have always favored the employment of Indians who are competent and honest in the Indian Service, regardless of civil-service rules and regulations. In the event lands are purchased for Indians and administered as subsistence homesteads, those employed to assist the Indians in the cultivation of their lands, the harvesting of their crops, and the caring for their livestock should be Indians who live among them and speak the language and who are in sympathy with them.

We should assist the Indian in every way to earn a living and to qualify him to assume the full responsibility of citizenship and encourage him to take part in his local and State governments. We should inspire confidence in every Indian in his Government, because in the end he is destined to take his place along the side of his white neighbor and to become a part of the Government and to rely upon the protection of its laws. Most, if not all, restricted Indians have unrestricted relatives against whom this legislation would create a prejudice.

The bill since it was originally introduced has been modified and amended by both committees of the House and the Senate, and while many of the features which I have discussed have been eliminated, the bill in its present form contains objectionable features which should prevent its favorable consideration by Congress. I want to discuss the amended bill.

Section 2 of the amended bill would take away from the Secretary of the Interior authority to remove the restrictions on lands allotted to individual Indians, although the Indian may thereafter become a college graduate and move off the land to a distant State. Are we through legislation to close the door of hope against every Indian's becoming competent to manage his affairs? Under these circumstances no disposition could be made of the land.

Section 4 of the revised bill provides—

> No sale, devise, gift, exchange, or transfer by operation of law or otherwise of restricted Indian lands shall be made or approved.

And then follows a proviso that such lands may be sold, devised, or otherwise transferred to an Indian tribe or member thereof with the approval of the Secretary of the Interior, which, in my judgment, is intended to repeal the partition jurisdiction of the courts of the several States, including that of Oklahoma, and vest this authority to partition exclusively in the Secretary of the Interior. Interest in land is of no value unless there is a definite procedure through the courts whereby the interest in the land may be ascertained and disposed of as a matter of right, and not subject to the arbitrary power vested in the Secretary of the Interior and, in fact, exercised by a subordinate official.

Section 7 authorizes the Secretary of the Interior to proclaim new Indian reservations on lands acquired under the act or add such lands to existing reservations. Under this section authority is granted the Secretary to acquire any number of separate tracts of land and create Indian reservations, and these Indian reservations would be given the power, conferred by sections 9 and 10, to adopt constitutions and to perform other functions of government enumerated under these sections. This provision is unnecessary.

Section 9 provides for the adoption of a constitution and bylaws by three fifths of those voting at an election, which may confer the following rights and powers: To employ legal counsel, subject, as in all other cases, to the approval of the Secretary of the Interior; to prevent the sale, disposition, lease, or encumbrance of tribal lands, interest in lands, or other tribal assets. These are broad powers and may amend or repeal existing law. The language is ambiguous and its interpretation is doubtful. How this language may affect the coal or asphalt lands in Oklahoma, which may be included in a reservation, is doubtful and there should be definite and specific language used, so that it may be incapable of misinterpretation. This section is dangerous and should not be incorporated in the law.

In connection with section 9, section 10 should be considered, which authorizes the Secretary of the Interior to issue a charter of incorporation; and this charter is to be ratified by three-fifths vote of all adult Indians "resident within the territory specified in the charter." The powers and functions of this corporation shall be "to take hold, manage, operate, and dispose of all the collective and other corporate assets and property of every description, both real and personal, and to do such other things as are needed for the conduct of its business, except that no authority is granted to sell any of the land included within the limits of the reservation. Such charter shall not be revoked or surrendered except by act of Congress."

In the event the coal and asphalt lands in the Chickasaw and Choctaw Nations, or any part of them, were included within a reservation and a charter granted, it is extremely doubtful whether or not this provision may not authorize the management and operation of these coal and asphalt mines.

Section 11 of the amended bill authorizes that an appropriation of $250,000 in any fiscal year be expended under the direction of the Secretary of the Interior in defraying the expenses of tribal organizations created under the act.

Section 12 authorizes an appropriation out of the Treasury of the sum of $10,000,000 and establishes a revolving fund from which the Secretary of the Interior may make loans to Indian chartered corporations or their members.

Section 13 authorizes the Commissioner of Indian Affairs to provide technical education for qualified Indians. As a member of the subcommittee charged with the responsibility of making appropriations, I made every effort to have the capacity of Indian boarding schools maintained for all Indians—not a few—where they may have the advantages of higher technical training.

Section 14 authorizes the Secretary to establish standards for employees, which, of course, means doing away with civil-service requirements. I do not object to this provision, as I believe that practical knowledge of Indians and sympathy with them will enable Indian employees to give more beneficial service.

Section 19 defines an Indian to be of one half Indian blood, but it has doubtful language because it includes not

only Indians on a reservation and descendants of Indians but includes "all other persons of one half or more Indian blood." This may enable claimants from Maine to California to assert rights under this proposed bill.

Again permit me to call attention to the definition of the word "tribe" which is defined in section 19 as follows: "The term 'tribe' wherever used in this act shall be construed to refer to any Indian tribe, band, nation, pueblo, or other native political group or organization."

Note the word "organization", which is included in the definition of "tribe" and connect it up with sections 7, 9, and 10 and no interpretation can be placed upon it other than that a chartered community would be recognized as a tribe and may exercise all the powers given to a tribe under sections 9 and 10. This is dangerous legislation, even in its revised form, and should not be enacted into law.

Distrust of local self-government is evidenced by H.R. 8174 prepared and introduced at the request of the Indian Bureau.

This bill, which is a companion bill, would continue the restrictions and nontaxability of restricted Indian lands of the Five Civilized Tribes, including those hereafter purchased with restricted funds, or from appropriations by Congress, indefinitely and "until otherwise provided by Congress", and gives the Secretary of the Interior complete supervision over them, with a proviso against leasing such lands for any period, except with the approval of the Secretary.

It provides for designating the Secretary as trustee in a declaration of trust, and makes the same irrevocable, except with the approval of the Secretary, and gives the Secretary complete supervision over such funds.

It repeals the provisions of the act of May 27, 1908, authorizing the appointment of guardians, and provides that hereafter no appointment of a guardian of a restricted Indian of the Five Civilized Tribes, enrolled or unenrolled, shall be made by the State court, except in the determination of any pending case where a guardian is necessary, which may be made only upon the recommendation of the superintendent for the Five Civilized Tribes.

It repeals the act of June 14, 1918, and places the determination of heirs, probate of wills, and partition of restricted lands, under the jurisdiction of the Secretary, and his decision is final and conclusive.

No will of any restricted Indian devising any restricted property is valid unless approved by the Secretary of the Interior.

In short, this bill would take from the State courts practically all jurisdiction over the restricted Indians and their property, including the approval and probation of wills, the determination of heirs, and partition of lands, and transfers it to the Secretary of the Interior. There breathes through every line of this bill a suspicion and a distrust for the local courts and local government in Oklahoma and encourages the belief in the Indians that they cannot look for protection under them.

One bill (H.R. 7902) would, through the provisions of a charter granted by the Secretary of the Interior, encourage local self-government to, for the most part, non-English-speaking groups of Indians, result in the complete domination of all Indian tribes by the Indian Office, and the second bill—H.R. 8174—would take away from the local State courts and government of Oklahoma, all jurisdiction and authority over them and substitute long-distance government.

I am determined, so far as my action goes, that the Indians of this Nation shall not, through segregation into separate groups, be ultimately destroyed by prejudices created against their white neighbors with whom they should live in harmony and on terms of absolute equality.

The Government owes a duty to its Indian wards to protect them in their property rights, to see that their land is beneficially used and not improvidently encumbered or disposed of, to provide a forum for the speedy adjustment of their claims, to assist in their education so as to enable them to compete with their white neighbors, to supervise health work among them, to extend aid to the aged, indigent, and helpless, and to assist in finding employment for the able-bodied men and women.

In these distressing times men and women of every nationality in every county in the Nation could be assembled and induced to endorse resolutions for their support out of the Federal Treasury if they were led to believe by an official holding a responsible Government position that such legislation would receive the favorable consideration of Congress.

Is it any wonder that non-English-speaking Indians, under the leadership and direction of Government employees, should accept such assurances and pass resolutions endorsing a bill which neither they understand nor any subordinate Government employee is capable of explaining?

I appreciate that the views I have expressed may be misrepresented through the means of wide publicity which the sponsors of the legislation have through press releases, wide newspaper publicity, radio addresses, and by personal contact through intimidated Government employees.

In the years that have come and gone I have spent many wakeful hours studying the Indian problem in an effort to be of real constructive service to the Indians, not only of my own tribe but all Indians of my State and throughout the Nation. Believing that this legislation, for the reasons I have indicated, will not be beneficial to nor result in the advancement of the Indians, I must have the courage to speak the truth. [Applause.]

PERMISSION TO ADDRESS THE HOUSE

Mr. CROWE. Mr. Speaker, I ask unanimous consent to address the House for 7 minutes.

Mr. MARTIN of Massachusetts. Mr. Speaker, reserving the right to object, did I understand that we were going on with this bill today? Of course, the responsibility rests with the majority.

Mr. BANKHEAD. Mr. Speaker, the majority leader is not on the floor at this minute; but, of course, it was the expectation to go forward at once with the consideration of this rule.

Mr. MARTIN of Massachusetts. May I inquire what the gentleman is going to talk about?

Mr. CROWE. I am going to speak on the matter of a bill which I introduced yesterday, being H.R. 9696.

Mr. MARTIN of Massachusetts. I think we ought to go ahead with the pending business, and therefore I am obliged to object.

VETO MESSAGE FROM THE PRESIDENT OF THE UNITED STATES—HARVEY O. WILLIS (H.DOC. NO. 377)

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, H.R. No. 3553, "An act for the relief of Harvey O. Willis."

This bill provides that in the administration of laws conferring rights, priveleges, and benefits upon honorably discharged soldiers Harvey O. Willis, who was an enlisted man in the Army of the United States, shall hereafter be held and considered to have been honorably discharged from the military service on July 19, 1898, provided that no bounty, back pay, pension, or allowance shall be held to have accrued prior to the passage of the act. The effect of the bill is to make Willis eligible to receive such pension and other benefits as he may be entitled to from the date of its approval.

The official records of the War Department show that Willis enlisted in the United States Army August 18, 1897, and was discharged without honor on July 22, 1898, by order of the Secretary of War, for the reason that "he had been twice tried by summary court for excessive use of intoxicants, that he became intoxicated at every opportunity; that he was the victim of chronic alcoholism; that any further attempt to reform him appeared to be hopeless, and that his presence in the company was detrimental to the discipline of the organization."

I do not think that this discreditable record should be negatived alone on the ground of Willis' sworn statement that it does not represent the true reasons for his discharge without honor. I am constrained, therefore, to withhold

my approval of this bill as I do not feel that the beneficiary thereof is entitled to be accorded the same rights and privileges given to other members of our military forces as a reward for honest and faithful service.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *May 21, 1934.*

Mr. CULLEN. Mr. Speaker, I move that the message of the President and the bill be referred to the Committee on Military Affairs and ordered printed.

The motion was agreed to.

MESSAGE FROM THE PRESIDENT OF THE UNITED STATES—SILVER (S.DOC. NO. 181)

The SPEAKER laid before the House the following message from the President of the United States, which was read and referred to the Ways and Means Committee and ordered printed:

To the Congress of the United States:

On January 11, 1934, I recommended to the Congress legislation which was promptly enacted under the title "The Gold Reserve Act of 1934." This act vested in the United States Government the custody and control of our stocks of gold as a reserve for our paper currency and as a medium of settling international balances. It set up a stabilization fund for the control of foreign exchange in the interests of our people, and certain amendments were added to facilitate the acquisition of silver.

As stated in my message to the Congress, this legislation was recommended as a step in improving our financial and monetary system. Its enactment has laid a foundation on which we are organizing a currency system that will be both sound and adequate. It is a long step forward, but only a step.

As a part of the larger objective, some things have been clear. One is that we should move forward as rapidly as conditions permit in broadening the metallic base of our monetary system and in stabilizing the purchasing and debt-paying power of our money on a more equitable level. Another is that we should not neglect the value of an increased use of silver in improving our monetary system. Since 1929 that has been obvious.

Some measures for making a greater use of silver in the public interest are appropriate for independent action by us. On others, international cooperation should be sought.

Of the former class is that of increasing the proportion of silver in the abundant metallic reserves back of our paper currency. This policy was initiated by the proclamation of December 21, 1933, bringing our current domestic production of silver into the Treasury, as well as placing this Nation among the first to carry out the agreement on silver which we sought and secured at the London Conference. We have since acquired other silver in the interest of stabilization of foreign exchange and the development of a broader metallic base for our currency. We seek to remedy a maladjustment of our currency.

In further aid of this policy, it would be helpful to have legislation broadening the authority for the further acquisition and monetary use of silver.

I, therefore, recommend legislation at the present session declaring it to be the policy of the United States to increase the amount of silver in our monetary stocks, with the ultimate objective of having and maintaining one fourth of their monetary value in silver and three fourths in gold.

The Executive authority should be authorized and directed to make the purchases of silver necessary to attain this ultimate objective.

The authority to purchase present accumulations of silver in this country should be limited to purchases at not in excess of 50 cents per ounce.

The Executive authority should be enabled, should circumstances require, to take over present surpluses of silver in this country not required for industrial uses on payment of just compensation, and to regulate imports, exports, and other dealings in monetary silver.

There should be a tax of at least 50 percent on the profits accruing from dealing in silver.

We can proceed with this program of increasing our store of silver for use as a part of the metallic reserves for our paper currency without seriously disturbing adjustments in world trade. However, because of the great world supply of silver and its use in varying forms by the world's population, concerted action by all nations, or at least a large group of nations, is necessary if a permanent measure of value, including both gold and silver, is eventually to be made a world standard. To arrive at that point, we must seek every possibility for world agreement, although it may turn out that this Nation will ultimately have to take such independent action on this phase of the matter as its interests require.

The success of the London conference in consummating an international agreement on silver, which has now been ratified by all the governments concerned, makes such further agreement worth seeking. The ebb and flow of values in almost all parts of the world have created many points of pressure for readjustments of internal and international standards. At no time since the efforts of this Nation to secure international agreement on silver began in 1878 have conditions been more favorable for making progress along this line.

Accordingly, I have begun to confer with some of our neighbors in regard to the use of both silver and gold, preferably on a coordinated basis, as a standard of monetary value. Such an agreement would constitute an important step forward toward a monetary unit of value more equitable and stable in its purchasing and debt-paying power.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *May 22, 1934.*

LOANS FOR INDUSTRIAL PURPOSES

Mr. BANKHEAD. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 388 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

House Resolution 388

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. 3487, a bill relating to direct loans for industrial purposes by Federal Reserve banks, and for other purposes, and all points of order against said bill are hereby waived. That after general debate, which shall be confined to the bill and continue not to exceed 2 hours, to be equally divided and controlled by the Chairman and ranking minority member of the Committee on Banking and Currency, the bill shall be read for amendment under the 5-minute rule. It shall be in order to consider without the intervention of any point of order the substitute amendment and any other amendments recommended by the Committee on Banking and Currency, and such substitute for the purpose of amendment shall be considered under the 5-minute rule as an original bill. At the conclusion of such consideration 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. BANKHEAD. Mr. Speaker, I desire to make a very brief statement in presenting this resolution. Other members of the Committee on Rules have requested some little time in the consideration of the resolution, and in that connection I shall yield the usual 30 minutes to the gentleman from Pennsylvania [Mr. RANSLEY] on the minority side.

It will not be my purpose to undertake to go into a discussion of the merits of this bill or the provisions of the bill. In a general way, I imagine all Members of the House are familiar with its purposes. It is, of course, universally regarded as a measure of very great importance because of the fact that it contains provisions as incorporated in the bill for the extension of loans to the smaller industries of the country and affords to them an avenue of credit for their rehabilitation and the employment of those who are not now employed through agencies that are not now open to them under existing law.

I regard this bill as one that will contribute essentially to the economic rehabilitation of the country. That is at least

the hope of the sponsors of this bill and of the administration, which has recommended in principle the enactment of the bill.

The rule is an open one and provides that the substitute of the House committee may be considered as the original bill for amendment when it is read in lieu of the Senate bill. You will note that the Committee on Banking and Currency in the consideration of this matter struck out all the provisions of the Senate bill after the enacting clause and has proposed for your consideration a committee amendment from the Banking and Currency Committee. There will be 2 hours of general debate on the bill and then full consideration under the 5-minute rule.

Unless there are some questions, I yield 5 minutes to the gentleman from New York [Mr. O'CONNOR].

Mr. O'CONNOR. Mr. Speaker, this bill providing for loans to industry I consider one of the most important measures which we have taken up in this session of Congress. When we passed the original Reconstruction Finance Corporation Act, I opposed amendments which were offered and adopted permitting that Corporation to lend to private industry. That bill, as we all know, was vetoed by President Hoover for the reason of the inclusion of such a provision. I felt at that time that if the Government lent its money to the principal lending agencies of the Nation, such as banks, insurance companies, mortgage companies, and similar institutions, that the money would filter down to industry and the small borrower. I could not then endorse the proposal that Uncle Sam conduct a "pawnshop", as someone said, or that the Government become the only lending agency in the Nation. But that theory of mine and others have not worked out satisfactorily. So this legislation now becomes necessary.

I do not pretend to know all the details of the administration of the R.F.C., but probably a billion and a half dollars has been loaned to the great "lending" institutions of our country, the banks, the insurance companies, and the mortgage companies. The sad fact is, however, and this is one of the most cruel experiences that we have gone through for 2 years, that these great "lending" agencies have not done their part to take our people out of this depression. They have taken the Government money and have placed it in their vaults, thus making themselves liquid, in some instances almost 100 percent, without passing on the money to the needy business man. I know from my own experience in the city of New York, of many an industry which could not get a vehicle or carrier, such as a bank or mortgage company, through which to borrow the money which they needed in order to put men to work, or to provide working capital, or to extend their business during the depression. They could not get any bank, mortgage company, or insurance company to lend them money, although they offered the very best security.

I know industries that could not finance their pay rolls on orders from the soundest companies in America, such as the Standard Oil, which was the best collateral and the best guaranty. The banks, however, preferred to keep the cash in their vaults.

Mr. CULKIN. Will the gentleman yield?

Mr. O'CONNOR. Yes.

Mr. CULKIN. What the gentleman states is exactly true, according to my knowledge and experience of the situation, but is it not a fact that the banks have a definite alibi in the matter in that the Treasury, through the itinerant bank examiner, has refused to O.K. any loans to industry? At least, this is my information.

Mr. O'CONNOR. I do not know that to be the fact.

We do know that the insurance companies and the mortgage companies have not done their part, the best proof of which is the fact that we have had to pass the Farm Owners' Loan Corporation Act and the Home Owners' Loan Corporation Act, so that our home owners and our farmers could obtain mortgages from the Government when the great organizations like the insurance companies and the mortgage companies took the cash from the R.F.C. and placed it in their vaults, in direct violation of the principal of the original Reconstruction Finance Corporation Act.

For years we have been struggling with this problem of obtaining loans for industry. For instance, Mr. Speaker, if the United States Steel Corporation, which employs countless thousands of men, needed money for its pay roll and no bank or insurance company or similar institution would finance it, it could not get a direct loan from the Government, although the employment and the livelihood of so many people were at stake, and companies of responsibility not as big as United States Steel have found themselves in the same position. Companies with a background of 100 or 150 years have not been able to get any bank or insurance company or any mortgage company to finance them on the very best security. The fundamental purpose of this bill is to provide employment. Private lenders have failed to do their patriotic duty, so the Government must now step in.

Mr. PATMAN. Mr. Speaker, will the gentleman yield?

Mr. O'CONNOR. I yield.

Mr. PATMAN. I notice the House committee has stricken out the Senate bill and has improved upon it, I think, and reported a much better bill. Will the Members of the House have an opportunity to express their preference for the House bill by any kind of vote, in order that we may let the other body know just exactly how we stand on these two bills? How will this come up under the rule? I should like for the other body to know that we are opposed to giving the Federal Reserve banks a bonus of $140,000,000 under the guise of helping industry.

Mr. O'CONNOR. The committee, as I understand, will offer their substitute as an amendment.

Mr. PATMAN. And then we can have a division vote?

Mr. O'CONNOR. If the committee substitute was voted down, that action would restore the Senate bill, of course.

Mr. COX. Mr. Speaker, will the gentleman yield?

Mr. O'CONNOR. I yield.

Mr. COX. Has the gentleman given any consideration to the thought of offering an amendment to the rule which has been reported and is now under consideration making in order any amendment offered by any Member of the House rather than leaving it entirely within the control of the Committee on Banking and Currency.

Mr. O'CONNOR. The gentleman is mistaken about the purport of the rule.

Mr. COX. No; as I understand the rule, no amendment is in order unless it be accepted by the Committee on Banking and Currency.

Mr. O'CONNOR. That is not the fact. The provision to which the gentleman refers makes amendments offered by the committee in order even though they may not be germane, but any Member of the House or of the Committee of the Whole may offer an amendment at any time provided, of course, it is germane under the rule.

Mr. MARTIN of Massachusetts. If the gentleman will yield there, I may say that that is in perfect harmony with the general procedure of the House.

Mr. O'CONNOR. Yes; this bill is brought in under the general rules of the House, but any committee amendment, particularly the substitute bill, is made in order to avoid any possible question of germaneness.

May I say now that I hope the committee, before it completes its consideration of this bill, will increase the aggregate amount of the loan that may be made to any one person of $100,000 to some higher figure.

I appreciate the general and praiseworthy desire to spread this money throughout the country, and I also know that three or four hundred million dollars will not go very far, but $100,000 will not go very far to a concern, for instance, with net assets of a million dollars. I should like to see the maximum placed at $500,000 or at least $250,000. The House surely understands that this bill does not appropriate new money. This money is already down there in the R.F.C. and has not been used to date. I understand the Senate bill made $1,000,000 as the limit of any one loan. This may be too high, but I should like to see the limit made $500,000.

Mr. COX. Mr. Speaker, will the gentleman yield there?

Mr. O'CONNOR. I yield.

Mr. COX. The gentleman introduced his statement with the remark that this legislation is for small industries.

Mr. O'CONNOR. I do not know that I said "small."

Mr. COX. Well, for the smaller industries; if the amount available for any one loan should be increased to $500,000, then only 600 lenders could borrow if they secured the maximum amount; and if the measure is for the smaller industries, does not the gentleman think that the sum so available should be reduced from $100,000 to $50,000 or $20,000, in order that the spread may be greater?

Mr. O'CONNOR. The $300,000,000 is more or less of a revolving fund; and while a loan may be made for 5 years, there will be money coming in from time to time.

I understand the committee is including fishing as an industry, as proposed in the bill introduced by the distinguished gentleman from Massachusetts [Mr. McCORMACK]; and I presume to compliment them for this, because one of our neglected industries has been the fishing industry which could not get a loan and which has not even been classed as an "industry." It is difficult to understand what the R.F.C. thought it was. The fishing industry now may obtain loans under this bill, like any other industry.

Mr. HAINES. Mr. Speaker, will the gentleman yield?

Mr. O'CONNOR. I yield.

Mr. HAINES. Does the bill refer to any particular industry, or is it general in its scope?

Mr. O'CONNOR. It is general, as I understand it.

There is one other matter to which I wish to refer, and I am through.

The gentleman from Illinois [Mr. SABATH] and many other Members of the House have been very active in trying to induce the committee to offer an amendment permitting the R.F.C. to lend up to $75,000,000 to school districts in the United States for the purpose of paying teachers' salaries, some of whom have not been paid for 11 or 12 months, I understand.

The Illinois delegation has had conferences with many people in high positions in Washington with reference to that amendment. I believe it is unfortunate that the committee did not bring in that amendment as part of the bill or as a committee amendment. The reason the rule contains the language as to points of order is to provide for just such an amendment offered by the committee. The R.F.C. will not and cannot loan to any school district unless there is good security for the loan. The R.F.C. will determine in each instance whether or not the school district has good and adequate security for the money loaned.

I do hope that after due consideration the committee will offer such an amendment; and if the committee does not, I hope that the gentleman from Illinois will offer the amendment, and I also hope that the Chair will hold as I believe that the amendment is germane. [Applause.]

Mr. RANSLEY. Mr. Speaker, I yield 5 minutes to the gentleman from Massachusetts [Mr. MARTIN].

Mr. MARTIN of Massachusetts. Mr. Speaker and Members, I am for this rule and the legislation which it makes in order.

I am in favor of this legislation which has for its object the worthy purpose of revitalizing some of the sick industries of the country. Everybody realizes that the ten millions of unemployed people must eventually have their problem solved through work obtained in private industry. The Federal Treasury has been generous, but it cannot indefinitely continue to carry the burden.

Therefore, it appears to me it is good, sound business sense to direct our efforts to breathe life into some of the industries which have found it difficult to operate because of lack of capital. Their surplus has been exhausted through the struggle in these years of depression. Banks are frequently unable or unwilling to extend industrial loans, with the result that the concern lacks the money necessary to purchase the raw materials and take care of the pay rolls when the goods are being processed and prepared for market. This lack of capital deprives many workmen of the opportunity of securing employment in their normal vocation, and consequently the relief rolls of the municipality where the concern is located obtain many recruits.

The Government has been obliged to pour vast sums into the relief funds, money which can never be returned. This was necessary. I believe we can well afford to attempt the experiment of trying to put people to work through their natural channel. It is on this front that the victory must eventually be won, and, personally, I believe we can bring about genuine and much permanent relief in this way.

Mr. CULKIN. Will the gentleman yield?

Mr. MARTIN of Massachusetts. I yield.

Mr. CULKIN. The gentleman is correct; but is it not a fact that the past administration, through the bank examiners, has been the cause of not making these loans to industry. Is not that the main reason why the banks have not loaned to industry?

Mr. MARTIN of Massachusetts. The gentleman has made a statement that I cannot confirm. I understand quite frequently the bank examiner has come to the bank and said, "You must not make this class of loans, because your bank must be kept liquid." The bank examiner has required them to maintain a degree of liquidity which has prevented the granting of many industrial and real-estate loans.

Mr. CULKIN. Assuming that was the policy of the past and present administration——

Mr. MARTIN of Massachusetts. I do not admit that it was the policy of the past or of the present administration; I believe it was the rules of the bank examiners.

Mr. CULKIN. Assuming that is true, is it not time to change it?

Mr. MARTIN of Massachusetts. I do not know how you are going to change the policy of the bank examiners. Certainly we cannot do it here now.

Mr. DONDERO. Mr. Speaker, will the gentleman yield?

Mr. MARTIN of Massachusetts. I yield.

Mr. DONDERO. Does the bill provide any loans for new industry or simply for industries now established?

Mr. MARTIN of Massachusetts. It is my opinion it does not provide for loans to a new industry. As I understand it, the purpose, as defined, is to keep old industries functioning.

Recent efforts toward helping industry have been practically of no value. The machinery has been too cumbersome, and the journey toward the goal of achievement has been too long. Most applicants have given up in despair before the final decision was reached, and in many instances the delay has caused the concern to miss the opportunity.

I am pleased to see this liberalizing of the opportunity for industry to secure the necessary capital for their needs, and that in the future the loans may be placed direct and without passing through mortgage-loan companies.

Personally, I believe, with the gentleman from New York [Mr. O'CONNOR], the $100,000 limitation is too low and should be substantially increased. This would be too small a loan to help many industries which are in a position to put thousands to work if they get the required capital. I hope the amount will be increased before the bill is finally passed, or, at least, increased in conference.

This legislation, I believe, is an intelligent effort to put people back to work and I am glad to endorse it. I believe it will, if wisely administered, cost the Treasury very little and will help the taxpayers by reducing the money needed for relief purposes.

Mr. RANSLEY. Mr. Speaker, I yield 10 minutes to the gentleman from Maine [Mr. BEEDY].

Mr. BEEDY. Mr. Speaker, in the few minutes at my disposal I do not propose to discuss the rule. I wish to say just a few words preliminary to general debate upon the bill. I think there has been something of a misunderstanding as to the actual situation which led up to the presenting of this bill to the Congress. In our banking system we have the commercial banks and the savings banks and trust companies. In none of those banks is there any power to extend long-term loans to industry. The commercial banks from the very necessities of their situation must confine their accommodations to industries to short-term credits in general not exceeding 90-day loans. There is such a pressing

necessity upon these commercial banks at all times for liquidity that they cannot with safety either to themselves or to the industrial structure which they serve tie up their loans to industry in long-term obligations. This gap in our banking system has existed for a long time. This bill seeks to fill it.

The gentleman from New York [Mr. CULKIN] complained of the rules which the bank examiners have laid down. It is true that bank examiners have insisted that these commercial banks could not tie their loans up in long-term credits. They have pressed them on all sides to keep liquid. That has been particularly true since the fall of 1929. These banks are very liquid today; in fact, they are not able to make enough short-term loans at 6 percent return, I think I am safe in saying in the majority of instances, to pay their overhead. Hence they have had to resort to the purchase of short-term Treasury obligations, in the purchase of bills of exchange, and bankers' acceptances, yielding a very small return. The banks are struggling under this difficult situation to pay their own way today. At the same time industry suffers for lack of working capital which it desires on long-term loans. This bill would extend the lending powers of the Reconstruction Finance Corporation and the Federal Reserve banks so that they can make 5-year loans to industry.

The R.F.C. may lend not in excess of $300,000,000 in this manner, and the Federal Reserve banks may lend a sum not in excess of their surplus, or $148,000,000.

Under the terms of the bill these loans may not be made to any industry which was not in existence on January 1, 1934, and they may not be made in any one instance in excess of $100,000. I am aware there will be some difference of opinion as to the advisability of such a limitation, but let me say that the aim of the committee was to write this bill in terms to accommodate the smaller industries. If you gentlemen amend this bill and increase that limit, you will cut down the possibilities as to the number of loans which may be made to small industries. We thought it was best for the little fellow who has been hit particularly hard of late, to hold loans down to $100,000, so that no big fellow could come in and take up an undue amount of this money available for long-term loans.

Mr. COX. Mr. Speaker, will the gentleman yield?

Mr. BEEDY. I yield.

Mr. COX. Will not the interest of small business be improved by a reduction of the amount rather than by increasing it?

Mr. BEEDY. Well, I think that is true. If you are going to change this limit, if you want to help the little fellow I think you had better cut it rather than increase it.

The Reconstruction Finance Corporation has proved to be one of our best recovery facilities. It has stood the test of time; and although there have been complaints as to the way in which the loans have been made, those complaints arose, for the most part, upon the unwillingness of this corporation to be more liberal with its loans. On the whole, I think the R.F.C. has done a highly commendable piece of work.

I regret exceedingly that in this bill we have been forced, for one reason or another, to bring the Federal Reserve banks into this picture. The Reconstruction Finance Corporation has a set-up which enables it to make these contemplated loans. If we would liberalize the restrictions which we originally imposed upon the loaning power of the Reconstruction Finance Corporation, that institution would be able to bring effective aid to industry. But, in my opinion, there ought not to be two competitive Government agencies in the same field. I apprehend that one result of setting up the proposed dual lending agency will be that one industry will run to one agency and get its best terms and take up its time and then run to the other agency and say, "Now, we have been offered this and that, but we want so-and-so from you." Thus more time will be consumed and there will be dickering back and forth between those two institutions. I regret it. It seems to me it will subject the Government to additional unnecessary expense in a double set-up for the same purposes. I repeat that I wish we might write liberal provisions into the Reconstruction Finance Corporation Act so that it might make its loans not on "full and adequate consideration" based on present values, but that it might be empowered to make loans on a more liberal basis and thus accommodate industry. The Federal Reserve banks, 12 in number, which were never designed to do business with any individual or any person, but were banks of issue or rediscount to deal with other banks, ought never, in my opinion, to be put into the lending business. It is a perversion of the original purpose for which those banks were established. I regret it very deeply. However, the bill provides that both the Reconstruction Finance Corporation and the Federal Reserve banks may make loans to industry on a liberal basis.

Mr. CULKIN. Will the gentleman yield?

Mr. BEEDY. I yield.

Mr. CULKIN. Is it not true that in the present legislative situation it is necessary that the House and Senate should accept both propositions?

Mr. BEEDY. I am afraid that is so. However, I do not like to subscribe to the principle that it is necessary for a deliberative body, the representatives of a free people, to be driven into accepting any unsound principle of legislation. [Applause.]

The SPEAKER. The time of the gentleman from Maine [Mr. BEEDY] has expired.

Mr. RANSLEY. Mr. Speaker, I yield 5 minutes to the gentleman from Michigan [Mr. MAPES].

Mr. MAPES. Mr. Speaker, I dislike the situation which seems to require the passage of legislation such as is involved in this bill, but the credit condition of the country is such that it seems desirable to do so. The bill which this rule seeks to make in order authorizes loans to industry under certain conditions and is reported unanimously by the Committee on Banking and Currency. I am supporting the rule and expect to support the legislation.

I rise particularly to say a word in behalf of an amendment, which I understand the gentleman from Illinois [Mr. SABATH] intends to offer during the consideration of the legislation involving the provisions of H.R. 9465, which authorizes the Reconstruction Finance Corporation, out of the funds of the corporation, upon full and adequate security, to loan money to school districts organized pursuant to State law for the purpose of payment of teachers' salaries.

It has seemed to me that our schools and the teaching profession have been required to share an undue part of the depression through which we have been passing, and that they have been obliged to bear an undue burden during the depression. While we are making loans to industry we may well authorize the Reconstruction Finance Corporation to make loans to school districts upon adequate security in order to keep their schools open in some cases, and in other cases to pay somewhere near adequate salaries to their teachers. Our schools and our children of school age ought not to be made to suffer any more than is absolutely necessary, and when the Federal Government is helping people in so many different ways it should give some attention to helping our schools where they really need help.

I expect to be engaged in the conference committee on the stock-exchange legislation during the debate this afternoon, but I wanted to anticipate the amendment to be offered by the gentleman from Illinois [Mr. SABATH] to express my approval of it and to express the hope that it may be incorporated as a part of this legislation.

Mr. RANSLEY. Mr. Speaker, I yield the remainder of my time to the gentleman from Illinois [Mr. DIRKSEN].

Mr. DIRKSEN. Mr. Speaker, it is rather interesting to compare the provisions of the House bill with the bill that was originally introduced in the Senate. One provision in the Senate bill, of course, was that the limitation on loans should be $1,000,000. The limitation in the House bill has been set at $100,000. Now come some and say it is discriminatory because it does not properly take care of a certain type or character of industry which might need a million

dollars, yet I have been led to believe by all the discussion and all the publicity that has been extant upon this bill that it was a very essential bill to aid the small industries. If that is the case, I do not understand how anyone can justify an industry as a small industry which seeks to borrow up to and including $1,000,000. I am very much interested in this bill, because many queries have come to me from industries in my district with respect to the availability of money for industries that are not invested with a public interest. For instance, there are coal mines seeking to extend their shafts or to build a new tipple or to get sufficient funds with which to meet the pay roll. I have several such queries, some asking for about $60,000 and some asking for $15,000. I have an inquiry from a pottery plant which, in addition to the regular working capital, wishes also to build a new kiln, in accord with modern design and structure, so that they can reduce the overhead that now obtains in the more modern pottery plants. They do not need a million dollars; they do not need $500,000; all they need is about $65,000 or $75,000 to carry on with 125 or 150 people on the pay roll; and, as has been well pointed out, $300,000,000 that goes in chunks of $1,000,000 and $500,000 will not last very long. So if this money is to be diffused into all the localities and into all the States of the Nation, then this limitation of $100,000 must stand.

Mr. DIRKSEN. I yield.

Mr. COX. What is the gentleman's reaction to the suggestion that the amount be reduced to $50,000, in the interest of increasing the spread?

Mr. DIRKSEN. I would say as an alternative proposal that I would rather reduce it below $100,000 than to raise it above $100,000.

Mr. CULKIN. Mr. Speaker, will the gentleman yield?

Mr. DIRKSEN. I yield.

Mr. CULKIN. Is it not true that the larger industries can go to the Federal Reserve Board for relief?

Mr. DIRKSEN. Exactly.

Mr. CULKIN. And they could probably make a loan readily in that quarter where the smaller industry cannot get relief at all from the Federal Reserve Board.

Mr. DIRKSEN. I may say to the gentleman from New York that large industry, as a matter of fact, in view of the tremendous excess reserves that have been piled up in the banks and the Federal Reserves, have not the difficulty in obtaining loans that has been the case with small industries.

Mr. CULKIN. In addition the small industries do not have the surpluses that the large industries have.

Mr. DIRKSEN. I cannot yield further, for there is a provision in this bill to which I desire to call attention and I can do this best by illustration. After the banking legislation passed at the special session, several banks in my district were adversely affected. I went into one of them one day. There sat the conservator with his face in a book. I said: "What are you doing?"

He said: "I am studying the regulations that were gotten out by the Treasury Department."

I said: "What for?"

"Oh, well, we must have a meticulous and careful regard for the interpretation of these regulations."

Because the regulations had been so interwoven with adjectives as to what they could and could not do, there were not only one conservator, but hundreds, and perhaps thousands, who were giving a scrupulous regard to the language Congress had written in the bill, to ascertain the intention of the Congress.

The same thing is true in connection with the Home Owners' Loan Corporation. Great delay was experienced, particularly in my State, as a result of some of the academic and abstruse provisions that were written into the bill. Branch managers and State division managers were so carefully construing the language that too often they lost sight of the functions and the principles of the bill.

Now, it occurs to me that the best thing we can do in a bill of this kind is to strip it of all those so-called "qualifying and conditioning words and phrases" that may place some kind of limitation upon the Reconstruction Finance Corporation or the Federal Reserve System. In this respect I invite attention to section 13b of the pending bill. It starts out by stating that a requirement for a loan is that it must be an exceptional circumstance. Well, what is an exceptional circumstance when you want to borrow money with which to carry on your business? You do not know and I do not know. So it becomes a matter of interpretation for the Federal Reserve Board or Federal Reserve bank.

Again:

It must appear to the satisfaction of the Federal Reserve bank.

Well, precisely how are you going to satisfy them? What are you going to have to lay on the line by way of collateral, by way of conditions that are involved in your business that is going to satisfy the Federal Reserve Board?

Again:

It must be an established business.

What is an established business? Is it one that makes money now under depressed conditions, or is it a business that has been actually in operation for a number of years, irrespective of whether it is established in the sense that successful men so often use the word "established"?

It must be unable to get requisite financial assistance.

Well, how are you going to determine whether they can get requisite financial assistance "from the usual sources"? What are the usual sources? How many of them have been destroyed in the general bankruptcy that took place in all corners of the country?

In this section of the bill there may by interpretation be imposed a lot of conditions that give those who must approve these loans a beautiful opportunity to refuse such loans and point to the language of the bill to justify such refusal. When you apply for a loan he can say, "I am sorry but we cannot loan you this $60,000 with which to carry on your business, because it is not an exceptional circumstance; you can get the money from the usual sources; yours is not an established business; it does not appear to the satisfaction of the bank that you need this money."

Why not strip all this verbiage from the bill, confer some discretionary power, and let these loans be resolved clearly upon the basis of merit?

Another thing I wish to point out, if time is available, is the advisory committee set up in connection with the Federal Reserve bank to be composed of not less than three nor more than five members. Now, I should like to see a commission provided for in this section on which each State shall have at least one member. Some of the Federal Reserve districts embrace more than one State. Why should not each State have a member on this advisory board? Not only that, the set-up of such a committee should be even more specific. What is to prevent the Federal Reserve bank in Chicago, for instance, from selecting all three or all five of the members of the advisory committee from the city of Chicago and ignoring all the other cities in our State? It seems to me there should be a qualifying provision making it necessary to select the personnel of this advisory committee from the three or the five largest cities in the State of Illinois, or in the Federal Reserve district, so that every city or every section of the Federal Reserve district shall be represented. The practical application of it is this: I live 180 miles from Chicago, and also 180 miles from St. Louis. Must the people in my district, in order to consult some member of the committee, run constantly to St. Louis or Chicago when the Federal Reserve bank could probably find a competent man within 25 or 30 miles of where I live, or in my immediate district? As a matter of fact, I think it would subject little business to an undue amount of hardship and restriction unless this personnel was so diffused as to make it representative not only of the States but of the various sections of the States, so that all industry will be close to the fountainhead of this financial reservoir and get help if they need it and can qualify for it without undue difficulty.

The thing I point out more than anything else is the necessity for getting away from general terminology in bills

of a relief nature, getting away from language that will keep these administrators in a quandary as to what Congress had in mind, and then ultimately turn down the relief with the statement that it was not an exceptional circumstance; that there was money available at prevailing rates, and so forth.

Mr. PRALL. The words "under exceptional circumstances" appeared in an earlier bill and do not appear in the present bill.

Mr. DIRKSEN. I compared this section with the same section in the original bill and I thought it had been drafted in toto.

Mr. PRALL. Those words were taken out.

Mr. DIRKSEN. Nearly everything else has been left in the provision. I still believe it is loosely constructed and is open to objection because, after all, these needs must be interpreted in the light of human experience. You have to deal with personalities. Why give them the instrumentalities whereby they may too often evade the obligation which Congress seeks to impose?

Mr. TAYLOR of South Carolina. Will the gentleman yield?

Mr. DIRKSEN. I yield to the gentleman from South Carolina.

Mr. TAYLOR of South Carolina. Will the gentleman discuss the proposition of a man borrowing $100,000 and having a time limitation of 5 years in which to pay that money back. This requires him to produce each year clear of all costs and expense 20 percent of the loan plus interest. The time limit should be extended.

Mr. DIRKSEN. I am not so sure that the time should be extended unless we are going to raise the ante from $100,000 to a million dollars.

[Here the gavel fell.]

Mr. BANKHEAD. Mr. Speaker, I yield the remainder of my time to the gentleman from Illinois [Mr. SABATH].

Mr. SABATH. Mr. Speaker, in 1929, when nearly all the available cash had been withdrawn from legitimate businesses and enterprises and utilized for gambling purposes, bringing about the greatest crash in the history of our Nation, I endeavored, realizing the conditions which existed, to interest the Federal Reserve Board in rediscounting commercial paper, such as finance corporation paper, municipal and other good securities. Unfortunately, the Director of the Federal Reserve Board and the membership of the Federal Reserve Board refused to listen to my appeals and refused to consider any such loans. Had the Federal Reserve Board at that time accepted for rediscount finance corporation paper, municipal securities, and a few other securities I had in mind, we would have at least minimized the crash and this pending legislation would not have been necessary. It is for that reason that I regret, as does the gentleman from Maine, that such greater powers are given to the Federal Reserve Board. I had hoped that this power would be vested in the reliable and experienced Reconstruction Finance Corporation.

I think the experience we had with the Federal Reserve Board, the members of which sat by in 1928 and up to July 1929, permitting, sanctioning, and encouraging the use of billions and billions of dollars for gambling purposes, should be taken into consideration. If the Board had taken a positive stand at that time, it could have safeguarded the legitimate business of the Nation. But it failed, and for this reason I would much rather have seen the power that has been granted to the Federal Reserve Board vested in the Reconstruction Finance Corporation.

The Federal Reserve Board, having refused to relieve the situation and having refused to stop the tremendous and injurious flow of money to Wall Street in 1930, knowing the wonderful effect the Finance Corporation had upon the Nation as a whole and how it had saved legitimate business, I introduced a bill creating a Finance Corporation, which was later designated as the Reconstruction Finance Corporation. Had my bill been accepted and adopted at that time, we would not be here considering these amendments, because at that time the necessary provisions were embodied in my bill, providing that industries might obtain relief and aid the same as insurance companies, railroad corporations, and banking institutions; but, unfortunately, the committee thought that it should accept the so-called "administration bill." After this bill was reported to the House and certain amendments added—and I believe in the right direction—President Hoover, as the gentleman from New York stated, vetoed the bill and made impossible the lending of money to private industry, depriving the bill of that broader scope contemplated by the House. I am not a banker or an economist, but I greatly regret that my advice was not accepted. If it had been, I know that millions of American people would have been saved from desolation and despair. Hundreds of thousands of persons would have been saved from losing their homes and their farms through foreclosure and consequent untold and unwarranted misery.

But that day has passed. We have before us a bill which would try to remedy these evils. I think the bill is a move in the right direction, with the exception that I would have preferred, as I have stated, that the Reconstruction Finance Corporation be given the power.

Mr. KOPPLEMANN. Will the gentleman yield?

Mr. SABATH. I regret that I cannot yield to the gentleman from Connecticut at this time; but I want to say that I am fully cognizant and appreciate that he has worked on this bill, and, in fact, as early as in February, he submitted a draft of a bill which, I felt, was legislation in the right direction, and its principles and some of its provisions are now embodied in the bill before us.

What does this bill do? It provides for the lending of additional money to drainage and levee districts. It authorizes additional loans for approved projects. It allows the making of loans to insurance companies. It provides for making loans to certain export corporations, and also gives the Federal Reserve the power to rediscount. There are several other important provisions in the bill which I have not the time to explain, but I know that the gentleman from Alabama [Mr. STEGALL], chairman of the committee, will understandingly do so at length, as will the gentleman from New York [Mr. PRALL] also, who is thoroughly familiar with the bill. The rule itself was intelligently explained by the gentleman from Alabama [Mr. BANKHEAD], Chairman of the Rules Committee and, therefore, needs no further comment. It is an open rule. The gentleman from New York [Mr. O'CONNOR] has splendidly, in his usual able manner, pointed out the beneficial effects of some of the provisions of the bill, therefore I will devote myself to the provision to which not only I, but a majority of the Members are interested, namely, the amendment which I hope will be offered by the committee to bring about the much-delayed and deserved relief to the worthy school teachers.

Repeating, I have not the time to go into some of the provisions of the bill which I would like to, but may I say in justice to the Committee on Banking and Currency that it has had a great task before it and I am very much pleased to be here today supporting this bill that it has recommended, knowing the trials and tribulations of that splendid committee. I hope that we can pass this bill in a short time. I had hoped I would not be compelled to take even a few minutes of the time of the House to explain my position and the bill; but in view of my great interest in the matter since 1929, I could not resist the temptation once more to call attention to the fact that had the bill been enacted that I pleaded for in 1929 and 1930 we would not be here today in such an unfortunate situation enacting this absolutely necessary and mandatory legislation.

Mr. MAY. Will the gentleman yield?

Mr. SABATH. I yield to the gentleman from Kentucky.

Mr. MAY. Since 1929 it has been argued on both sides of the House in connection with matters touching the banking situation that it was the activities of the Federal Reserve System and the private bankers in granting liberal loans to brokers and for the expansion of most everything that brought on the catastrophe of 1929.

Mr. SABATH. That is correct.

Mr. MAY. If we leave the authority with the Federal Reserve System instead of the Reconstruction Finance Corporation, what assurances have we that they will loosen up now?

Mr. SABATH. I may say we have a different membership on the Federal Reserve Board and I have more confidence in the present members of the Federal Reserve Board than I had in it in 1928 and 1929.

Before concluding I want to thank my colleague, the gentleman from New York [Mr. O'CONNOR], as well as the gentleman from Michigan [Mr. MAPES], for calling attention to my proposed amendment.

All I desire and all I have been seeking since I first introduced my bill in 1930, is to make it possible for school boards that have good and sufficient collateral security may have the privilege, for educational purposes, of appearing before the Reconstruction Finance Corporation and asking for consideration, with promise of favorable action, if they can show that the funds are needed for this purpose and that they are in a position to give sufficient collateral security. I have the utmost confidence in the Committee on Banking and Currency and I hope that the chairman of the committee or some member thereof to whom I have appealed so often will offer the amendment so that the appreciation of the thousands of school teachers and fathers and mothers of school children concerned will be theirs. I do not seek the honor or the special privilege which naturally would be mine. I am interested in our public schools; I am interested in our school children and I am interested in the thousands of penniless and needy school teachers of America, many of whom have not been paid for the last 8 or 9 months. They should be paid at least a portion of the amount due them, if not all of it.

Therefore I appeal to you who feel as kindly as you have signified to me when I have approached you from time to time to aid the committee and me in adopting this amendment, because, after all, it is limited to $75,000,000, and I am sure it will not require even $60,000,000, and every dollar of it will be repaid to the Government with interest. This will be the safest and the best loan that the Reconstruction Finance Corporation has ever made or can possibly make. Therefore, desirous of effecting prompt consideration of the bill as well as my amendment, I shall yield in the fervent hope that you will cooperate with the splendid committee that reported this bill and pass it in as short a time as practicable. [Applause.]

Mr. BANKHEAD. Mr. Speaker, I move the previous question on the adoption of the resolution.

The previous question was ordered.

The resolution was agreed to.

Mr. STEAGALL. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (S. 3487) relating to direct loans for industrial purposes by Federal Reserve banks, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill S. 3487, with Mr. MCREYNOLDS in the chair.

The Clerk read the title of the bill.

Mr. STEAGALL. Mr. Chairman, I ask unanimous consent that the first reading of the bill be dispensed with.

The CHAIRMAN. Is there objection to the request of the gentleman from Alabama?

There was no objection.

Mr. STEAGALL. Mr. Chairman, this bill is presented in answer to a Nation-wide demand for loans of a type that are not being made by the commercial banks of the country and which the commercial banks cannot adequately supply within the rules that bankers regard as prudent and wise.

The bill embodies two methods for affording relief.

The first provision enlarges the authority of the Reconstruction Finance Corporation by permitting loans to be made to industrial or commercial institutions where necessary credit cannot be obtained through usual channels; and the permission is extended until the 31st of January, 1935.

The amount which the Reconstruction Finance Corporation is authorized to employ in loans of this type is $300,000,000. Loans are to be repaid within a period of 5 years.

The officials of the Reconstruction Finance Corporation testified before the Committee on Banking and Currency; they appeared also before a subcommittee, of which Mr. PRALL was chairman, that gave most painstaking and industrious consideration to this whole problem and conducted extended hearings. Mr. PRALL and his subcommittee did a most creditable piece of work in this connection. The testimony was that the sum provided here would more than amply cover the loans which it is contemplated the Reconstruction Finance Corporation will make within the period fixed by the law.

Mr. PATMAN. Mr. Chairman, will the gentleman yield?

Mr. STEAGALL. I am going to ask gentlemen not to request me to yield until I have concluded.

There are other provisions amendatory of the Reconstruction Finance Corporation Act, most of them of a regulatory and minor character. The gentleman from New York, Mr. PRALL, will submit a complete analysis of these provisions.

The other provision of the bill which is intended to take care of loans of the type mentioned by me, authorizes the Federal Reserve banks to employ their surplus for such loans, and the provision as to the Federal Reserve banks is made permanent law. This provision authorizes the Federal Reserve banks to make direct loans to or purchase obligations of any established industrial or commercial business that is unable to obtain assistance through customary credit channels for the purpose of supplying such business with capital; such obligations shall not be acquired with maturity exceeding 5 years.

The Federal Reserve banks have on hand a surplus of between $140,000,000 and $150,000,000. The exact figures at this time cannot be had. The bill fixes the amount of the loan upon the basis of the surplus that will be disclosed on the 1st of July, which will undoubtedly show an amount of $140,000,000 or more.

This amount should not be taken as indicating the limit of the service that may be rendered by the Federal Reserve banks. The Federal Reserve banks may make commitments to financial institutions extending loans, and in this way render a large measure of service requiring no cash.

The bill contemplates that the Federal Reserve banks will cooperate with other lending institutions. It authorizes the Federal Reserve banks to share in loans with other loaning institutions to the amount of 80 percent—the loaning institution to take 20 percent and the Federal Reserve banks the balance, and to share in the losses in the same proportion.

It was pointed out by the officials of the Federal Reserve banks that the banks, by being enabled to make commitments of loans in cooperation with lending institutions, may render a service which, expressed in dollars and cents, would be much greater than would be indicated by the amount of the surplus of the Federal Reserve banks.

A survey was made by the Federal Reserve banks in order that proper information might be had to enable the framers of this act to understand the requirements of the situation. They received replies from 4,958 banks and 1,066 chambers of commerce.

These replies, of course, were estimates. It was estimated that the amount of working capital required was between $622,000,000 and $716,000,000. It was also estimated that the number of men to be continued in employment by furnishing additional working capital to small industries was about 350,000, and the number of men to be given employment by furnishing capital to small industries was about 380,000.

Now, there is no conflict or contradiction in the two methods that are undertaken to be established by this bill. Federal Reserve banks will be the primary institutions to which will be directed requests for loans. A board of five members,

chosen from industrial pursuits will be established and will consider the applications for loans. Applications will be considered along with recommendations of the board.

The temporary plan embodying authority for loans by the Reconstruction Finance Corporation would be in the nature of an appellate court during the present emergency to which applicants could take their cases in the event they were unable to obtain accommodations through banking channels or through the extraordinary facilities which the Federal Reserve banks employ in loans of this kind.

Mr. Chairman, I ask unanimous consent to revise and extent my remarks by publishing a letter from Mr. Jones, Chairman of the Board of the Reconstruction Finance Corporation.

The CHAIRMAN. Without objection, it is so ordered.

The letter is as follows:

RECONSTRUCTION FINANCE CORPORATION,
Washington, May 22, 1934.

DEAR CHAIRMAN: Replying to your inquiry as to the operations of the Reconstruction Finance Corporation:

Since February 2, 1932, the date of its organization, the Corporation has authorized disbursements for loans, purchases of preferred stock, capital notes, and debentures, aggregating over $5,500,000,000. In addition, the Corporation has disbursed practically $800,000,000 for relief.

The $5,500,000,000 includes $788,000,000 loans to or for the account of closed banks for distribution to depositors, and approximately $1,100,000,000 for the purchase of preferred stock and capital notes and debentures in 6,994 banks.

Probably our most important and far-reaching function has been the rehabilitation of the capital structure of the Nation's banks, both State and National, through authorizing the purchase of preferred stock and capital notes and debentures. The investment of these funds has the twofold purpose of preventing further bank failures, thereby insuring bank deposits and enabling the banks to function in a normal way in the extension of credit. By helping the banks in this manner we have helped the depositors and borrowers. In my view, a strong banking system, with every bank a sound bank, is essential to a sustained recovery.

Out of loans to 5,137 banks, authorized in the amount of $1,318,227,512.91, with actual disbursement of $1,113,478,667.93, all has been repaid except $310,606,571.36.

Our loans actually disbursed for all purposes aggregate $3,189,198,230.87, upon which we have had repayments of $1,427,807,838.10, or approximately 45 percent.

It may be of interest to note that 34.9 percent of our loans went to banks; 16 percent for disbursement to depositors in closed banks; 3.6 percent to building-and-loan associations; 2.7 percent to insurance companies; 6.1 percent to Federal land banks; 0.3 percent to Federal intermediate-credit banks; 0.5 percent to joint-stock land banks; 0.4 percent to livestock credit corporations; 6.4 percent to mortgage loan companies, other than those made in the reorganization of banks; 5.3 percent to regional agricultural credit corporations; 12.5 percent to railroads; 2.5 percent to self-liquidating projects; 0.4 percent for the sale of agricultural surpluses in foreign markets; 6.2 percent for loans on agricultural commodities, including corn, cotton, wheat, etc.; and 2.2 percent for other loans.

You will be interested to know that of loans aggregating $434,000,000 to 1,362 banks that closed after receiving loans, $250,000,000 has been repaid.

The Corporation is required to furnish the Secretary of the Treasury with funds aggregating $325,000,000 to enable him to purchase the capital stock of home loan banks and the capital stock of the Home Owners' Loan Corporation. Of this amount, practically $200,000,000 has been paid to him.

The Corporation is required to furnish $200,000,000 to the Land Bank Commissioner to enable him to make direct loans to farmers and $100,000,000 to make loans to joint-stock land banks. All of the $200,000,000 has been disbursed and $2,600,000 of the $100,000,000.

The Corporation was also required to allocate $200,000,000 to the Secretary of Agriculture to enable him to make crop loans. Of this amount, $115,000,000 net was paid to him. The sum of $44,500,000 was used to provide capital for Regional Agricultural Credit Corporations and $40,500,000 was reallocated to the Governor of the Farm Credit Administration. All of these amounts have been disbursed.

Our loans of 10 cents a pound on cotton and 45 cents a bushel on corn, insured the people in the cotton States and in the great Corn Belt, a living price for these products. These and other loans for marketing agricultural products, have aggregated $210,000,000 to date. Our loans to regional and other Agricultural Credit Corporations, aggregating $189,000,000, were also in the interest of agriculture and the livestock industry.

Of $220,000,000 authorized for self-liquidating projects, $80,000,000 has been expended to date. The work is well under way, and disbursement should be practically completed within the next 18 months.

With few exceptions, our loans to railroads are well secured and our loss from these loans will be very small. Our gold operations were without profit or loss, the Treasury taking over the gold we had accumulated at cost and interest.

We have authorized about $18,500,000 in loans to industry through community mortgage companies, but the procedure is cumbersome and unsatisfactory, for which reason we have asked the power to lend direct to industry, but the amount that we be permitted to lend to a single industry should not, in our opinion, be limited to less than $1,000,000.

Very truly yours,

JESSE H. JONES, *Chairman.*

Hon. HENRY B. STEAGALL,
Chairman House Committee on Banking and Currency,
Washington, D.C.

Mr. STEAGALL. Now, in view of the fact that the gentleman from New York [Mr. PRALL] has devoted so much time and study to this legislation, and in order that he may have sufficient opportunity to discuss the measure, I yield the remainder of my time to Mr. PRALL. [Applause.]

Mr. PRALL. Mr. Chairman, while this bill provides for direct loans to industry, and while that is the most important thing, I believe, confronting us today in order to bring back recovery, yet there are other amendments to this bill that I should like to explain briefly and, owing to the fact that the time is so short and that so many members wish to be heard upon the subject, I shall make it as brief as possible.

SECTION 1

This section of the bill proposes amendments to Revised Statutes, section 882, which now reads as follows:

Copies of any books, records, papers, or documents in any of the executive departments authenticated under the seals of such departments, respectively, shall be admitted in evidence equally with the originals thereof.

The Corporation, with hundreds of millions of dollars of its funds tied up in loans to banks and other borrowers in every part of the country, has a tremendous investment to protect. The Corporation necessarily is now, and will be, involved in a multitude of suits in connection with the liquidation of the collateral that it holds and hence should not be hampered in its efforts to protect its investment by not having the same procedural rights and remedies as now given by statute to the United States itself. The first four sections of the drafted bill propose to a limited extent to put the Reconstruction Finance Corporation and other corporations wholly owned by the United States on a procedural parity with the United States itself.

Litigation involving the Reconstruction Finance Corporation and similar corporations wholly owned by the United States often requires the introduction in evidence of the books, records, papers, or other documents of such corporations. Paragraph (a) of section 882, as amended, would modify to a limited extent the so-called "best evidence" rule of law, which is to the effect that copies of papers or documents may be introduced in evidence only upon a showing to the court that the originals thereof are destroyed or unobtainable. The making of such a showing necessarily entails delay and expense. The proposed amendment is designed, therefore, to give corporations wholly owned by the United States the right already given to the executive departments of the United States by Revised Statutes, section 882, to introduce in evidence authenticated copies of their official documents in lieu of the originals thereof.

Paragraph (b) of the Revised Statutes, section 882, as amended, is an entirely new paragraph for this section and will affect all executive departments and corporations wholly owned by the United States. The amendment will eliminate much of the expense and inconvenience now imposed by the hearsay rule of evidence in connection with proving certain facts set forth in and transactions taking place in connection with official books and records. Under the so-called "business entry" exceptions to the hearsay rule, books, records, minutes, and other papers kept in the regular course of business are admissible in evidence to prove the truth of certain statements contained therein upon a preliminary showing to the satisfaction of the court that the entries or notations in question were made in the regular course of business by the proper person or persons. Most of the books and records of the Government departments and corporations are thus at present admissible in evidence under the aforesaid exception to the hearsay rule to prove the truth of

statements contained therein; but not, however, without a preliminary showing as to the manner in which such books or records are kept and as to how the particular entries or notations were made. In most instances this requires sending a representative of the Government department or corporation to the scene of trial to testify as to such facts. The proposed amendment would eliminate this expense and inconvenience by making the seal of the department or corporation a substitute for such preliminary showing.

It is to be noted that the books, records, or minutes in question are not to be admissible as evidence of the truth of any statement contained therein but only of any "act, transaction, occurrence, or event as a memorandum of which such books, records, minutes, or entries therein were kept or made."

Paragraph (c), also an entirely new paragraph for Revised Statutes, section 882, provides for judicial notice of the seal of any executive department or corporation wholly owned by the United States. It is designed to make the papers or documents referred to in the preceding paragraphs admissible in evidence without the unreasonable burden of proving the seal of such department or corporation.

Paragraph (b) of section 1 of the bill provides for judicial notice of the seal of the Reconstruction Finance Corporation, and would serve the same purpose, within its limited field, as paragraph (c) of the Revised Statutes, section 882, as amended above.

SECTION 2

This section of the bill would amend Revised Statutes, section 1001, as amended, which, as it stands at present, exempts the United States from the requirement of filing appeal bonds. The proposed amendment would give corporations wholly owned by the United States the same exemption now given the United States.

The purpose of requiring the filing of an appeal bond as a condition of entering an appeal by a party to a suit defeated in a lower court is the indemnification of the party who has been successful in the lower court from the possibility that the appealing party may become judgment proof during the appeal interval. This requirement has no reasonable application, however, to the Federal or State Governments or departments.

SECTION 3

This section of the bill proposes the addition of a new section to the Reconstruction Finance Corporation Act, as amended, to be known as "section 5 (b)." This section would permit the Corporation to make loans for sufficiently long periods to enable borrowers to repay the Corporation without the depression in business activity which might result from too rapid utilization of capital for such repayments.

Paragraph (1) authorizes the Corporation to make loans for periods up to 5 years from February 1, 1935, in lieu of the 3 years now permitted by the Reconstruction Finance Corporation Act, as amended. Paragraph (2) permits the Corporation to extend the time of payment of any loan already made by it up to 5 years from February 1, 1935, in lieu of the present limitation on such extension of 5 years from the date of initial disbursement.

Paragraph (1) contains a provisio that as a condition of making loans to railroads for a period longer than 3 years, the Corporation may require:

> That such arrangements be made for the reduction of amortization of the indebtedness of the railroad or railway, either in whole or in part, as may be approved by the Corporation after the prior approval of the Interstate Commerce Commission.

This provision is considered necessary to adequately protect the Corporation's interests in connection with these longer-term loans, and is in accordance with the plan for scaling down of debt structures, suggested by the President in a recent public statement.

The proviso of paragraph (2) requires, as a condition of the extension of the time of payment of any loan made by the Corporation to a railroad, (a) the approval of the Interstate Commerce Commission, and (b) the certification of the Interstate Commerce Commission "that the railroad or railway is not in need of financial reorganization in the public interest." This condition is in accordance with the recommendation contained in the report of the Federal Coordinator of Transportation dated January 20, 1934. Such approval by the Interstate Commerce Commission is now required in the case of new loans by section 15 of the Emergency Railroad Transportation Act, 1933, and, as pointed out in detail in the Coordinator's report, the fact that similar approval is not required in connection with the extension of existing loans is merely a defect in the present law. The proviso of paragraph (2) is an attempt to remedy this defect.

Paragraph (3) of section 3 of the bill authorizes the Corporation to accept new securities in adjustment or compromise of existing claims in connection with railroads in bankruptcy receivership proceedings. This amendment is necessary if the railroads of the country are to be reorganized on an economically and financially sound basis. Without such power, the ability of the Corporation to agree to any plan of reorganization which may involve reduction of the topheavy capital structure of some of the railroads of the country is so restricted that the reorganizations which can be effected during the present depression must be extremely limited. The most successful railroad reorganizations of the past, such as that of the Union Pacific and of the Atchison during the 1890's were effected during a depression period. The proposed amendment adequately safeguards the exercise of the power by requiring the prior approval of the Interstate Commerce Commission, and by providing that any such adjustment or compromise shall not be made on less favorable terms than those provided in the reorganization for holders of claims of the same class and rank as the claims of the Corporation.

SECTION 4

This section would authorize the Corporation to make loans to complete any self-liquidating project for the construction of which it has already advanced funds, and also for such improvements, additions, extensions, or equipment as are necessary or desirable for the proper functioning of any such project or as will materially improve the Corporation's investment position.

It has been the experience of the Corporation in connection with certain loans it has made for part of the construction cost of self-liquidating projects that the borrowers have been unable to obtain from other sources the funds necessary for the completion of the projects. The result is that the Corporation's original investment—often represented by revenue bonds—is jeopardized, because a partially completed project cannot earn the revenues necessary to meet interest and principal charges on the Corporation's bonds. The proposed amendment would empower the Corporation to make loans for such completion.

It has also been the experience of the Corporation that due to conditions arising after the making of loans for self-liquidating construction projects, improvements, additions, or extensions to such projects or the purchase of equipment are necessary or desirable for the proper functioning of such projects or for the protection or improvement of the Corporation's original investment position. In such cases the lien on the project and its revenues which the Corporation usually has makes it very difficult for the borrowers from the Corporation to obtain outside funds for such improvements, additions, extensions, or equipment. The proposed amendment is designed, therefore, to authorize the Corporation to make loans for such purposes.

SECTION 5

This section of the bill authorizes the Corporation, upon request, to adjust the maturities of the obligations of borrowers who have obtained loans from the Corporation for self-liquidating construction projects. This section was not contained in the original draft bill submitted by this Corporation but has been inserted by the committee. A similar provision is contained in the Senate bill, S. 3085.

SECTION 6

Paragraph (1) proposes the increase from $50,000,000 to $125,000,000 of the amount which the Corporation is author-

ized to lend to drainage, levee, and irrigation districts, and so forth, pursuant to section 36 of the Emergency Farm Mortgage Act of 1933, as amended. In the draft bill submitted by the Corporation to the House Banking and Currency Committee, provision was made for an increase in this amount only to $100,000,000. The committee, however, has seen fit to increase this amount to $125,000,000.

As of February 17, 1934, the Corporation had received applications under section 36 aggregating $116,737,754, which represented total indebtedness of $224,794,014. Additional applications are being received by the Corporation daily. Unless the $50,000,000 limit now imposed on the Corporation by said section 36 is raised, therefore, as contemplated in the bill, many eligible applicants will not be able to receive the benefits of the section.

This paragraph also proposes the inclusion of two new classes of borrowers, mutual nonprofit companies and incorporated water users' associations, within the categories of borrowers eligible to receive the benefits of section 36. This change was not contemplated by the draft bill submitted by the Corporation, but was inserted by the House committee. The same change has been incorporated in the bill passed by the Senate—S. 3085.

Paragraph (3). Clause (4) of section 36 of the Emergency Farm Mortgage Act of 1933, as it now reads, requires every borrower, as a condition of its loan, to agree to pay to the Corporation, so long as any part of the loan is outstanding, an "amount equal to the amount by which the assessments, taxes, and other charges collected by the borrower exceed the cost of operation and maintenance of the project and maturities of interest and principal on its outstanding obligations."

The framers of the act must have intended that the Corporation would apply any moneys so received toward repayment of the respective loans. The act, as it now stands, however, fails to impose such a requirement, and the proposed amendment is designed to correct this defect.

The language of the present act would seem, moreover, to prohibit borrowers from setting up reserves. The setting up of such reserves is generally good business practice, hence the proposed amendment expressly permits borrowers to make allowance for such reserves before applying surplus funds to the retirement of this Corporation's indebtedness.

Paragraph (4). The first sentence would authorize the Corporation to make loans to any borrower to which the Corporation had already made a refinancing loan pursuant to section 36 of the Emergency Farm Mortgage Act of 1933, as amended, for repairs or improvements which are necessary or desirable for the proper functioning of the project, or which will serve to protect the Corporation's entire investment in the project. In the draft bill submitted by this Corporation the scope of this provision was limited to districts and political subdivisions, but the committee has seen fit to extend its scope to include mutual nonprofit companies and incorporated water users' associations. As will be seen from the explanation below, there is much less reason for applying the benefits of this provision to companies and associations than there is to districts and political subdivisions.

The Corporation has found that the irrigation or drainage works of some of the districts to which it has made refinancing loans have been damaged and that the districts, because of their strained financial conditions, have been unable to make necessary repairs. Such damages have cut off or tended to reduce the ability of many of the landowners of the district to pay their taxes or assessments.

The Public Works Administration now has authority to make loans for the physical rehabilitation of such districts. Both that Administration and this Corporation, however, are empowered to make loans only upon adequate security, and in most cases of this kind neither the refinancing loan nor the loan for repairs can be considered properly secured unless the other loan is made. At present a district is compelled to file an application for the refunding loan with the Reconstruction Finance Corporation and a separate application for the rehabilitation loan with the Public Works Administration. Such procedure is unnecessarily cumbersome and expensive.

The proposed amendment, as worded in the original Reconstruction Finance Corporation draft, is designed to remedy this situation by affording a simple and direct method of rehabilitating the entire physical and financial structure of these districts through application to a single Federal agency.

The second sentence of paragraph (4) is designed to permit the Corporation to make the loans authorized under section 36 of the Emergency Farm Mortgage Act, either directly to the borrower or to the holders of its outstanding indebtedness, and either upon promissory notes or through the purchase of the securities of the borrower.

In all cases where the Corporation has made loans under said section 36 it has required that at least 90 percent of the outstanding indebtedness of the borrower be refunded, but almost always some of the bondholders do not turn in their outstanding securities.

In order to benefit the nondeposited bonds as little as possible and to permit the Corporation to keep control of the nonassenters, it would in many cases be advantageous for the Corporation to actually purchase the bonds of the holders approving the refunding plan.

In some cases the borrowers have no authority to issue new bonds to refund outstanding obligations. In such situations the proposed amendment would authorize the Corporation to purchase part of the bonds deposited pursuant to the refunding plan and to cancel the remainder.

SECTION 7

Paragraph (a) proposes amendments to sections 2 and 3 of Public, No. 35, Seventy-third Congress. The amendments to section 2 are designed to improve and clarify the position, under the act, of mutual insurance companies.

Such companies cannot, of course, issue preferred stock, and there is grave doubt as to their power to issue capital notes. In practically every instance, however, the State statutes dealing with mutual insurance companies authorize such companies to sell guaranty-fund certificates, the proceeds of the sale of which may be used in the same manner as capital, but no statute has been found containing any reference to capital notes. The proposed amendments are designed, therefore, to clarify the situation and permit mutual companies to offer such forms of indebtedness to the corporation as may be permitted by the laws of the State in which the applicant company is incorporated, and thus remove the uncertainty as to what constitutes capital notes.

The principal amendment to section 3 of Public, No. 35, Seventy-third Congress, involves a complete rewriting of clause (3). This clause, as written at present, prevents companies in which the Corporation has purchased preferred stock or capital notes, or on the preferred stock or capital notes of which it has made loans, from increasing the compensation of any of its employees, so long as any of such stock or notes are held by the Corporation. It has been found that this requirement which prevents a company from raising the pay of any clerk or stenographer makes operation unreasonably burdensome. The proposed amendment would therefore permit salary raises, but only with the consent of the Corporation, and never to a level in excess of $17,500.

The amendment also proposes certain changes in the existing language, which are designed to clear up present ambiguity.

Paragraph (b) proposes an amendment to section 11 of Public, No. 35, Seventy-third Congress, which section, as it reads at present, limits the application of the act to companies operating under the supervision of a State superintendent or department of insurance in any of the States of the United States. It could not have been intended that insurance companies operating under the laws of the District of Columbia or of a possession or Territory of the United States should not receive the benefits of the act, and the proposed amendment is designed to remedy this defect.

SECTION 8

This section of the bill was not in the original draft bill submitted by the Corporation but has been inserted by the Committee. The same provision was inserted in the Senate bill (S. 3085) by the Senate Committee on Banking and Currency, at the suggestion of Senator GORE.

SECTION 9

This is also a new section inserted in the bill by the committee. No similar provision is contained in the Senate bill—S. 3085.

SECTION 10

Section 5 (c) is designed to permit the Corporation to aid in financing and to facilitate exports and imports between this and other nations by the establishment and financing of necessary trading agencies or banking corporations wholly owned by the United States. The section would, in substance, simplify the present method of creating export-import banks by giving the Corporation, with the approval of the President, the right to purchase and hold the common as well as the preferred stock in such institutions. Funds for common stock are at present obtained from the Public Works appropriation under the authority of the National Industrial Recovery Act. The enactment of this section will eliminate this drain upon Public Works funds and will greatly simplify disbursement procedure.

SECTION 11

The purpose of this section is not to provide an alternative to the plan for Federal Reserve loans to industry contained in section 12 of this bill nor to place the Corporation in direct competition with the private banks of the country in which the Corporation now owns a large financial interest. The section is intended rather as a supplement to both or either of these agencies. There are many crippled industries of the smaller and medium-sized type that will need aid for some time to come, and while some of these involve risks which, though ultimately good, commercial banks should not take and the Federal Reserve banks might decline, many of them deserve a chance to reestablish themselves.

The additional authority to make direct loans to industry contemplated by this section will be administered by the Corporation in cooperation with the other Government credit agencies, including the Federal Reserve banks, as well as with the banks of the country. So used, the power granted by the proposed amendment should effectively complete and round out the efforts of private and governmental agencies to meet all of the credit demands of small and medium-sized businesses in every field.

The proposed section authorizes the Corporation to make direct loans or to advance credit to industrial and commercial concerns only when adequate credit on reasonable terms is not otherwise available. Such loans and advances are to mature in not to exceed 5 years and are limited, inasmuch as the program is a recovery measure, by the requirement of a showing of continued or increased resulting employment of labor.

It should be noted that the aggregate of loans to any one borrower under this bill is limited to $100,000, whereas such limit under the Senate bill (S. 3085) is $1,000,000.

SECTIONS 12, 13, AND 14

These sections embody in substance the so-called "Glass bill" providing for loans by the Federal Reserve banks for industrial and commercial purposes. Inasmuch as these sections do not directly concern this Corporation it seems inappropriate to discuss or attempt to explain them in this explanation.

Mr. PATMAN. Mr. Chairman, will the gentleman yield?

Mr. PRALL. Yes.

Mr. PATMAN. The estimate of $300,000,000 that would be extended in the form of loans until January 1 was based on the assumption that the maximum loan would be $1,000,000.

Mr. PRALL. No; I will not say that. I do not know what the assumption was with respect to the million dollars. The original Senate bill carried, I think, $250,000,000, as the aggregate amount of loans. It provided for the aggregate amount to any one borrower of $1,000,000. Our committee increased from $250,000,000 to $300,000,000 the total amount the R.F.C. would be authorized to loan, but we felt at the time that inasmuch as this money had to be loaned on or before January 31, 1935, just a matter of some months, it would not be physically possible for any agency under the circumstances to loan more than that amount.

Mr. PATMAN. I agree with what the gentleman has said, but does he not think that is a good reason why we should consider putting the amount back at $1,000,000 so as to get as much money out as possible? If necessary we can increase the total amount, $300,000,000, allowed in this bill.

Mr. PRALL. I believe that $100,000 is too low. I think $500,000 would be a better figure.

Mr. PATMAN. In other words, we have plenty of money in this bill. Three hundred million dollars will be sufficient, even if the amount is $1,000,000 maximum, instead of $100,000?

Mr. PRALL. Yes.

Mr. PATMAN. And there is no reason why we should not permit the maximum to be greater than $100,000, and provide that preference shall be given to small loans?

Mr. PRALL. The question was raised at one of the committee meetings as to the number of loans that had already been made at $1,000,000 by the R.F.C. One member made the point that it would be possible for the R.F.C. to make only 250 loans of $1,000,000 each. Mr. Jones advised the committee that the Reconstruction Finance Corporation had made but a few loans of a million dollars each. In each case it assured continued employment of more than 3,500 people. He was of the opinion that all small loans could be taken care of and that there would be no danger, in placing a limit of $1,000,000, of running short of funds.

Mr. FORD. Will the gentleman yield?

Mr. PRALL. I yield.

Mr. FORD. Did he not limit the number to possibly 20 of those million-dollar loans?

Mr. PRALL. He said it might be possible to make not more than 20.

Mrs. JENCKES of Indiana. Will the gentleman yield?

Mr. PRALL. I yield.

Mrs. JENCKES of Indiana. The gentleman spoke of the necessity of an applicant for a loan first going to the Federal Reserve bank. Many firms have gone through that step and, for a mere technicality, have had their loans turned down. Will those applicants now be in good standing?

Mr. PRALL. Well, that is hard to tell. The Federal Reserve Board has not had the authority heretofore which we have given them in this bill, nor has the Reconstruction Finance Corporation, but under this bill we are using the Reconstruction Finance Corporation as a haven to which borrowers may go when all banking facilities fail them.

Mrs. JENCKES of Indiana. That is just what I mean. The fact that a firm has been turned down on the judgment of a court, with a perfectly good balance sheet, and then gone through probably 6 months getting themselves up to that point, now, if they have to go back over that 6 months, will they survive until they can get this new loan?

Mr. PRALL. I should say this new law would enable the two agencies to accept those statements.

Mrs. JENCKES of Indiana. That answers my question.

Mr. PATMAN. Will the gentleman yield?

Mr. PRALL. I yield.

Mr. PATMAN. Is it not a fact that they will not be required to make any showing, other than to state, "We have gone to the Federal Reserve bank, we have gone to the local banks, and we cannot get accommodations there. We want you to assist us." Will that not be sufficient under this law?

Mr. PRALL. I think so.

Mr. ARENS. Will the gentleman yield?

Mr. PRALL. I yield.

Mr. ARENS. There is no provision in this bill to regulate the interest rate. Is there any way to find what the rate will be?

Mr. PRALL. The interest rate now, as I understand it, in all matters connected with the Reconstruction Finance Corporation, is 4 percent. It has been reduced twice during the past 12 months, and I think it is now uniform at 4 percent.

Mr. BOILEAU. Will the gentleman yield?

Mr. PRALL. I yield.

Mr. BOILEAU. In section 11 I notice loans are authorized to industrial or commercial business. Would the gentleman construe that to include apartment-house buildings, in which there are several apartments; buildings that are too large and which house more families than is permitted under the Home Owners' Corporation law?

Mr. PRALL. That might, by some stretch of the imagination, be considered commercial. I do not know.

Mr. BOILEAU. I have had some inquiries with reference to that matter. It occurs to me that unless we include apartment buildings as commercial enterprises, that is about the only class of business we have not provided for in some bill or other. I am wondering, if this bill does not cover commercial apartment buildings, if we could not amend it so as to include them.

Mr. PRALL. I think the gentleman will find that under the new housing bill, provision will be made for matters of that kind. I think it will cover everything not now covered by the Home Owners' Loan Corporation Act.

Mr. BOILEAU. The gentleman means not only as far as new construction is concerned, but also the financing of buildings already built?

Mr. PRALL. I think so; yes, sir.

Mr. BOILEAU. With the gentleman's assurance in that regard, I shall not ask that the amendment be adopted.

Mr. PRALL. I cannot assure the gentleman, because the matter is in its infancy now. The bill has just been introduced, but that is my view of it.

Mr. BOILEAU. It occurs to me that apartment buildings are about the only kind of business or property that has not been provided for in one bill or another, and if there is any question about it being included in the bill to which the gentleman refers, it should be taken care of in this bill.

Mr. PRALL. I think the gentleman will find that the housing bill will take care of that situation.

Mr. BOILEAU. Is that before the gentleman's committee also?

Mr. PRALL. Yes.

Mr. COLMER. Will the gentleman yield?

Mr. PRALL. I yield.

Mr. COLMER. Is provision made in this bill for refinancing outstanding obligations of industry?

Mr. PRALL. There is a part of this bill that takes care of that. There is provision for that. The present provision for loans to industry is not contemplated to continue or to renew these loans. The Federal Reserve portion of the act is permanent and they can do that, but the primary object of the Reconstruction Finance loans, limited to 5 years, is to take care of unemployment, and to revive industry and permit them to get new machinery and modern appliances and equipment, and all that sort of thing.

Mr. COLMER. Quite so, but if provision is not made for an industry that is struggling under enormous outstanding obligations, then it will be of no benefit to them.

Mr. PRALL. I believe there is provision for that. It seems on page 13, section 5 (b), paragraph 2——

Mr. COLMER. There is no question in the gentleman's mind about that?

Mr. PRALL. The paragraph I have referred to reads:

> The Corporation may at any time or from time to time extend or consent to the extension of the time of beginning of any loan.

Mr. DONDERO. Will the gentleman yield for a question?

Mr. PRALL. I yield.

Mr. DONDERO. Who will determine whether or not an application received comes within the purview of this act to be an industry?

Mr. PRALL. Either the Federal Reserve Board or the Reconstruction Finance Corporation.

Mr. DONDERO. One of the two.

Mr. PRALL. Either or both of them.

Mr. CULKIN. Mr. Chairman, will the gentleman yield?

Mr. PRALL. I yield.

Mr. CULKIN. I am greatly interested in paragraph 1, section 6, on page 16 of the bill, with reference to the loan of $125,000,000 to drainage districts. Was this provision in the Senate bill?

Mr. PRALL. Yes. The Senate bill provided for loans to drainage districts to the extent of $100,000,000, but the R.F.C. explained to our committee that it already had applications for more than $100,000,000 of such loans and recommended that the amount be increased to $125,000,000.

Mr. CULKIN. Do I understand that this is for initial reclamation, for the initiation of new projects?

Mr. PRALL. I think it is for renovation, refinancing, rebuilding, and preservation, really.

Mr. CULKIN. May I say to the gentleman it seems to me that is foreign to this bill; it is exotic; and it is grafted onto the bill improperly. It simply adds to the existing overproduction in America. I do not believe it has anything to do with this type of loan.

Mr. SISSON. If the gentleman from New York will yield, this money to be advanced to drainage districts will not make available any new area at all.

Mr. DEROUEN. Mr. Chairman, will the gentleman yield for one question?

Mr. PRALL. I yield.

Mr. DEROUEN. I am interested in section 23-b, which states that when it appears to the satisfaction of the Federal Reserve bank that an "established industrial or commercial business", and so forth—what is meant by a commercial business? Is the Government going to provide personal loans to merchants and tailors?

Mr. PRALL. No; I would not say that. The whole idea of the bill, if the gentleman will permit, is to aid in the recovery of our country, is to bring back into employment those now idle. We do not expect the R.F.C. or Federal Reserve bank to grant a loan of any of these funds unless the applicant can show that it means either the continued employment of those who otherwise would become unemployed, or that it means the hiring of additional employees by the use of this money.

Mr. DEROUEN. I understand that, but I do not think the gentleman quite understood my question. I wish to know how far we are going?

Mr. PRALL. We must and shall depend upon the judgment of the Federal Reserve banks and the R.F.C.

Mr. LUCE. Mr. Chairman, I yield 10 minutes to the gentleman from Kansas [Mr. McGUGIN].

Mr. McGUGIN. Mr. Chairman, as I read the House bill, and as I read the Senate bill, it seems to me the difference between the two is the difference between traditional American private banking on the one hand and outright socialized nationalized banking on the other hand. This day should be a great day, and accepted as such by those who believe in socialized nationalized banking. A few days ago the gentleman from Washington stood upon this floor and said that he believed in nationalized banking. I commend him for his frankness. To so believe is most assuredly his right and his privilege. Time may prove him correct. For my part I do not believe in nationalized banking or in socialized banking, but the gentleman from Washington was infinitely more frank than is the House substitute for the Senate bill.

In the first place, this bill is very much like a great deal of our emergency legislation; it is a fraud and a deception practiced upon the people. The title states one purpose for the bill and then adds, "and for other purposes." The title of this act states that it is for direct loans for industrial purposes by the Federal Reserve bank, and for other purposes. Obviously the "other purposes" should be the minor part of a bill; but as in much of this emergency legislation it is just the other way about, the "other pur-

poses" are the tail wagging the dog. This bill has been heralded to the country as being legislation providing for loans to industries. If loans to industries were the sole purpose of this bill, we would accept the Senate bill with such minor amendments as we might choose to make.

As I read this bill, that portion from page 11 to page 23 comprises the "other purposes." Let us see what some of these "other purposes" are. I am frank to say that it is exceedingly difficult for me to understand the meaning of sections 1, 2, and 3. So we come to section 4. It seems to me that section 4 destroys the protecting provisions of the Emergency Relief and Reconstruction Act of 1932.

Let us go to section 6. This section provides for increasing the amount of loans for irrigation projects from $50,000,000 to $125,000,000—an increase of $75,000,000. Do you suppose that many of the people of the country know this is in the bill? They have been led to believe that this is a bill providing for loans to small industries. None the less, this is added to the bill. If this provision has any place in this particular bill, then anyone who wants public credit for any given class should be here today with his amendment to include his class.

Now, I want to go on further to section 7. Again we are not talking about industries; we are authorizing the R.F.C. to buy preferred stock in insurance companies, and in the case of the mutual insurance companies which under the laws of their States cannot issue stock, the R.F.C. is authorized, in its discretion, to take as its collateral whatever the mutual companies have to offer which will be accepted by the R.F.C.

Going a little bit further, let us see what section 8 provides. Section 8 authorizes the making of loans by the R.F.C. to established, incorporated managing agencies of farmers' cooperative mineral-rights pools. Remember, the phrase "farmers' cooperative" does not have anything to do with agriculture or the making of any agriculture loans to farmers; it provides for the making of a loan to any kind of a farmers' cooperative interested in some kind of mineral business.

Then section 9 authorizes the Reconstruction Finance Corporation to make loans based on mineral acreage to recognized and established incorporated agencies engaged in the business of mining, milling, or smelting of ores. Most assuredly, socialized banking! Authorizing the Reconstruction Finance Corporation to begin lending money to mining projects! Discrimination, though, of the worst type, because the loans are limited to two classes—farmer-organized cooperatives which are engaged in the mining business and to corporations engaged in the mining business—denying to an ordinary citizen of this country, or to a partnership, the same opportunities to avail themselves of Government credit.

Let us go a little further.

Section 10 authorizes without limit the R.F.C. to set up a corporation for the purpose of exporting and importing goods. When this bill is enacted into law, we shall set up our Government corporation to engage in the business of exporting and importing goods. We shall not name that corporation the Amtorg, but nevertheless it will be the same kind of corporation. It will mean that the Government of the United States has again looked across the Atlantic to Soviet Russia and borrowed from her the idea that our Government should be in the export and import business. Again socialized and nationalized banking and socialized and nationalized exporting and importing. When this bill is fully complied with, the R.F.C. stands as the great nationalized and socialized bank of this country. How far it will go, no one man knows. What will be the end of the obligation, no one knows.

Why is all this coming about? Some say we cannot get bank credit. Yes. But who is responsible? No one is quite so much responsible for the denial of banking credit in this country as is the Government of the United States. Through its national banking department it has sent petty bureaucrats into the banks of this country telling the bankers to mark off Bill Jones' note and Bill Smith's note. They have sent out petty bureaucrats to pass upon the value of the paper of the citizens of this country rather than to allow the man who runs the bank and who lives in the community to pass upon the matter. Of course, private credit is destroyed, but the reason is socialism on the part of the Government of the United States in undertaking to set up an inspection agency ruled over by petty bureaucrats, entitled "bank examiners", who go about the country passing upon the value of paper, instead of leaving this responsibility with the bankers of the respective communities.

[Here the gavel fell.]

Mr. LUCE. Mr. Chairman, I yield 15 minutes to the gentleman from New York [Mr. FISH].

Mr. FISH. Mr. Chairman, I cannot quite understand why the gentleman from Kansas is so unduly excited. He seems to be under the impression that the unanimous report of the Committee on Banking and Currency is pure, unadulterated socialism. He ought to know from his experience in this House since the beginning of this Congress that compared to some legislation which has gone through the House that this is conservatism. This is one of the most conservative measures that we have had so far to deal with. It might have been called socialism 5 years ago, but today it ought to be considered safe and sound, as adequate collateral is required on all loans instead of shoveling the money out of the Treasury by way of doles.

Before I go further, may I call the attention of my good friends on the Democratic side, who have always claimed that the last Republican administration did nothing to solve the big problems that arose out of the depression, and who are continually challenging us and asking what we have done, to the fact that in this bill you are using the Republican machinery as recommended by Herbert Hoover, the Reconstruction Finance Corporation, to help get us out of the depression. Perhaps all the Democrats will not agree with me, but at least I believe in free speech and I am entitled to my own opinion. I believe that the Reconstruction Finance Corporation, recommended by Herbert Hoover and adopted by a Democratic Congress, has done more to get us out of the depression than all the socialistic experiments and panaceas of the Democrats and "brain trust" combined.

Furthermore, I believe that if we had not put into effect the Reconstruction Finance Corporation during the Hoover administration, just before the Democratic administration came into power, credit in this country would have been completely paralyzed, and not only the banks but the railroads and the insurance companies and business generally would have been crippled and paralyzed, and there would have been a total collapse of credit. Through the machinery of the R.F.C. and the lending of $5,000,000,000 in the way of capital to industry to keep the wheels of industry turning and to provide employment, and I say again, using the Republican machinery, you have done more than the "brain trust" experiments have been able to do in the last year and a half. I predict that you, using good common sense, will continue to utilize this Republican vehicle, the R.F.C., to solve the great difficulties facing this country at the present time and which will face this country for some time to come. And may I say that we have not come to the end of our rope in appropriating money to lend through the R.F.C. on adequate collateral, not doles nor gifts out of the Treasury, such as most of the "brain trusters" have urged upon Congress, and which are loading us with debts and taxes and leading to huge deficits. I am not speaking for my party, although I believe the Republicans on the committee were unanimous; I am in favor of this legislation because what is needed more now than at any other time is to provide some means for the flow of capital into the smaller industries.

This should have been done a year ago. The thing that hampers it more than anything else is the Securities Act that we passed hoping to remedy abuses and evils that existed, but going too far, at the request of the visionary "brain trusters", defeated the very purpose of the bill, so that there is now no flow of capital into small or large industries. As Al Smith said, all we have been doing is giving

business a shot in the arm. We have been giving them shots in the arm every once in a while, but these were only temporary measures. Now the Congress proposes to use this Republican vehicle, the R.F.C., to provide capital for smaller industries in order to keep the factories open and keep men employed.

The only objection I have heard to this bill, outside of the objection of the gentleman from Kansas, is the statement by someone that we had reduced the limit on the loans to too low an amount, $100,000. There is a good deal of reason and sound common sense why this amount should be reduced from a million dollars as contained in the Senate bill to $100,000 as appears in this bill. The original R.F.C. took care of the big fellows, such as the railroads and the banks, in amounts of a million dollars and upward.

It is time that the small business man, who probably makes up the larger part of our business in America should receive some attention. Where is he going to get his money? With your Securities Act and the depression, he cannot borrow it from the banks because of a lack of confidence and because at the present time the country is filled with uncertainties. We do not know what the dollar is going to be worth. It is 59 cents now, and it may be 50 cents next month.

Mr. SIROVICH. Will the gentleman yield just for a simple question?

Mr. FISH. I cannot debate with the gentleman in 15 minutes.

Mr. SIROVICH. I just want to correct a statement of my friend.

Mr. FISH. No; I refuse to yield.

Industry cannot get any money because of the uncertainties. We do not know whether the silver bill is going through and whether that is going to mean a certain amount of inflation. We do not know whether these other bills that are pending will create further inflation, and for this, and many other reasons, the bankers will not lend money and you cannot blame them, because you would not lend it either if you had the responsibility.

So American business men have got to come to the Federal Government for loans to help turn the wheels of industry and provide employment. In its essence, of course, it is socialism—the Government lending money, but it is lending on collateral, which is different from giving money away as doles or outright contributions. In these days of radicalism and socialism it is really a conservative measure.

In the remaining time I have I wish to refer to the fact that there seems to be some misunderstanding between General Johnson and Clarence Darrow and Charles Edward Russell and Mr. Richberg, which raises a very interesting point, as you read these redhot charges and countercharges hurled by one socialistic member of the administration at another, each denouncing the other as being more socialistic than himself. The newspapers are filled today with vitriolic attacks by Mr. Richberg on Clarence Darrow. I know you Democrats have no more love for these Socialists and socialistic Democrats than I have; but I realize that you cannot get up here and say so, while I am at perfect liberty to do so. I really think I have as much sympathy on your side as I have, perhaps, on my own. The facts are—and this bitter contest ought to bring it before the country—there are scores of Socialists, not Democrats, but members of the Socialist Party and near-Socialists who have been appointed to high positions in the Roosevelt administration. And now for the first time we have a couple of Socialists, Mr. Richberg on one side and Mr. Clarence Darrow on the other, denouncing each other as Socialists and claiming that the other is a little more radical, and I hope the people back home will begin to understand that there are in this administration numerous Socialists appointed to important positions and drawing money out of the Treasury, who are actually not in sympathy with our economic and political systems.

As I have repeatedly said, socialism was not elected to power. Norman Thomas got less than 1,000,000 votes, but both Mr. Darrow and Mr. Richberg, to whom I have referred, belong to the League for Industrial Democracy. What does the League for Industrial Democracy stand for? It is the old Socialist Intercollegiate League, but having the word "Socialist" in it, it did not go so well, so they changed it to "League for Industrial Democracy." It has one slogan and one alone, and that is to do away with the profit system.

As I understand our economic system, call it what you will, capitalism or our own industrial system, it is based upon profit; and if you take the profit out of it, you either have communism or socialism, and, as a matter of fact, communism and socialism are identical so far as the economic aspect is concerned. They both stand for complete Government ownership and operation. These gentlemen both belong to this League for Industrial Democracy, a socialistic league, with every official in it a member of the Socialist Party, advocating the destruction of the profit system, and yet they hold these important positions in the Government service under a Democratic administration.

I believe in freedom of speech. They have a right to be Socialists; they have a right to oppose the profit system; they have a right to say anything they want. But is it quite fair to hold important positions and receive pay from the present administration while opposing the profit system? Mr. Richberg and Mr. Darrow are issuing statement after statement in the press attacking each other and denouncing each other as Socialists. This is the first truth that has come out in regard to these "brain trusters" and the N.R.A., for when Socialists fall out, the truth will prevail. They are not Democrats at all and never have been Democrats. They are no more Jeffersonian Democrats than any member of the Socialist Party. They do not believe in the profit system, and this is why you can draw a little satisfaction out of the present situation. It is nothing more than the pot calling the kettle black. It is nothing more than two Socialists in the Democratic Party repudiating each other and both of them against the profit system. I say to my friends of the Democratic Party that they are doing more to hinder recovery in America by undermining our institutions and the faith of the American people in our industrial system. If you would stand on Democratic principles and on your party platform with the many hundreds of Democrats competent to hold key positions, you could go out and restore confidence in the country by repudiating these Socialists and these socialistic doctrines. Confidence would soon be reestablished, and we would not have to lend this $300,000,000 to industries in order to get them back on their feet. But as long as radicals and Socialists dominate Democratic policies, there will be no restoration of business confidence.

Mr. BROWN of Kentucky. Will the gentleman yield?

Mr. FISH. I yield.

Mr. BROWN of Kentucky. The gentleman states that these socialistic "brain trusters" are the ones who are hindering recovery under our administration. You did not have these men or men of socialistic tendencies under your administration, and I wish the gentlemen would tell us what it was that prevented him, under his own administration, from starting us back on the road to recovery. [Applause].

Mr. FISH. That is very easy to answer.

[Here the gavel fell.]

Mr. LUCE. Mr. Chairman, I yield the gentleman 3 additional minutes.

Mr. FISH. I do not believe the distinguished and able Member of the House was in the Congress in 1930. The Republican President at that time, Herbert Hoover, made certain constructive and sound recommendations to a Democratic Congress, and the Democrats simply threw them out of the window.

The only thing they upheld was the Reconstruction Finance Corporation program, and they enacted that into law. We are operating under that today and providing $300,000,000 more to continue the use of that constructive vehicle. The other recommendations made, such as balanc-

ing the Budget, cutting down expenses, and the sales tax, were thrown out of the window.

Mr. SIROVICH. Will the gentleman yield?

Mr. FISH. No. I have only 3 minutes more, and I do not yield. There has been a good deal of talk recently about Rexford Guy Tugwell, Assistant Secretary of Agriculture, a charming and intelligent man, and one whom anyone would like to meet. But he belongs to the same Socialist organization; he belongs to the League for Industrial Democracy, which has for its main object a new social order based on production for use and not for profit.

Of course, now that he wants to be appointed to a higher position, Under Secretary of Agriculture, he has changed his color somewhat like the chameleon and talks about democracy and its virtues, forgetting for the time being his socialistic views and written statements.

> The Devil was sick, the Devil a monk would be;
> The Devil was well, The Devil a monk was he.

He has this to say in his last book, Our Economic Society and Its Problems:

> Just as it was impossible for our Union to exist half slave and half free, so it may become impossible for the world to exist half socialistic and half capitalistic. And there are many who believe that capitalism in its nineteenth century and present form would prove a weaker system than the system being developed by the Soviet Union.
>
> Socialism involves the public ownership of the means of production and the control of economic activity by society. Communism today has the same goal as socialism but differs in that it seeks to attain socialization by means of a dictatorship of the proletariat. In Russia we may observe both, as well as the most complete examples of economic planning.

The trouble with Mr. Tugwell and many other public officeholders is that they do not believe in the profit system and do believe in regimentation and collectivism as practiced and exemplified in Soviet Russia. [Applause.]

[Here the gavel fell.]

Mr. PRALL. Mr. Chairman, I yield 5 minutes to the gentleman from Connecticut [Mr. KOPPLEMANN].

Mr. KOPPLEMANN. Mr. Chairman, ladies and gentlemen of the Committee, this is a happy day for this Congress in that the House is about to adopt the measure which is the final link necessary in the general program to put America back on its feet.

The main purpose of this bill is the rehabilitation of small businesses and small industries. The small industries are the backbone of America. We can name 40 or 50 large industries in America and think that we have covered the entire field of industry in this country. As a matter of fact, in every town, in every village of this great Nation there are small industries upon which these towns and villages depend for their security and for their economic well-being. These industries and small businesses have been weathering a storm, and it ill behooves anyone discussing the subject to inject partisan politics.

This Congress is passing legislation without interest in the political fealty of those who will reap the benefits. It has for its one purpose insuring them an opportunity for continued existence.

In the enactment of this measure there are features which are particularly for the benefit of the little fellow. This is unlike the former Congresses, only caring for the big fellow. In this bill it is the little fellow who is recognized, so that he may have a chance to keep his 5 or 15 or 25 employees on the job.

In my own State I know that there are from 50 to 60 small industrialists who need approximately $2,000,000 so that they can continue the employment of from 12,000 to 15,000 people whose future is hanging by a thin thread. This money allocated to them will within 90 days add from 10 to 15 percent to Connecticut employment rolls. This bill should have been passed in the early days of this session. Back in the early part of February I introduced a measure similar to the one we have before us.

Today, in very much the original form of my bill, we have this much-needed legislation. During the last several months I have received personal calls, telegrams, and letters from hundreds of small business men the country over urging that I continue to give my untiring energy to this legislation. In the beginning I found powerful opposition both in and out of Congress. As the need became more imperative and the cries of sinking business from everywhere rolled into a thunderous demand the opposition gradually was worn down. Our great President took a hand. His was one of the first letters of assurance I received. He called conference after conference at the White House. The Secretary of the Treasury, the Chairman of the Reconstruction Finance Corporation, the Governor of the Federal Reserve bank, and many others bent their energies and lent themselves to the work in behalf of legislation to extend the credit of the Government to the aid of industry and business.

The historic moment has arrived. From every community in the United States large and small business men and industrialists are turning hopefully to Washington. In a few hours the vote will be taken. That the bill will be passed I have no doubt. Again the Seventy-third Congress will record itself as having adopted another bill which concerns itself with the saving of millions of our people who need the Government's protecting arm in this critical hour.

These loans under the provisions of this bill will only be made to such concerns as can demonstrate their ability to pay back dollar for dollar what the Government lends. This is a fact which has never been questioned at any time in the consideration of this matter in the Congress. I feel certain that these loans will be proven to be the safest of any made by any department of the Government.

I particularly call your attention to the fact that up to the present time loans to business have not reached those who should have our first concern. The best way to restore prosperity is to see to it that the little fellow is taken care of. The way must be made easy for him or else he cannot do his part toward keeping his employees in jobs.

When public relief comes to an end, as it must some day, where will the worker turn for a job? Naturally, he must turn to private industry. But if private industry has been choked and cannot continue because of lack of funds, then what is going to happen?

As I see it, private industry alone must be the agency to provide permanent employment just as it did before the depression came upon us. But private industry must have stimulation and encouragement to go on. We must not fail to give it the help for which it is crying.

Thousands are watching our action today. Thousands would have been foreclosed and wiped out long before this but for the fact that they have been hopefully waiting for Congress to release Government aid to them.

A few weeks ago I had a letter from a man, who is conducting a printing plant in a small town, telling me that unless this legislation were speedily enacted, his business would be wiped out. There was a balance due in the amount of $1,600 on a mortgage which was held on his plant and equipment. Unless he was able to pay the entire balance by May 4, the plant was to be taken over and his business destroyed.

I wrote the concern which held the mortgage on his plant urging leniency, at least until Congress acted, in the hope that this body might pass this legislation, thus enabling this printer to obtain the small sum of $1,600 which he needs to carry on. I received a letter from the concern telling me that they would hold off to see what action Congress would take. This morning I received the following letter from the printer:

> MAY 21, 1934.
>
> Hon. HERMAN P. KOPPLEMAN,
> *Representative First District of Connecticut,*
> *Washington, D.C.*
>
> DEAR MR. KOPPLEMAN: Words cannot express to you my gratitude of your personal interest and successful endeavor which you so magnificently have instituted in my behalf, but permit me respectfully to thank you most sincerely for what you have done for me to help me save my printing establishment, my only salvation by which to support my family and maintain my established record as a citizen.
>
> Naturally after being laid up for so long and nothing done for an income it will take me some time to recover, but being on

the road to recovery both physically as well as with prospect of new business, it means a lot and with God's help it will be done.

Yes, I am indeed glad of the news received from you and in the papers regarding the industrial loan prospect. I trust it will soon become law and be of help to many who are striving hard under pressure similar to mine or for the lack of capital to proceed in business.

It is indeed gratifying to follow the progress made for the reestablishment of the American people during the past year of Congress activities. My prayers are for you all and I trust in God's mercy that America may remain the leading nation of the world, with freedom to work and live a respectable life for all, maintain respectable homes and that contentment, love, and joy may soon fill the hearts of our people.

Again thanking you, honorable sir, for your help, and please demand me in your service should opportunity permit, I shall never forget this help; and if at any time I can do something for you, please say the word.

When this bill has become law, gentlemen, each one of you will be receiving many letters of this nature from constituents who have long despaired of carrying on the businesses they have labored for years to build up.

This bill recognized a grave emergency and seeks to go direct to the root of the difficulty. Our problem is not that alone of putting more men to work, but also the problem of keeping the men now employed at work.

I have before me a letter of one manufacturer, who writes:

Indications from increasingly heavy mails, with good volume of orders coming in and intensive activity of our sales force, give us encouragement in the belief that if we can only finance the beginning of this heavier production we shall be well on our way in increasing employment and activity.

Many long-established firms that have conducted an ethical and honorable business, earning small but consistent profits, have returned these profits to plant expansion to perpetuate their business. After 4 years of depression they are feeling the pinch of lack of working capital. In better days they have been accustomed to turn to the regular sources of credit, the local banks, but now, in spite of the adequacy of their security, they are unable to obtain a dollar of credit. They have valuable plants, orders on hand, but not the wherewithal to execute these orders. They face ruin while just within the reach of prosperity.

I am told by Connecticut manufacturers that many of them have had to refuse orders, thereby keeping men from employment, because they cannot get bank assistance to fill orders.

I take but two towns in my district where the chambers of commerce have written me urging the enactment of this legislation.

One letter advises me that loans have been requested by small business interests, including commercial houses and small factories aggregating $500,000. I am further informed that if these credit loans are made available, 519 persons would be continued in employment and additional people employed, earning a weekly wage of $10,657.

In the second town, 4 out of 6 factories need immediate help. They have requested a total of $50,000 to keep at work 500 now employed and to reemploy 250 more.

These amounts are insignificant when compared to the millions that have been loaned by the Government to larger industrial concerns, but these amounts, if given, will enable whole towns to keep going. In my district there are many towns whose entire existence is dependent upon the operation of two or three factories or mills.

In a third town in my district there was a paper company which had been in operation continuously for 35 years. Even during the past 4 years when this concern was especially hard pressed by the depression, it managed to keep working from 150 to 200 people. The entire town was dependent upon the operations of this factory.

Early in this year the local bank became insistent upon the payment of the company's loan, amounting entirely to $36,000. A similar amount was owing to merchandise creditors. Every effort was made to obtain leniency on the part of the bank, to no avail. Finally, the bank ordered liquidation of this concern, thus throwing out of employment 150 people and destroying a business which had built up an enviable reputation in its 35 years of existence. When these 150 people were thrown out of work it meant that 150 families dependent upon their earnings were forced to the relief rolls, because other employment in that community could not be found.

If this concern could have obtained the money it needed, there was every certainty that it could have met its obligations, and by the fall of this year begin to show a profit from its operations. The tragic part of this situation is that when liquidation has been completed and all the obligations cleaned up, the company will still be in a perfectly solvent condition. Could this concern receive some sort of direct loan as provided for in this legislation, it will be able to resume its operations. In the meantime, its machines are idle, its door closed, and 150 families in a small community are destitute.

Let me close with a few excerpts from letters I have received on this subject.

If at the present time I had at my disposal $2,000, I could put 10 more men to work and take them off the welfare list. I could keep them going for 6 months or more, but by the time this bill passes (if it does) it will be too late to be of any help to me. Nevertheless, I certainly hope that it passes, as it will do others good. I am living up to the N.R.A. to a letter.

Here is another:

Your H.R. 7666, is very appealing to me, as I met with dismal failure when I applied for a loan of but $12,000, and was turned down. That is why we did not take on some 70 skilled electricians. The factory is still closed.

Record: Always paid dividends. Land, building, machinery, all free and clear—value, $35,000. Wanted but $12,000 to start production, on many orders, some of which were for United States Government. Application turned down.

Here is another:

Ours is not the problem alone of putting more men to work but the problem of keeping the men now employed at work. We stressed this point very strongly in our application, that individually our problem is insignificant, but collectively there are thousands of manufacturers throughout the country similar to us, which add up to a tremendous figure. To permit a great many of these manufacturers to discontinue operations on account of lack of financial assistance would go a long way toward nullifying the benefits of the N.R.A.

My opinion, after the treatment I have received from the local banks, simmers down to just this: For some years past banks loaned to concerns who were poor risks. In order to protect their own poor investment, they were forced to put more money into these concerns to keep them going. Competitive concerns were given no loans and the banks were putting out of business the deserving manufacturer who was not forced to ask for loans until the depression came upon it. Until the Government can allow small deserving concerns to get loans through them, industry will remain at a standstill. Take a survey of the United States; you will find it is the small industry which makes up the greater part of it, yet large industry can get millions to continue on. Farms have been saved, homes, etc., yet the most deserving of them all—small industry—has been allowed to sink for the want of a small amount in loans with which to carry them through and keep their men employed.

The writer feels that one of the surest ways to help eliminate the necessity of appropriating enormous amounts of public funds for relief purposes is to provide working capital for industries in a position—and many can so demonstrate—to use these funds advantageously, transferring people from relief to industry pay rolls.

Mr. LUCE. Mr. Chairman, I yield 10 minutes to the gentleman from Illinois [Mr. DIRKSEN]

Mr. DIRKSEN. Mr. Chairman, a little earlier in the afternoon a question was raised in connection with one provision of the bill dealing with loans to drainage and levee and irrigation districts. I am drawing entirely on memory, but if I remember the text of the provision in the Agricultural Adjustment Act whereby we first made available $50,000,000 for drainage districts, we also wrote into that act a provision that none of the money was to be used for expansion purposes and for bringing under tillage additional acreage. When the Interior appropriation bills were before this Congress, I believe the members of the committee and the subcommittee will bear me out, we wrote into those bills specifically that money should not be used in tilling additional acreage over and above that now existing in the country. The $50,000,000 that has been increased to $125,000,000 in this bill, is going to be used to refinance existing drainage districts. My good friend and contemporary from Kansas made the point that that was not essen-

tially a business. When 50 or 60 farmers get together and take commitments of 2 or 3 or 4 or 5 thousand or even 10,000 acres of land, go through the procedure of the county court, erect earthen levees to keep out the water, dig ditches, build pumping stations to keep down the water table in the land, tile it, have commissioners appointed who are under the jurisdiction of the county court, does it not seem that that is a business in the strict sense of the word? Then why should not the hundreds, even thousands of drainage districts that have been so organized, that are suffering from depressed agriculture prices, not be given the benefit of a bill of this kind.

Mr. TERRELL of Texas. Mr. Chairman, will the gentleman yield?

Mr. DIRKSEN. Yes.

Mr. TERRELL of Texas. Does the gentleman think this character of loan is safe to the Government under the present condition of those districts over the country?

Mr. DIRKSEN. The gentleman means so far as the drainage districts are concerned?

Mr. TERRELL of Texas. Yes.

Mr. DIRKSEN. In view of the fact that in almost every instance mortgages have been scaled down and bondholders have been willing to deal with the owners of the land in order to make it possible for them to continue to till the land, I am reasonably sure that on the reduced valuation it is an entirely safe loan.

Mr. TERRELL of Texas. Everywhere I know anything about it they are insolvent.

Mr. DIRKSEN. How could they be otherwise than insolvent? How can districts in my State, for instance, where they had mortgages and assessments of as much as $100 to $125 per acre that accrued in addition to the general taxes and the original cost of the land, be otherwise than insolvent when corn was bringing 16 cents per bushel? It is simply not in the cards that they should be otherwise. But things have been placed on a more reasonable and moderate basis, and there has been a scaling down in the indebtedness, and they come up to approximately more nearly the value of the land, and I believe these are entirely safe. After all, let me ask the gentleman from Texas, is there any better security in the country than a piece of the real estate of that country?

Mr. CULKIN. Mr. Chairman, will the gentleman yield?

Mr. DIRKSEN. Yes.

Mr. CULKIN. These irrigation districts had the benefit of a moratorium recently, did they not?

Mr. DIRKSEN. I do not believe so.

Mr. CULKIN. Did we not pass a bill in the House that extended the payment of interest over the whole field of reclamation and irrigation?

Mr. DIRKSEN. You could not do that so far as private drainage districts are concerned. Doubtless you are referring to water districts in the Western States.

Mr. CULKIN. Assuming that is so, it is a confession of insolvency.

Mr. DIRKSEN. Nobody makes any question about that.

Mr. CULKIN. So you are going to loan money to insolvent irrigation districts?

Mr. DIRKSEN. They are insolvent only insofar as inflated values are concerned.

Mr. CULKIN. What I am interested in is this proposition. I realize the difficulty in which these people find themselves who got onto these projects mistakingly under the impetus of propaganda from the Interior Department. Does this include any new projects?

Mr. DIRKSEN. I do not believe it does. In fact, I am sure it does not. It is nothing more than an amendment to the original act.

Mr. CULKIN. Is the gentleman on the committee?

Mr. DIRKSEN. No; but I gave special attention to it at the time the original bill was under consideration.

Mr. DRIVER. The original bill provided that it was only existing districts at that time that were affected. The gentleman talks about a moratorium. That was only on the water rights; it was not on the bonds, the outstanding securities of the district in existence, but only on the charges to the existing districts for the water furnished to the users.

Mr. PIERCE. Will the gentleman yield?

Mr. DIRKSEN. I yield.

Mr. PIERCE. That pertains to districts which the Government built.

Mr. DIRKSEN. That is right.

Mr. PIERCE. It was not privately owned districts.

Mr. DRIVER. That is correct also.

Mr. MARTIN of Colorado. Will the gentleman yield?

Mr. DIRKSEN. I yield.

Mr. MARTIN of Colorado. When the court is arguing with you, a lawyer ought to keep still. We gentlemen from the West certainly appreciate the attitude of the gentleman from Illinois [Mr. DIRKSEN], but I want to say to some of the other gentlemen that to deny these drainage and irrigation districts the relief afforded by this amendment is tantamount to pronouncing the death sentence on them economically.

Mr. DIRKSEN. Precisely.

Now, in the few moments that remain I want to bring one matter to the attention of the members of the committee. There is not a Member of this House who probably has not been supplicated by some of his constituents who have made application for a farm loan, who in many instances have had to wait 5, 6, 7, or 8 months for action, and sometimes a foreclosure was obtained and the man's estate lost. It occurs to me that when a recommendation is made by the advisory committee and the same action is had by the Federal Reserve bank in connection with the loan provision of this bill it would not be amiss to write in there that summary action and disposition of an application must obtain not later than 60 days after the application has been filed. What good does it do when a man is in difficulty and needs working and operating capital in his business to have to carry on, waiting for all the procedure and the red tape that too often is involved in an application of that kind, and then find that the money comes too late for him to make a prudent or timely expansion of his business or to augment his pay roll or do all these other things that are so necessary for recovery? It seems to me that any Federal Reserve bank, any advisory committee could inform itself of the facts and make summary disposition of every case within 60 days after the application is filed. I should like to see that kind of an amendment to this bill.

Mr. REILLY. Will the gentleman yield?

Mr. DIRKSEN. I yield.

Mr. REILLY. Suppose they get a thousand applications immediately, how could they handle them all in 60 days?

Mr. DIRKSEN. They should have sufficient machinery to do it, I will say. Moreover, applications could not be filed until the administrative machinery has been set up. Sixty days should therefore be ample time.

Mr. REILLY. But we must leave something to the discretion of the Board.

Mr. DIRKSEN. But we left so much to the Farm Credit Administration——

Mr. REILLY. Does the gentleman know that hundreds of thousands of mortgages have already been handled by the Home Owners' Loan Corporation?

Mr. DIRKSEN. I will say that I do, but, however, the gentleman has probably had the same experience I have had, in having a great many of these things jockeyed around month after month, all because of some fancied appraisal that they would not make. There is not a Member of this House who does not have farmers in despair and difficulty because the appraisers of the Farm Credit Administration and the mortgagee cannot get together on the value.

Mr. REILLY. That is not the case in Wisconsin.

Mr. DIRKSEN. If we are going to have these differences appear with respect to the valuation of property and soundness of the security offered by some person who makes application for a loan under this bill, what assurance is there that these small business institutions will not be jockeyed around in precisely the same fashion? I am heartily in favor of this bill. I have got a dozen out there who are

ready to put in their applications the day the President affixes his signature, but I want to see that it is not hamstrung, covered up with red tape, covered up with procedural difficulties that will chase them all over the country, and after 6 months of heart-breaking effort, find it was nothing except a rainbow and that it did not mean anything.

The CHAIRMAN. The time of the gentleman from Illinois [Mr. DIRKSEN], has expired.

Mr. PRALL. Mr. Chairman, I yield 5 minutes to the gentleman from Texas [Mr. PATMAN].

DIRECT LOANS TO INDUSTRY

Mr. PATMAN. Mr. Chairman, this bill as it came from the other body could not be considered a bill providing for direct loans to industry. It provided that the Federal Reserve banks may extend loans to industry under certain exceptional circumstances. They have that power now, and they have had that power in the past. Practically, the only difference is that the paper may extend as long as 5 years under the new proposal. It makes no difference whether it is 1 year or 5 years, the Federal Reserve banks will not make those loans. We know that.

BONUS OF $140,000,000 TO FEDERAL RESERVE BANKS

In addition to that provision in the bill coming from the other body, there was another provision which gave to the Federal Reserve banks of this country a bonus, a pure bonus, a gift, a subsidy of approximately $140,000,000. In addition to that, there was a provision which permitted the Federal Reserve Board to build a separate institution from the Government of the United States, get out of the Treasury entirely, build their own building in Washington, D.C., over which they will have exclusive control, at an expense of a million dollars. That is the kind of bill that came to this House from the Senate. I want to commend this committee, of which the gentleman from New York [Mr. PRALL] is chairman, for making a real bill out of the Senate bill that was sent to this House.

REFUSAL OF LOANS BY BANKS

There is a provision in the bill, as amended by the House committee, permitting Federal Reserve banks to extend loans if they want to, but no gift of $140,000,000. Under the terms of this bill, if it is enacted into law, your constituent will not be required to show the R.F.C. that he went to his member bank and presented certain evidence of solvency and adequacy of security; he will not be required to show that he went to the Federal Reserve bank and tried to get accommodations there other than to make the statement to the representative of the R.F.C., "I have been to these different institutions, and I cannot get the kind of loan I need for a reasonable price, and I am coming to you." Such a statement will be sufficient for the R.F.C. representative to deal with that person and extend to him a direct loan.

GOOD BILL

This is a good bill. I would extend it from a limit of $100,000 to a limit of $1,000,000, because I know that the R.F.C. cannot safely lend more than $300,000,000 between now and January 31; and since $300,000,000 is enough, even with $1,000,000 loans—there will be a few of them—let us put the money out and let these $1,000,000 loans be extended if needed and adequate security is offered. Of course, preference should be given to small loans.

REAL FIGHT LATER ON

The real fight on this bill will come when it goes to conference, and I want to warn the Members of the House right now that ever since the Federal Reserve Banking Act was enacted at practically every session one chiseling amendment after another has been enacted by Congress until the Federal Reserve has ceased to be the institution it was supposed to be and has become a profit-making institution for private banks owned by private corporations, using the Nation's credit free of charge, without even paying taxes on their transactions, and without paying the Government of the United States a penny on earth. There is another chiseling amendment which will be proposed in the conference. As I say, the real fight is not here; but when this bill goes to conference I have every reason to believe that the other body is going to insist that you give these Federal Reserve banks a bonus of $140,000,000, that you let the Federal Reserve get away from the Treasury of the United States and construct its own building, at an expense of $1,000,000 to start on, and get out from under the same roof with the Government's representatives. They will insist on these provisions or not agree to direct loans to industry. As for myself I will have no bill before I will have the Federal Reserve bonus bill that was passed by the other body. [Applause.]

[Here the gavel fell.]

Mr. PRALL. Mr. Chairman, I yield 5 minutes to the gentleman from California [Mr. FORD].

Mr. FORD. Mr. Chairman, I expect to support this bill because I believe that under its provisions the R.F.C. will be changed from an institution set up to loan money in the main to the bigger interests of the country into one designed to loan money to the small industries of the United States. I am convinced that this new policy will serve to diffuse in a broad way the great blocks of capital that the Congress has been giving that institution.

Mr. JOHNSON of Minnesota. Mr. Chairman, will the gentleman yield?

Mr. FORD. I yield.

Mr. JOHNSON of Minnesota. The gentleman uses the term "small business." Will the gentleman explain what he means by a small business? Will the garage man, the summer-resort man, the person who owns a small sawmill or planing mill, be in a position to borrow from the Government?

Mr. FORD. As I read the provisions of this bill any individual, partnership, or corporation can go to the Reconstruction Finance Corporation and upon the presentation of proper and adequate security get a loan with which to conduct his, their, or its business if by so doing an increase of employment can be shown.

The Reconstruction Finance Corporation was praised highly by a distinguished Member [Mr. FISH] on the other side of the aisle. I can agree with the gentleman that it has been one of the factors that have contributed a great deal to help in this emergency. It saved the great insurance companies, whose failure would have been a calamity to the entire country. It saved great banks, whose failure would have been a calamity in their particular sections of the country, but it did not save all of them. It saved the railroads, which were on the verge of stopping operations. For these reasons it did a great service to the Nation; it kept the wheels of transportation turning to a great extent; it kept the great banking institutions operating; and it kept the great insurance companies solvent so that the beneficiaries of the policies felt reasonably certain that in the event of the death of the assured the policy would be paid. Even though it accomplished all this, there was still one field not open for it to enter under the provisions of the act, and that is the field of making loans to small industries, loans to help the average, the common man.

In this connection I shall support an amendment that will be offered to enable the Reconstruction Finance Corporation to loan to cities or governmental subdivisions desiring to purchase existing utility facilities in order that they may provide power to their people at a lower rate, providing those cities are taking power from one of the great power-producing units in which the Government has invested its money. By incorporating such a provision in the bill we will work a double self-liquidating plan, for we will enable the city which is to sell power to its people to liquidate its indebtedness and we will be assisting the United States Government to liquidate the investment it now has in these vast power enterprises by giving them additional customers for the power, thus enabling these investments to be liquidated and assuring a return to the United States Treasury of the taxpayers' money.

Mr. Chairman, I yield back the balance of my time.

Mr. PRALL. Mr. Chairman, I yield 3 minutes to the gentleman from Indiana [Mr. LUDLOW].

Mr. LUDLOW. Mr. Chairman, this is one of the happiest days of my life, legislatively speaking. I have long been an

advocate of this sort of legislation. I think the Committee on Banking and Currency is entitled to the highest praise for bringing in a splendid work of constructive statesmanship.

I believe this bill will do more than any other that has been passed at this session of Congress to restore normalcy and to relieve unemployment in the United States.

I was brought into this picture as the result of numerous applications to me, in my representative capacity, by business concerns of Indianapolis, Ind., which, in part, I have the honor to represent, who found themselves entirely unable to proceed with employment and operations because of their inability to secure funds from the banks for working capital. I presume I have as many as 50 such applications.

The district I represent perhaps includes as many as a thousand factories which are prostrate, because they are literally starving for working capital.

I believe, gentlemen, that there is one road, and only one road, that leads to industrial normalcy and unemployment relief on a large scale. There is only one way to revive stagnant business, start the wheels whirling, and give self-respecting men jobs that will enable them to earn a living for themselves and their families.

The way to do that is for the Federal Government to make loans to good, solvent concerns that have ample security, but no working capital with which to start operations. Half a billion dollars loaned direct to industry would create at least a billion-dollar pay roll in the year 1934.

We have already spent, or committed ourselves to spend, more than six times that sum on uneconomic public works that have not made a dent on the unemployment situation. Think how many men could be taken off the relief pay rolls and placed in steady jobs with a pay roll of a billion dollars.

"Start the factories" is the best slogan I can think of at this time. It would fit our economic situation like a glove, and would round out the President's program, opening the way for absorption into normal employment of millions now engaged in civil works. It would give business men and manufacturers a chance to operate, and it would afford millions the welcome opportunity they are seeking to earn a living in normal employment and not at the expense of the taxpayers.

I sincerely believe, gentlemen, that unless some bill embodying this principle is passed by this Congress, there will be an indefinite continuation of the industrial paralysis that grips the country, and that the situation will become increasingly serious, because no way will be provided to absorb into normal employment the multitudes that have been engaged in civil works.

I believe the time has come in the development of our national program when we should cease spending, except for immediate and necessary relief, and should devote our thought to the advancement of recovery through natural processes.

Let us make it possible for natural laws to operate in putting the country on its feet.

I have asked for an allotment of time in this debate to call the attention of the House and the country to what I believe to be the importance of this proposition now before this Congress as an aid—I may say an indispensable aid—to the restoration of normal business activities and the resumption of employment, and that is a wisely safeguarded provision whereby direct loans may be made through the Reconstruction Finance Corporation to reliable firms and corporations for working capital to start the wheels of industry. On the opening day of the present session of Congress I introduced a bill which follows:

To aid in the resumption and carrying on of normal business and industrial activities, the Reconstruction Finance Corporation is authorized to make direct loans to approved firms and corporations, such loans in all cases to be made under proper safeguards and to be based on securities that are adequate to guarantee repayment of principal and interest in full: *Provided*, That such loans shall be limited to providing funds for working capital.

That bill embodies the principle embodied in the legislation we are now considering.

I think it is quite clear that here is the way toward industrial normalcy. Here is the program that will erect the bridge between civil works and regular employment. Industry stands ready to do its part, but industry cannot do its part because, speaking broadly, it has no working capital. I am referring now not to the enormous businesses that may be better fortified financially, but of the thousands upon thousands of smaller concerns that make up the bone and sinew of the American business fabric. They have valuable assets, but no money to buy raw materials and to pay work hands, and if they take their securities to a bank to pledge them for working capital they cannot borrow a dime.

And be it said to the credit of these thousands upon thousands of business and manufacturing concerns that they are 100 percent patriotic and want to do their full duty toward lifting their country out of its distress. There is no doubt about that. Given an opportunity to borrow working capital, they will call the multitudes now on relief into the factories and workshops. Smoke will start in the factory chimneys, the wheels will whirl once more, and business will begin to hum.

So I say, without criticizing the recovery program up to date, because it has been more or less a process of doing the best one knew how to do and trusting to luck, the time unmistakably has come when we should cease spending and begin lending; when the dollars of Uncle Sam should be loaned for working capital to reliable concerns on unimpeachable security with a warranty that ultimately every dollar will come back with interest to the Federal Treasury. This is a way to lend the credit of the Government to business and industry on a gigantic scale with assurance in advance of benefit to millions of people. This is a form of Government assistance that is sound and logical.

Mr. PRALL. Mr. Chairman, I yield 3 minutes to the gentleman from Indiana [Mr. FARLEY].

Mr. FARLEY. Mr. Chairman, most of the time in general debate has been spent in talking about loans to small industries. I want to call attention to one part of the bill of which slight mention has so far been made, and that is the section which broadens the powers of the R.F.C. to facilitate exports and imports.

We must have an outlet for the things which we manufacture and produce in America. It is a known fact that the facilities for export need this assistance at the present time and have needed it for many years. It has been to our discredit for some time that the Government of the United States and our financing institutions were so poorly built up to finance exports and imports from and to other countries. It is a very necessary thing, and is a commendable part of this measure and should stand as is.

Something has been said about the limit of $100,000 to be loaned to any one industry and that this amount should be increased. We all know that there are human frailties, and in the administrative forces it is much easier to have one customer with whom to correspond, keep books for, and be in touch with than it is to have 10. When the $100,000 limit was put in this bill it was for the sole purpose of reaching out and helping the smaller industries of the country. This provision should prevail.

I have had a great deal of pleasure in working on this bill and in working with the committee who gave so much time to the consideration of it, and, to my mind, it is the keystone in the arch of the reconstruction program. I am very happy to be a party to its enactment. [Applause.]

And likewise all the constructive legislation enacted since Franklin D. Roosevelt was inaugurated President of the United States, and what a busy administration it has been. There is probably no parallel in the history of American Government which equals it. The first administration of Woodrow Wilson was looked upon as one of outstanding accomplishments and of many fundamental changes in our governmental questions, but it pales into insignificance when compared with the year that is just closing. This past year will undoubtedly go down in history as an administration that properly and successfully consummated more

fundamental changes in our governmental policies than any in the past. From the time Mr. Roosevelt made his inaugural address at the east door of the Capitol and said, "What the country demands, and demands now, is action", even his friends and admirers were not aware that he was a man of such action as he displayed the moment he repeated from memory the oath of office administered to him by Chief Justice Hughes at exactly 1:08 on the afternoon of March 4; and from that time every hour of the day has been crowded with chapters of vivid action. No one could have been present on that memorable occasion without having been fully charged with the idea that here is a man who knows what it is all about, who has a heart that beats in sympathy with all classes of American people, and has courage enough to execute the thoughts of his mind and feelings of his heart.

Within a few hours on that same day, a new Cabinet, composed mostly of men and women unknown to the Nation, were sworn into their respective positions. On the following morning, before we were aware of it, he called into extraordinary special session the Congress of the United States and at the same time proclaimed the national bank holiday. The financial institutions of the country were crumbling. There was a wide-spread feeling of impending disaster.

Various influences good and bad were at work in the country, and even the most optimistic persons could see very little ahead but gloom and shadows. He and his advisers set about at once to restore equilibrium in the banking structure, and from that bank holiday there came an opportunity for the refinancing and reorganizing of the banking structure throughout the length and breadth of the land, so broad and workable that on January 1, 1934, only 5 percent of all banks in existence that desired it were denied admission into the banking-insurance provisions. In my own district much has been accomplished in that direction. It is not necessary that I at this time uncover any of the unfortunate remembrances of what was going on in northeast Indiana. I have confidence in business men and always have had. I am not one who presumes that because a man is a banker he is necessarily a rogue and dishonest. Some of the finest men in character and mentality have been identified with these progressive institutions. They were just reaping the reward, not entirely of their own choosing, which mania had been provided on the part of stockholders and investors, and many things were done which they thought were wise at the time that proved in the end to be disastrous.

It has been my pleasure to serve on the Banking and Currency Committee of the House, in which capacity I have had opportunity to see 85 percent of the constructive financial bills go over our table. This has given me an opportunity for a wider study of the situation than normal, and if I have done nothing more for my district in my short term in Congress than to assist the banks of this district back to a better and safer basis, I shall be very happy in its remembrance for years to come.

When the deposit guarantee bill was being considered in committee there was some demand for it, but it was an unorganized demand, and there was likewise very strong organized opposition to it. When the bill was first introduced it was intended that it should not become operative until July 1, 1934, but a provision was placed in the law making it possible for Executive order to make it become effective earlier, and the President set the figure of $2,500 as a maximum on which the Corporation would insure these deposits.

We were told that a number of State banks in the West had tried the guaranty banking plan and that it had failed. Careful investigation into the cause of that failure was that it was not properly organized and adequately financed. In this new set-up, sufficient money direct from the Reconstruction Finance Corporation and from the Federal Reserve banks has been allocated to the Corporation, together with the assessments on the stocks of the banks themselves, that makes this look like a success. Up to the present time in the session of Congress now being held there has not yet appeared before our committee any group protesting the continuance of this guaranty deposit, but there have been many corporations demanding that it will continue and that the provisions be made stronger, and I have a feeling that for many years to come this will be one of the safeguards to American bankers which both the bankers and the people want. Deposits have increased $2,000,000,000 since the first of the year, and the Deposit Insurance Corporation is making a million dollars per month and have not yet had a bank failure.

There has been much complaint of funds going out of banks to Postal Savings. Postal Savings accounts were increased by over $106,000,000 over a period of 30 days, beginning March 1, 1933, and now, with this law effective, there is very little or no use for Postal Savings. There are approximately 700 counties in the United States that have no banking facilities, and if it were not for these 700 counties, I am inclined to think that the interest rate would be reduced to a point where no one would care to have their investment in that direction.

On March 9, Congress convened in special session and put their stamp of approval by legislation on the emergency-banking program.

On March 11 the economy measure was passed by the House, and 4 days later by the Senate.

There has been wide condemnation of the Economy Act. To be sure this act did do some things that we later have found were too drastic, but to you who have taken time for investigation and know the wide-spread abuse that had grown around the various agencies receiving money from the Federal Government, you know this had to be done. We were told in the beginning that many of these measures were of an emergency nature, and most of the legislation passed terminates of its own accord on specified dates.

We have men now who are asking for the repeal of the entire Economy Act simply because they have a feeling it is too effective in one direction; but when you take the program as a whole, I still think that the President was wise in asking for this authority, and, with his sympathetic nature, the various injuries that seem to have been done are being corrected.

On March 13 national banks were reopened. The following day stock exchanges reopened, with stocks advancing in price; hoarded gold began pouring back to banks, along with streams of hoarded currency.

In the meantime, the beer bill had passed the House and later the Senate, which made it become effective 1 minute after midnight on April 6. One of the outstanding issues of the last campaign was fought out on the question of the repeal of the eighteenth amendment and the modification of the Volstead Act. We are not so far away from the result of the action in Congress on that subject that we cannot carefully weigh what was done. I have said, and repeat it, that the people who are interested in genuine, true temperance have a tremendous task before them to regain the ground which was lost in the years of Volsteadism. Unusual action is always followed by reaction. One always chills more readily after a period of vigorous exercise, and I am hopeful that this liberty restored to the American people will not be abused, and that we shall have growing into maturity young men and women who are temperate and courageous.

I was severely criticized by various interests for my statement in opposition to the Federal Farm Board. I could not see where it had been of any advantage to the American farmer, and was very happy when on the 27th day of March the President abolished the Board and united all farm agencies into one administration. We are making progress toward the relief of the American farmer; and while there is justified complaint that the machinery is not active, namely, the Federal farm banks are not acting liberally enough to relieve the distress of the American farmer, we are making progress in that direction, and many millions of dollars are being loaned each day to refinance farm mortgages, and you will see this agency speeded up from this time forward.

On March 31 Mr. Roosevelt set up the Civilian Conservation Corps to employ 300,000 idle men. That seemed like a gigantic undertaking, but I think we have all lived to realize what one of my Republican colleagues said in the House recently, "that one of the finest pieces of Executive order was the establishment of these camps" that took these thousands of idle young men from cities and towns and put them out into God's open country to useful work. On December 21, Robert Fechner, Director of Emergency Conservation work, issued a statement, which in part follows:

I have today forwarded to President Roosevelt a complete statistical report outlining the major forestry projects completed by the men of the Civilian Conservation Corps and the Indian conservation camps during the first 6 months' enrollment period ending September 30, 1933. The report, covering a tremendous volume of construction and improvement work, carried the first complete figures showing forestry army accomplishments for the whole Nation. In making public the work achievements of the 300,000 men sent to forestry camps as a part of the President's general relief and national recovery program, Director Fechner asserted that the work record made by the young foresters was one in which the whole country can take pride. He asserted that all past records for forest protection and forest improvement work completed in any one year in the United States by Federal and State forces had been greatly surpassed by the forest army of 1933.

The report, compiled from official work records prepared at the 1,522 camps where the men of the Civilian Conservation Corps and the 8,000 Indians of the Indian conservation camps labored during the summer and fall discloses that the work done will benefit large sections of the 600,000,000 acres of forest and park lands in this country. The benefits of forest improvement, forest protection, soil erosion, and park improvement are not confined to the immediate acres where the men worked, but are spread over millions of acres of adjoining lands. The figures show that 12,671 miles of trails were built, that the men constructed 68,000 soil-erosion dams, spent 400,000 days fighting forest fires, built 4,229 bridges, planted trees on more than 25,000 acres, and began planting operations on an additional 50,000 acres.

Disease-control work was completed on 1,675,000 acres, rodent-control work on 3,566,918 acres, and insect-pest-control work on 800,153 acres, and poisonous-plant-control work on 47,459 acres.

The great bulk of the work done was accomplished during the months of July, August, and September, as the strength of the forestry army did not reach its peak of around 300,000 until the middle of July. The report does not include the large amount of forest work that has been done in October, November, and thus far this month, as accurate figures on this period are not yet available. The work was done under the supervision of the forestry experts of the Department of the Interior, the Department of Agriculture, and the 47 States where the men were located. Twenty-eight camps containing 5,600 veterans did flood-control work under the supervision of the Chief of Engineers of the War Department. Of the 1,522 camps in the continental United States, 1,250 were under the supervision of the Forest Service, 175 under the Office of National Parks, Buildings, and Reservations, 71 under the Bureau of Indian Affairs, 28 under the Chief of Engineers, 3 under the Bureau of Biological Survey of the Department of Agriculture, and 1 under the General Land Office.

Improvements done by the C.C.C. men and the Indians will prove of permanent value to the forests. The forest resources of the Nation have been given new and valuable protection from fire, pests, and disease which in the past have taken an annual toll estimated in the hundreds of millions of dollars. Stands of timber have been improved, erosion of land checked, ranges for the great livestock industry improved and recreational facilities for the public multiplied. The value of our national and State forests and our national parks has been greatly enhanced.

I am happy that the program contemplates the continuation of this work for the present summer, and it now looks favorable that the Fourth Congressional District is to have two, and I hope three camps located within its border. On the 28th of April, the Senate passed the farm bill which added the Thomas inflation amendment, granting unusual powers to the President, and likewise, the privilege if he desired, to issue $3,000,000,000 in currency to retire interest-bearing bonds. Up to the present time he has not used that authority and I doubt now whether he contemplates doing it. It was at this time when the question came to the floor of the House to relieve the Government and all others of contracts that were payable in gold. I was one of nine Democrats who voted in opposition to that resolution. Subsequent events show that those in authority themselves were just building up a program that would lead to the final revaluation of the gold dollar.

I sat in the White House conference when that question was discussed and the program outlining the result is known to all of you today. The gold content of the dollar has been reduced and it now looks as if even the strongest opponents, men like Vanderlip of New York, are admitting that the move was not only courageous but that it was wise.

I receive from time to time, many letters out of this district, asking me to work for a parity between gold and silver. I repeat what was said in substance at that White House conference:

Until we have found the wisdom in our act with reference to the devaluation of the gold dollar, there is nothing further that can be done for silver at this time.

I do not pose as a monetary expert, but I do know this, that there must be sufficient currency to take care of business needs and that the dollar must have purchasing power. I think the American dollar is one of the best dollars in the world today and it does buy food and clothing, pays taxes, takes care of interest on investments, and future generations will undoubtedly present their stamp of approval upon this action of our great President at a time when the country was sorely depressed.

On May 12 the bill was signed by the President, creating the Agricultural Adjustment Administration, which contained a provision for $500,000,000 for employment relief, and what a God-send to the Nation that provision has been. That, together with the $400,000,000 allocated from the Public Works funds, has been the nucleus of the Civil Works Administration. The C.W.A. program has been very widely acclaimed and popular. It is hardly possible to conceive what might have happened to this country at large during these winter months if it had not been for that direct relief to the people. Many men who had never known want found relief in this administration. The Fourth Congressional District has been particularly fortunate in that no scandal has attached itself to the administration of these funds. This expenditure of money has given direct relief to every faltering business concern in this city and in the adjoining towns. Just within the last few days we have voted an additional $950,000,000 to be used in this direction and with the Public Works Administration. The P.W.A. program has not yet begun to function in its full strength. The $3,300,000,000 that was appropriated has not yet been spent. Some of it has been, but a large percentage of it is yet to be used, and you will find with the coming of spring that many of these projects which have been approved will start on their road to completion.

What you want, what we all want, is that labor shall have its just reward and an opportunity to earn its daily bread, and I am confident that this program will be continued until such time as men are restored to their former working positions.

I trust that I do not weary you with reciting these events that have happened day by day, but I am anxious to give you a complete picture of just what has happened in this year with Roosevelt.

May 18 the Tennessee Valley Authority bill was signed, ending the 13 years of dispute over the question of the giant costly power, munitions, and fertilizing plants at Muscle Shoals.

On May 26 the National Recovery Administration Act passed the House, carrying with it the appropriation I have already mentioned.

May 27 the securities bill, very much misunderstood, and at present a storm center, was signed. Following in quick succession was the Wagner employment service bill, vetoed by Mr. Hoover.

When we completed our session on the 16th day of June the National Recovery Act, deposit insurance, independent offices bill, dealing with cuts in veterans' benefits, and the deficiency act, had become a reality in law.

I do not have sufficient time to discuss here the N.R.A. and its various workings. There are conferences now being held in the city of Washington at which 7,000 representative men in business and industrial labor have been invited to participate and work out and correct the various codes. This whole scheme so revolutionary of necessity has had some errors and faults, but undoubtedly it will work out to the good of all.

Under this act the Sherman antitrust law becomes almost inoperative, but I have confidence in business integrity in America and do not feel that business men will take advantage of that situation, and while capital profited by the abrogation of a law that had lost its usefulness, labor at the same time won its greatest victory. Each laboring man and every laboring organization in this land has reason to think of, and to praise the day, when the N.R.A. became a law. I likewise have confidence in labor and its leaders, and do not expect and hope that you will not take advantage of this situation, build your organizations not to destroy but to cooperate, because our interests are all identical.

I want to compliment the Home Owners' Loan Corporation in the State of Indiana. At Washington they speak of it as one of the most successful in all the States, and when I do this, I want to justly compliment Mr. Stephen B. Fleming for the way he is administering that act in the district to which he has been assigned. There is nothing more disastrous, nothing that will destroy initiative more than for a man to be facing the loss of his home, in many cases the result of a lifetime toil and saving. I am happy that this Home Owners' Loan Corporation is being so successfully operated and that thousands of homes are being saved with a good long time to pay the indebtedness. These loans cannot be made indiscriminately. They must be handled on a safe business basis, because back of it are the bonds that the people must take in return for mortgages, and while there are some who are not getting this relief, in the main every distressed mortgagor will be helped. Just now there are modifications of the law which is permitting them to improve their homes and keep the properties in repair. This is a wise business proposition, as these homes are all owned by one corporation and the bonds that are outstanding are not the bonds on an individual property but the bonds on all of the properties which they hold. I anticipate before this session of Congress is closed that these bonds will be guaranteed as to principle as well as interest.

Agriculture has not yet had its part in this recovery, but it is going to come—it just takes time to work out some of these problems, and if the farmers will cooperate with the various measures that are being worked out you will find that before this year has passed, the prices of the products which you raise will be coming back to normal.

Just now the question of the veterans' compensation is being widely discussed. The four-point program of the Legion is being represented in Washington by a very capable group, but one by one the Executive orders are taking care of these various items.

The Executive order of January 19, which was liberalized practically every phase of this contested question, is beginning to be felt. There is some question even in the Legion about the fourth point of their program. You know, there are widows, who are still drawing pensions, the wives of soldiers who fought in the War of 1812. I am confident that when this legislation which the veterans themselves want is worked out that these various points will have been covered.

I assume you want to know how I feel on the question of the soldiers' bonus, better called "adjusted compensation." I told you in my campaign last year that I favored the settlement of that question whenever it could be done without embarrassment to the Treasury of the United States. I now feel that it can be done. I am confident that some set program is going to be worked out on that subject. As I look upon it, these claims mature in 1945. There is not a business house in this city that does not anticipate its accounts. To many, it is just anticipating our debts we owe to the boys that hold our obligations, and when that bill comes to the floor of the House I expect to vote for its passage.

I have only touched a few of the high spots in the program. Already the confidence of the people in the program has been reflected satisfactorily everywhere.

What seemed to all of us a short year ago as the evening twilight has turned out to be just the dawn of the morning and a new day.

Mr. LUCE. Mr. Chairman, I yield 2 minutes to the gentleman from Minnesota [Mr. CHRISTIANSON].

Mr. CHRISTIANSON. Mr. Chairman, I am heartily in favor of this measure, for it promises relief to the smaller industries of the country, whose pay rolls must be restored if there shall be a return to normal employment. My own home city of Minneapolis, its neighbor St. Paul, Duluth on Lake Superior, and any number of smaller communities throughout Minnesota, including St. Cloud, Stillwater, Mankato, Faribault, Red Wing, and Winona, have literally hundreds of factories that are handicapped by reason of the fact that their working capital has been depleted by 4 years of grinding depression. Many small manufacturers came to me before I left home to attend the present session of Congress, telling me their difficulties. Some of them said they had profitable orders on hand which they could not execute because they lacked, and could not secure through the regular channels, funds for raw material and labor. They had no more security to put up, their line of credit at the banks was exhausted; and so machinery was standing idle, men were unemployed, and interest, taxes, and unavoidable overhead expenses were increasing the red figures on their ledgers.

I can think of nothing the Government could do that would do more to revive business than to furnish assistance to the small manufacturer. The Reconstruction Finance Corporation has helped depositors by extending loans to banks; it has saved the people's life insurance by backing the insurance companies, it has insured jobs to thousands of railroad workers and continued transportation service for the whole Nation by coming to the rescue of the carriers. These forms of relief were commendable, they were necessary. But they were no more commendable and necessary than the recovery effort embodied in the present bill.

The committee, in my opinion, acted with prudence and good judgment when it decided to limit the amount to be made available for this purpose to $300,000,000. We must soon stop thinking in terms of billions, and get back to the modest million. Since I became a Member a little over a year ago I have voted "no" on $6,000,000,000 of expenditures authorized by this body. We are perilously approaching the end of national credit and we must soon, as I have warned times without number, husband our credit and taxing power.

Inasmuch as it is necessary to stay within the $300,000,000 limit the committee has imposed, I hope that we shall adhere to its wise decision that no one borrower shall have more than $100,000. That sum will take care of the needs of most small industries. Big corporations can usually get all the credit they need at the banks. Many of the larger companies still have reserves. Obviously if we raise the limit to $1,000,000, as some propose, we shall reduce the number we can help. What this country needs is not so many billion-dollar concerns but more small independent industries, scattered throughout the country. We should therefore reserve the funds provided in this bill for the little fellows.

The provision putting a limit on the salaries of officials receiving Government help is also commendable. Corporations which divert income which should go into reserves or be paid out in wages, or which should be reduced to insure lower prices to the consumer, are not entitle to help from the Government.

The amendment which I understand is to be offered to make a part of this money available for the acquisition of power plants in the Tennessee Valley and on the Pacific coast should not prevail. It is not my purpose to discuss the question of public as against private ownership of utilities. That issue should not enter into this debate. The question here is whether we should make it possible to take a large part of the $300,000,000 intended for the rehabilitation of small industries and use it instead to finance municipalities in two or three comparatively small areas which have already benefited from the National Treasury to the extent of hundreds of millions. I do not believe that power plants, whether publicly or privately owned, should share in this fund, for this fund is intended to help restore employment. A power plant will operate with the same crew whether the State or a corporation owns it. This measure

is one for unemployment relief, and every dollar used to finance the power industry in Tennessee, California, or Washington will mean one dollar less for stimulating small industry in Minneapolis, St. Paul, St. Louis, Indianapolis, and Buffalo.

While I am heartily in favor of this bill and will vote for its passage, I want to throw out a few words of caution. I do not believe that the enactment of this legislation should induce too much optimism on the part of those who operate small industries. Under existing laws, many of them could have received assistance through community mortgage associations if those charged with the responsibility of loaning R.F.C. funds had not seen fit in passing on applications to be even more conservative than the officers of commercial banks. It will do no good to pass this bill, or enact any other legislation to extend to business men credit they cannot get through the usual channels, if those charged with the administration of the law conceive it their duty to scrutinize the eligibility of borrowers even more closely than the bankers themselves. I have in mind one case in my own State. Three manufacturers formed a local association and made application for a loan. They were turned down because men here in Washington decided that one of the member corporations was not a good risk, despite the fact that the loan was recommended by an advisory board consisting of three hard-boiled Minneapolis bankers. It is conceded that every effort must be made to avoid losses, and that loans must not be recklessly granted. Nevertheless, it must not be overlooked that the purpose in enacting this and other similar legislation is to make available credit that could not otherwise be obtained and that would not be justified by strict banking practice, and that if this were not so we should not be even considering this bill.

This $300,000,000 is a sum that Uncle Sam is betting on the ability of the small business man to come back, and if it is loaned not only honestly but courageously, I am sure that Uncle Sam will win his bet.

Mr. PRALL. Mr. Chairman, I yield the balance of my time to the gentleman from North Carolina [Mr. HANCOCK].

Mr. HANCOCK of North Carolina. Mr. Chairman, ladies and gentlemen of the Committee, in view of the splendid explanation of the bill, S. 3487, as amended, which has been presented by the distinguished Chairman of the Banking and Currency Committee, and by the distinguished gentleman from New York [Mr. PRALL] who served as chairman of the subcommittee appointed to consider various amendments proposed to the Reconstruction Finance Act, it seems almost futile to make any further statement designed to aid the House in forming a conclusion as to the merits of this bill. It has, as you have been advised, the unanimous support of the Committee on Banking and Currency. It does not, however, go as far in its effort to afford relief to deserving business establishments as some of us would like for it to go. It is a compromise in many respects. But if properly and sympathetically administered, it should afford substantial relief to many distressed industrial and commercial enterprises which have been languishing for lack of capital requirements.

The main purpose of the measure is contained in section XI, authorizing the Corporation to make direct loans to any industrial or commercial business established prior to January 31, 1934, when credit at prevailing rates for loans of such type is not available at banks or the Federal Reserve bank in the district of the applicant.

This language may be somewhat confusing, but those of us who know the sincere purpose of the present management of the Corporation entertain no doubt that the relief provided in this amendment will be extended without requiring the usual red tape and an outlay of heavy legal and traveling expense. To qualify, an applicant must show that extension of financial assistance in the way of capital by the Corporation will insure continuing or increased employment. This, to my mind, is the heart of the main feature of the bill. All of us know that there are hundreds of crippled industries and business establishments of the small and medium-sized type which are in dire need of capital with which to carry on and to reestablish themselves in the business and social life of their respective communities. It is hoped that banks ultimately will meet most credit requirements for business and industry, but the hearings before our committee show conclusively that there is urgent need of supplementary and emergency credit for such business and industry. The amount appropriated for these loans is $300,000,000, and under the measure before us the amount of loans to any one borrower shall not exceed $100,000. I am inclined to believe that this amount should be increased. The authority to make these loans will end January 31, 1935, at which time the life of the Corporation expires. It is the hope of our committee that this $300,000,000 fund, which may be used as a revolving sum, together with the capital loans authorized in the bill to be made by the Federal Reserve banks from their combined surpluses, will be sufficient to care for the need for credits for capital funds supplementary to the usual or normal bank credits. Under the amendment to the Reconstruction Finance Act the loaning powers are temporary, whereas under the section amending the Federal Reserve Act the loaning powers are permanent.

Small industry has never had a permanent and dependable source of capital credit. It is not my opinion, however, that either or both of these provisions will be effective unless those in charge are willing to manifest faith in the recovery of this great Nation. To put this money where it will really do good and serve its primary purpose, appraisals of collateral and assets presented as security for loans must and should be reasonably liberal and be predicated upon normal and an orderly liquidation value. I do not understand, however, that the Reconstruction Finance Corporation or the Federal Reserve banks should or will be required to go beyond a reasonable business risk, and for that reason there will be many disappointed applicants. All of us realize that there are many industrial and commercial businesses which are beyond rehabilitation. In many instances their present plight is by no means due to mismanagement or poor business judgment. Their case is one for extreme sympathy but not for assistance based on sound business judgment. Personally, without intending to reflect whatever upon the present management of the Federal Reserve banks, it will be an agreeable surprise to me if they really use the powers which they are given under this bill in a spirit of affording relief and thereby hastening recovery. I am confident, however, that under the present management of the Reconstruction Finance Corporation the funds set apart for this purpose will be put to work in conformity with the purposes of this legislation.

There are a number of other important features of this bill designed to facilitate and safeguard obligations which the corporation has already undertaken. Section III is of considerable importance, in that it permits the Reconstruction Finance Corporation to extend the maturity of loans for a period of 5 years beyond January 1, 1935. Section X also provides for an important amendment to the Reconstruction Finance Act designed to aid in financing and facilitating exports and imports and the exchange of commodities between this and other nations. A full explanation of this section is included in the elaborate statement of the bill prepared by the officials of the corporation. I am incorporating herewith as a part of my remarks the latest detailed statement as to the operations of the corporation, which I feel will be of great interest to every Member of the House and to the country at large.

Since February 2, 1932, the date of its organization, the corporation has authorized disbursements for loans, purchases of preferred stock, capital notes, and debentures, aggregating over $5,500,000,000. In addition, the Corporation has disbursed practically $800,000,000 for relief.

The $5,500,000,000 includes $788,000,000 loans to or for the account of closed banks for distribution to depositors, and approximately $1,100,000,000 for the purchase of preferred stock and capital notes and debentures in 6,994 banks.

Probably the most important and far-reaching function has been the rehabilitation of the capital structure of the Nation's banks, both State and National, through authorizing the purchase of preferred stock and capital notes and

debentures. The investment of these funds has the twofold purpose of preventing further bank failures, thereby insuring bank deposits and enabling the banks to function in a normal way in the extension of credit. By helping the banks in this manner it has helped the depositors and borrowers. In its view a strong banking system, with every bank a sound bank, is essential to a sustained recovery.

Out of loans to 5,137 banks authorized, in the amount of $1,318,227,512.91, with actual disbursements of $1,113,478,-667.93, all has been repaid except $310,606,571.36.

Loans actually disbursed for all purposes aggregate $3,189,-198,230.87, upon which we have had repayments of $1,427,-807,838.10, or approximately 45 percent.

It may be of interest to note that 34.9 percent of its loans went to banks; 16 percent for disbursement to depositors in closed banks; 3.6 percent to building-and-loan associations; 2.7 percent to insurance companies; 6.1 percent to Federal land banks; 0.3 percent to Federal intermediate credit banks; 0.5 percent to joint-stock land banks; 0.4 percent to livestock credit corporations; 6.4 percent to mortgage-loan companies other than those made in the reorganization of banks; 5.3 percent to regional agricultural credit corporations; 12.5 percent to railroads; 2.5 percent to self-liquidating projects; 0.4 percent for the sale of agricultural surpluses in foreign markets; 6.25 percent for loans on agricultural commodities, including corn, cotton, wheat, and so forth; and 2.2 percent for other loans.

You will be interested to know that of loans aggregating $434,000,000 to 1,362 banks that closed after receiving loans, $250,000,000 has been repaid.

The Corporation is required to furnish the Secretary of the Treasury with funds aggregating $325,000,000 to enable him to purchase the capital stock of home loan banks and the capital stock of the Home Owners' Loan Corporation. Of this amount, practically $200,000,000 has been paid to him.

The Corporation is required to furnish $200,000,000 to the Land Bank Commissioner to enable him to make direct loans to farmers and $100,000,000 to make loans to joint-stock land banks. All of the $200,000,000 has been disbursed and $2,600,000 of the $100,000,000.

The Corporation was required also to allocate $200,000,000 to the Secretary of Agriculture to enable him to make crop loans. Of this amount $115,000,000 net was paid to him. The sum of $44,500,000 was used to provide capital for regional agricultural credit corporations and $40,500,000 was reallocated to the governor of the Farm Credit Administration. All of these amounts have been disbursed.

The Corporation's loans of 10 cents a pound on cotton and 45 cents a bushel on corn, insured the people in the cotton States and in the great Corn Belt a living price for these products. These and other loans for marketing agricultural products, have aggregated $210,000,000 to date. Loans to regional and other agricultural credit corporations, aggregating $189,000,000 were also in the interest of agriculture and the livestock industry.

Of the $220,000,000 authorized for self-liquidating projects, $80,000,000 has been expended to date. The work is well under way, and disbursement should be practically completed within the next 18 months.

With few exceptions, the Corporation's loans to railroads are well secured and its loss from these loans should be very small. Its gold operations were without profit or loss, the Treasury taking over the gold it had accumulated at cost and interest.

The corporation has authorized $18,500,000 in loans to industry through community-mortgage companies, but the procedure is cumbersome and unsatisfactory, for which reason it has asked the power to lend directly to industry.

These figures reveal the magnitude of the great work done by this agency of the Government which in effectiveness has no parallel in the history of our Nation. I doubt whether any other governmental agency in the world during the same length of time has ever rendered a more prodigious service to its people. It has, of course, made mistakes, some of which none of us would ever condone; but, all in all, it is my judgment that it has rendered a high, noble, and wise character of service without which the wreckage and ruin that was prevalent among our key financial institutions could not have been halted short of utter destruction. Throughout the dark days of 1932 and up until the present hour a genius in finance has aided in guiding its destinies. He is today the chairman of the Board. Mr. Jesse Jones has perhaps rendered as great a public service as any other American during this crisis. He has demonstrated a courage rare in times like these. His judgment has been almost uncanny. Though fair always, he is ever firm. But for his strong physique and powerful mental acumen, his arduous duties would have long ago put him out of active service. Men of every walk of life have sought his counsel during this depression, and so far as I know he has always shown a sympathy and a desire to help. Under his guidance and direction, assisted by an able corps of aides who are performing their duties diligently and conscientiously, the Congress should have no cause for worry as to the disposition of the funds entrusted to the Reconstruction Finance Corporation. Because life speeds along so indifferently and the roster of public servants changes so rapidly, I could not resist the temptation which this opportunity gave me of placing in the RECORD this deserving tribute to a great public servant. His unselfish devotion to and faithful execution of public responsibility have set a new high record of financial probity. Regardless of his power, his head stays on his broad shoulders and his big feet on the ground.

Mr. PRALL. Mr. Chairman, I yield 2 minutes to the gentleman from Indiana [Mr. CROWE].

Mr. CROWE. Mr. Chairman, I am heartily in favor of S. 3487, having for its intent and purpose making of direct loans for industrial purposes by Federal Reserve banks. This, in my opinion, will be one of the greatest sources to be had in aiding national recovery. In almost every town of some several hundred inhabitants up, there are more or less factories and manufacturers of various kinds. They tend toward the decentralization of the people, and they give employment to people of the smaller communities who otherwise would have no source of a livelihood, and they increase the general wealth of the Nation.

These smaller factories and industries have in the past been able to go to their banks for working capital. Being of the smaller units, they have not been able to offer their stocks on the market and in the stock exchanges as large corporations can do, but have confined themselves for finances to their own local communities. Accordingly, they have not overexpanded, neither has their stock been sold beyond the physical value of their assets. They are substantial and sound, generally speaking, but their trouble has been that instead of their being permitted to keep and use money which they had secured legally, the resources of local banks have become so depleted that it was necessary for them to withdraw their loans. Accordingly, the local factory, which supplied work to the community and which maintained the wealth and prosperity of all of our smaller cities, has become paralyzed. Many are forced to close their doors, lay off their labor, which in turn causes still greater distress.

In my opinion, this act will be one of the greatest laws enacted toward relief for the country. These smaller industrialists are as a rule sound and conservative, they are operated by good business men, who have succeeded through hard work, close application to duty, and general good business methods. All they need is a reasonable amount of credit, which the Government is able to supply, and the security which the Government will receive in turn for the money loaned will be of the best, safest and soundest to be found anywhere. I am heartily in favor to the enactment of this bill into law.

Mr. PRALL. Mr. Chairman, I yield 1 minute to the gentleman from Michigan [Mr. SADOWSKI.]

Mr. SADOWSKI. Mr. Chairman, in the 1 minute allotted to me, I want to emphasize the principle of direct credit involved in S. 3487, a bill relating to direct loans for industrial purposes. Opposition has been registered to this bill by the gentleman from Kansas [Mr. McGUGIN] on the

ground that it is supporting the principle whereby direct credit may be extended by the Government to industry. The people are entitled to direct credit from their Government and will demand it in no unmistakable language ere long. That is the greatest argument in favor of this bill. It is the argument that we are going to have to face in a few years. It will be a case of not only extending credit to industry, but to every individual in the whole Nation.

The credit of this Nation belongs to the people as a whole and should be given to everyone. Up to this time, the privilege of extending credit has been reserved in a few, who have been giving out credit and charging interest on the privilege. It is high time that that privilege be taken over by the Government. It is high time that the Government should give this credit to all the people and charge only a service fee for the credit and not an interest rate or a tribute. [Applause.]

[Here the gavel fell.]

Mr. LUCE. Mr. Chairman, I yield myself 20 minutes.

Mr. MILLARD. Mr. Chairman, I suggest the absence of a quorum. The gentleman from Massachusetts [Mr. LUCE] is about to speak. He always contributes greatly to legislation, and I therefore suggest the absence of a quorum.

The CHAIRMAN. The Chair will count. [After counting.] One hundred and twenty Members are present, a quorum.

Mr. LUCE. Mr. Chairman, when we gathered for this session, it became quickly apparent that there was no demand for help of more magnitude and more importance than that which we are confronting today.

A subcommittee of the Committee on Banking and Currency was charged with considering about 70 bills for loans from the Reconstruction Finance Corporation. It was clear that the granting of all these requests would so strain the credit of the Government as to expose the country to the possibility of another great crisis. At every cost the credit of the Government must be maintained. There is a point, as I have said before in connection with these topics, when the last straw will break the camel's back. There is a point where the people once more will lose faith in the capacity of their Government to meet its obligations. Surely it behooves us always to bear that in mind and to face every request with the thought in the back of our heads that the granting of this request may be the last straw.

Under these circumstances, your committee, first through the vote of its subcommittee and then through the vote of its committee, with absolutely no element of partisanship, with no thought of any political or personal bearing, reached the conclusion that the measure now before you goes as far as a prudent man will dare to venture. I am saying this not because there appears the slightest doubt that you will not approve the report of your committee. The bill is sure to pass, perhaps unanimously; at any rate, with only one or two votes in opposition, I imagine.

The danger point is approaching. The danger point lies in the amendments that will be offered which will carry the strain on the Government beyond the point where 25 Members of this House are agreed we ought not to go. An open rule has been submitted which makes amendments possible. Each amendment offered will appeal to some Member of this House from local and personal consideration, and each amendment approved will be so much added to the loans. Therefore, I believe the greater part of our committee, if not every member of it, will hope that no amendment will receive the support of a majority of the House unless it has been approved by the committee.

Some of these amendments will raise a question that ought to be deeply dwelt upon by every Member, for they still further invade the duty and the responsibility of the States of the Union. One, in particular, relating to school districts, will in its benefits concern part of the States of the Union and not the rest. You will be asked to contribute the credit of the United States to the help of one of its largest States, in point of numbers and of wealth, one of the States that shares most largely in the income tax of the country, and one that ought to be able to pay its own way. Why should you gentlemen from smaller States, without the great wealth of Chicago and without the huge mass of successful agricultural population within the borders of that State, be asked to lend your money because the Legislature of Illinois will not face its responsibilities?

So with some of the other requests that will be made. I would dwell particularly on one which will be made of you by one of our Members from California, who comes to you with the request that the credit of New York, Pennsylvania, South Carolina, Illinois, Minnesota shall be lent to that State of all the Union which boasts the most about its properity and its wealth, the State of California. Why should Arkansas or Mississippi or Florida or any other of the States with fewer millionaires come to the aid of the banner State of the Golden West, the State that boasts justly of its leadership in prosperity, of the size of its resources, the amount of its capital, the number of its wealthy people, yet comes here to ask these smaller States to lend their credit to help the city of Los Angeles buy out a private power company?

Ah, there, Mr. Chairman, you would embark upon a program that far transcends anything suggested by the words of the amendment. Men came before our subcommittee and told us that there were hundreds, aye, thousands, of municipalities that wanted to borrow money from the United States Government to buy out the private power companies. Suppose it to be a laudable end, granting, for the sake of argument, that it is a wise thing for these communities to add to their debts and add to their taxes and add to their burdens by buying out private companies. Grant you that for the minute, but why should I, a citizen of Massachusetts, be asked to help Los Angeles, 3,000 miles away, to buy out a private power company?

These are types of the amendments that will be laid before you. Men, ambitious, properly so, to represent the wishes and desires of their own constituencies, will urge you to join in giving to each one of them some share of what they seem to think is a boundless volume of credit.

So much for the appeal I would make in behalf of a committee that has tried to weigh the merits of all these questions, that has studied all aspects of them, that has taken into account not only individual benefit, but common burden. I ask you for that committee to support its views and accept its recommendations without other change than the committee itself may endorse.

Turning now to one feature of the bill which has not received much attention, I would have you act with your eyes open in this matter by pointing out that in this bill we make a start toward a new financial set-up in this country, a start that I for one am glad to see made. I should have preferred it to have taken some other form, but accepting this as the only practicable thing at the moment, I would have you appreciate what it is. Up to our own day banking in this country was largely confined to the commercial field. The prime purpose of a bank was to take the money entrusted to its care by depositors and put it at the service of commerce in the shape of short-time loans, 30, 60, or 90 days, rarely longer.

But within our time there has been added to the original conception of banking another conception to the effect that a bank should take the money of depositors and lend it for long-time use in the shape of continuing capital. Unregulated, unrestrained, this addition to the banking and financing of the country brought us to a position where we were confronted by the fears of the people, resulting in withdrawal of deposits, and the closing of thousands of banks that could not meet the demand. We found ourselves in a crash that hardly has been exceeded in any other great depression in the business history of the world.

Familiarly, we spoke of the cause as frozen assets. Frozen assets are long-time loans that cannot be quickly collected. Our banking troubles in the last few years have been due to a banking system with a large part of the money of the depositors tied up in long-time loans.

Seven years ago, I think it was, this Congress enacted a bill known as the "McFadden bill", which doubled the

amount of money that banks could loan on real estate. I was in the minority as a member of the committee in that matter and spoke in vain protest against it on the floor of the House.

I do not want to use that most unpleasant phrase in the English language, "I told you so", but I cannot resist the temptation to say some of us fought that bill because we feared precisely the thing it produced. It contributed to the freezing of the bank resources of this country.

In addition to the loans on real estate, thus largely financed by the deposits of the people in humble walks of society, there came another addition to the banking system in the shape of definitely and openly joining investment banking to commercial banking by way of the affiliates that brought about another part of our trouble.

A year ago in the banking act, known as the Glass Act, we finally got rid of the affiliates. We finally drew the line between commercial banking and selling investment securities.

I want to take this opportunity to warn the House that unless in the legislation about to come before us in connection with another bill on top of the one we are now considering, we separate in that direction also investment and commercial banking, we will but prepare the way for another monetary crisis.

There is before your Committee on Banking and Currency a huge bill, a momentous bill—I almost said monstrous, but caught myself just in time—a bill relating to housing, which contemplates Federal sanction to putting the banking facilities of the country, the money of millions of depositors, at the command of those who seek funds for investment in building. I caution you that you may realize the path you are traveling. It may be we cannot now create a separate system to furnish long-time construction capital. It may be we have to tie it to our banking structure; but, if so, let it be under laws so clearly demarking the two fields of activity that we shall not invite the risks into which we plunged when 7 years ago we doubled the amount that the banks might lend upon real estate.

You may say that in this particular measure I am committing myself to a program which involves much of this. I do it because I hope this will be but a temporary step, and that through further study of the problem the Congress of the United States may secure those further changes which will result in the widest use of the capital of the country and at the same time the security of all its depositors.

I would point out to you that in the pending bill one half of the activities contemplated are to be only temporary. They are to be conducted by the Reconstruction Finance Corporation, which we all hope will have a life of limited duration. In all probability in the next session we shall somewhat extend that life, but it was originally conceived and created to meet a temporary exigency. It was conceived and created by a Republican President. It has been continued and extended, and I believe wisely, by a Democratic President. I have no wish at this moment to claim party credit for such measures as the Republicans enacted when in the majority. Rather I would take the time to extend my felicitations to the Democratic majority in the House for having backed up the Reconstruction Finance Corporation, and for its present purpose to broaden the activities thereof.

The branch of progress contemplated here is found in making the Federal Reserve System a permanent agency for the supply of capital. Attention has been called, I think, to the fact that as the bill came from the Senate it was restricted to working capital. We have taken the responsibility of knocking out the word "working."

The CHAIRMAN. The time of the gentleman from Massachusetts has expired. The gentleman from New York [Mr. PRALL] has 2½ minutes remaining.

Mr. PRALL. Mr. Chairman, I yield the remainder of my time to the gentleman from New York [Mr. SISSON].

Mr. SISSON. Mr. Chairman, my very able colleague from New York [Mr. O'CONNOR], in explaining the rule this morning, indicated that he intended—and I understand he does so intend—to offer an amendment to section 5 (d), page 22 of this bill, to increase the aggregate amount of loans that may be made to any one borrower under such section to $300,000 or to $500,000. I urge the support of the committee and of the Members of the House for such an amendment. Three hundred million dollars is made available by this bill. That does not mean that the whole $300,000,000 will be loaned at any one time. If the Reconstruction Finance Corporation is going to get out $200,000,000 or $300,000,000 between now and the 1st of January 1935, it will have to get it out much more speedily than it has been doing heretofore, provided, of course, it does not loan any more money to banks in Chicago.

This is for the purpose of continuing or increasing employment. The aggregate amount of $100,000 which hamstrings the Board of the Reconstruction Finance Corporation may include, I think, by fair construction, the existing obligations and the refinancing of the borrower. I submit that it is within their discretion. This is merely permissive. It is for the purpose of continuing or increasing employment. I know personally of industries not only in my district, but in my State and in neighboring States, which are perfectly solvent and which can comply with all of the requirements and to which a loan of $100,000 would be far from sufficient to enable them to continue or to increase employment.

In fact, the limitation of $100,000 placed upon the Board of the Reconstruction Finance Corporation is absurdly small. I was a member of the subcommittee which, under the leadership of another very able colleague of mine from the State of New York [Mr. PRALL], held extensive hearings on many proposed amendments to the Reconstruction Finance Corporation Act.

We had before us as witnesses in support of these proposed amendments men from many different callings and walks of life. The hardy fishermen from New England's rockbound shores appeared before us in support of a proposition to authorize the Reconstruction Finance Corporation to make loans to the fishing industry. The able and witty chairman of our subcommittee [Mr. PRALL] aptly commented upon their rugged and weatherbeaten countenances and complimented these men upon their ability as fishermen and admiringly commented upon the fact that, despite the many hours of arduous labor and hardship and danger which the pursuit of their calling entailed, most of them were fathers of large families.

We also had before us many teachers and representatives of school systems who were asking for aid through the Reconstruction Finance Corporation to the schools.

Our subcommittee decided in favor of the fishermen but against furnishing aid to the schools.

I may confess to you that, as a member of the committee, I voted against the proposition to authorize the Reconstruction Finance Corporation to furnish aid to the schools.

Knowing the desperate condition of some of the States in the South and Southwest and realizing the fact that in many instances the school year was shortened and thousands of teachers left unpaid, I have been somewhat troubled in my conscience since I voted with the majority of the committee against placing this authorization in this bill. The scales of my judgment at that time were almost evenly balanced. On the one hand was my desire to help the school teachers and to see to it that the boys and girls in these sections should not be denied the benefits of a public-school education; on the other hand was the consideration that education is primarily a function of the State and of the local district rather than of the Federal Government, and that I did not wish to do anything to blunt the keen edge of the spirit of our people in each of our communities and our States or lessen their sense of responsibility for the maintenance of a free public-school system.

While my judgment was thus in suspense I fell under the influence of the very able and eloquent gentleman from Massachusetts [Mr. LUCE], and by his arguments was persuaded to vote against the authorization of aid to the schools. It is not at all strange, therefore, that in the welter of all the propositions which we, as members of this subcommittee, had before us, this little hundred-thousand-dollar restriction escaped our attention. I have felt guilty

about the matter of the schools, but I lay it to the gentleman from Massachusetts [Mr. LUCE]. I do not know whether that—the matter of schools—can now be corrected, but I do hope to see this bill finally framed so that it will effectually carry out the main purpose for which it was intended—the continuance of employment and the increase of employment; and for that reason I earnestly urge upon the committee the amendment which will shortly be offered by the gentleman from New York [Mr. O'CONNOR] to increase the aggregate amount of the loans to any one borrower from $100,000 to $500,000. [Applause.]

The CHAIRMAN. The time of the gentleman from New York has expired. All time has expired. The Clerk will read the substitute under the rule.

The Clerk read as follows:

That (a) section 882 of the Revised Statutes (U.S.C., title 28, sec. 661) is amended to read as follows:

"SEC. 882. (a) Copies of any books, records, papers, or other documents in any of the executive departments, or of any corporation all of the stock of which is beneficially owned by the United States, either directly or indirectly, shall be admitted in evidence equally with the originals thereof, when duly authenticated under the seal of such department or corporation, respectively.

"(b) Books or records of account in whatever form, and minutes (or portions thereof) of proceedings, of any such executive department or corporation, or copies of such books, records, or minutes authenticated under the seal of such department or corporation, shall be admissible as evidence of any act, transaction, occurrence, or event as a memorandum of which such books, records, or minutes were kept or made.

"(c) The seal of any such executive department or corporation shall be judicially noticed."

(b) Section 4 of the Reconstruction Finance Corporation Act, as amended (N.S.C., supp. VII, title 15, sec. 604), is amended by inserting immediately before the semicolon following the words "corporate seal" a comma and the words "which shall be judicially noticed."

Mr. BROWN of Michigan. Mr. Chairman, I ask unanimous consent that the first subsection on page 12 be amended to insert the letter "d" within the parentheses instead of the letter "b." Obviously that is a misprint.

The CHAIRMAN. Without objection, it will be so ordered.

There was no objection.

The Clerk read as follows:

SEC. 6. Section 36 of the Emergency Farm Mortgage Act of 1933, as amended (U.S.C., supp. VII, title 43, sec. 403), is amended as follows:

(1) By striking from the first sentence thereof "$50,000,000 to or for the benefit of drainage districts, levee districts, levee and drainage districts, irrigation districts, and similar districts", and inserting in lieu thereof "$125,000,000 to or for the benefit of drainage districts, levee districts, levee and drainage districts, irrigation districts, and similar districts, mutual nonprofit companies and incorporated water users' associations."

(2) By striking from the second sentence thereof "district or political subdivision" and inserting in lieu thereof "district, political subdivision, company, or association."

(3) By amending clause (4) thereof to read as follows:

"(4) the borrower shall agree, insofar as it may lawfully do so, that so long as any part of such loan shall remain unpaid the borrower will in each year apply to the repayment of such loan or to the purchase or redemption of the obligations issued to evidence such loan, an amount equal to the amount by which the assessments, taxes, and other charges collected by it exceed (a) the cost of operation and maintenance of the project, (b) the debt charges on its outstanding obligations, and (c) provision for such reasonable reserves as may be approved by the Corporation; and".

(4) By adding at the end thereof the following new paragraph:

"When any loan is authorized pursuant to the provisions of this section and it shall then or thereafter appear that repairs and necessary extensions or improvements to the project of such district, political subdivision, company, or association are necessary or desirable for the proper functioning of its project or for the further assurance of its ability to repay such loan, and if it shall also appear that such repairs and necessary extensions or improvements are not designed to bring new lands into production, the Corporation, within the limitation as to total amount provided in this section, may make an additional loan or loans to such district, political subdivision, company, or association for such purpose or purposes. When application therefor shall have been made by any such district, political subdivision, company, or association any loan authorized by this section may be made either to such district, political subdivision, company, or association or to the holders or representatives of the holders of their existing indebtedness, and such loans may be made upon promissory notes collateraled by the obligations of such district, political subdivision, company, or association or through the purchase of securities issued or to be issued by such district, political subdivision, company, or association."

Mr. DISNEY. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment by Mr. DISNEY: Page 18, line 7, after the word "association", insert a new paragraph (6), as follows:

"SEC. 6. That the Reconstruction Finance Corporation is authorized to make loans, for periods not exceeding 20 years, to finance the acquisition of any system, plant, or works for the production, transmission, or distribution of electric energy by such public corporations, bodies, or instrumentalities as are referred to in section 201 (a) (1) of the Emergency Relief and Construction Act of 1932, which enter into contracts with the United States or any department, agency, or instrumentality thereof for the purchase of electric energy or for the use of any property, rights, or facilities employed in the production, transmission, or distribution of electric energy. No loan shall be made except with the approval of the department, agency, or instrumentality of the United States with which such contract is entered into. The provisions of title II of the Emergency Relief and Construction Act of 1932, as amended, and of acts supplementary thereto, applicable to loans to such public corporations, bodies, or instrumentalities, so far as consistent with the terms hereof, shall apply to loans made under the terms of this section."

Mr. WHITTINGTON. Mr. Chairman, I make a point of order against the amendment. It strikes me that it is not germane to this section and has no place in this section. This is a proposition for refinancing existing drainage and irrigation districts. The amendment is foreign matter to the purpose of the section, which amends section 36 of the Emergency Farm Mortgage Act of 1933. It would be germane as a new section, but not as a new paragraph of section 6.

Mr. RANKIN. Mr. Chairman, I submit that it is germane, and I think the Parliamentarian will agree with me. It is not only germane to the bill but it is germane to this section, and right and proper, and should be adopted.

Mr. WHITTINGTON. I am not going to discuss the policy on the merits of the amendment. I confine my point of order to the question of taking this money which is supposed to be used to finance drainage and irrigation districts and using it for other purposes. The amendment is not germane to the pending section 6.

Mr. RANKIN. Mr. Chairman, it does not take one dime from these projects.

The CHAIRMAN (Mr. MCREYNOLDS). The Chair is ready to rule.

The Chair is of the opinion that the amendment is in order, and therefore overrules the point of order.

Mr. DISNEY. Mr. Chairman, this amendment is what was known in the Senate last week as the "Johnson amendment", which was defeated by a tie vote on first consideration and later lost by a very narrow margin. It simply provides that the Reconstruction Finance Corporation may make loans to municipalities for the purchase of existing plants or transmission lines, involving the use and transmission of electric energy, where, and only where, the Government or instrumentality of the Government is furnishing the electric power. It provides further that no such loan shall be made unless the instrumentality of the Government shall approve the loan, and it has other safeguards around it involved in the original act. For instance, with the Boulder Dam in the West and the Tennessee Valley Authority in Tennessee, before such a loan could be made, the T.V.A., the instrumentality of the Government, would have to approve the loan. That is all that is involved in the amendment. It is simply the making of loans by the Reconstruction Finance Corporation for the purpose of the acquisition of power plants or transmission lines in order to supply electrical energy to the people that is now being produced or furnished by instrumentalities of the Government, described as the Tennessee Valley Authority and the Boulder Dam authority.

Mr. PRALL. Mr. Chairman, I rise in opposition to the amendment. I hope the Members of the House will not open this bill to amendments that may bring a veto or that may defeat the purposes of this bill. In the first place, this is the first day and the first occasion we have had an opportunity to make a contribution, a substantial contribution, to the recovery of this country. I ask you now not to allow this bill to become emasculated by amending in this or in any other fashion.

This question came up before our subcommittee. We heard the gentleman from Los Angeles, and, after all, this is especially for that one project.

Mr. RANKIN. Will the gentleman yield?

Mr. PRALL. Not just at present.

Mr. RANKIN. The gentleman ought not make that statement, then.

Mr. PRALL. Well, the testimony shows that the gentleman from Los Angeles appeared before our committe. The city had purchased a plant covering a certain portion of the city and wanted to purchase another plant to cover the balance of the city in order that municipal power and light might be furnished. We have no objection to that, but it seems to me that some other method might be pursued in order to get the money for purposes of that kind. There is nothing to show that in buying existing electrical power plants there will be any added employment given. The proponents said the plant would have to be rebuilt, and that would bring about the employment of unemployed men; but we do not know that that is so. I ask the Membership to permit this bill to go through and to become a law as it is now.

Mr. RANKIN. Mr. Chairman, I rise in favor of the amendment.

First, I want to reply to the gentleman from New York [Mr. PRALL] and say to him that this is not in the interest of Los Angeles, Calif., any more than it is in the interest of every other town, city, and municipality within the distribution radius of one of these public projects.

The gentleman from New York [Mr. PRALL] says he does not want amendments, because it might provoke a veto. I want to say to the gentleman from New York that I have talked with the President about this matter, and he is not opposed to this amendment in its present form. [Applause.] If the gentleman has any doubt about it, the distinguished gentleman from Tennessee, the majority leader, was with me at the time I talked with the President, and will verify what I have said.

The gentleman from New York would lead the House to believe that the only ones who came before the committee in favor of this amendment were from California. I appeared before the committee and argued in favor of this amendment, not because of my home town, because the people in my town had the wisdom years ago to hold title to their power plant and distribution system. This is not in the interest of my home town, but it is in the interest of other towns, cities, and municipalities. We appeared before the committee and argued this, not from a selfish standpoint, but from the broad standpoint of a national policy that we are now establishing in order to bring justice to the users of electric energy in this country.

Now, let us see what it means. The gentleman from New York [Mr. PRALL] has no objection to loaning money to industry, but whenever it comes to loaning money to a struggling municipality in order to enable it to acquire its own distribution system the gentleman says he is opposed to it and does not want any amendments at all to the bill.

Now, let us see what this does. We people who are fighting to bring justice to the users of electric lights and power in this country are not trying to destroy the property of anyone else. The gentleman from New York outlined, in the instance he gave from Los Angeles, Calif., a typical example. If those people are unable to buy that private plant, but should build in competition with it, the private plant will be destroyed and those owning interests in it will lose their investment. In the area covered by the Tennessee Valley Authority are many towns and cities which are trying to acquire their utility plants in order that they may purchase power from Muscle Shoals and relay it to their citizens at the yardstick rate laid down by the Tennessee Valley Authority; but in a great many cases where private interests own the power plant and distribution system, if the community builds in competition with the private interests, the private interests ultimately will be destroyed, after a long, drawn-out fight of competition, and those who own interests in the private plant will get nothing. As a result they are in a deadlock in many places in Tennessee, Alabama, Mississippi, and in Kentucky. The same thing will occur throughout the rest of the country.

Now, if you permit municipalities to borrow money with which to buy local plants and distribution systems, they can pay what the plants and the distribution systems are worth; and, at the same time, those who invested their money will get what the property is worth. It is the one loan that will be made under this bill that I would be willing to underwrite as being 100 percent self-liquidating. Every one of these plants will pay out.

Oh, the gentleman says, it will not help industry. Let us see whether it will or not. In my home town of Tupelo, Miss., there is a small cotton mill. I gave you these figures the other day. In January, when this cotton mill had to buy its power from a private concern, it paid $3,181 for the power used that month. In March, under the T.V.A. yardstick rates as laid down in the Tupelo contract, they paid $1,896, and used 26 percent more power than they did in January. The power used in March at the January rate would have cost them $2,112 more. In other words, this cotton mill saved $2,112 in 1 month on its power bill alone.

[Here the gavel fell.]

Mr. RANKIN. Mr. Chairman, I ask unanimous consent to proceed for 5 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

Mr. FITZPATRICK. Mr. Chairman, will the gentleman yield?

Mr. RANKIN. I yield.

Mr. FITZPATRICK. What contribution would this make to the employment situation of the country, assuming this money was spent by municipalities in buying power plants?

Mr. RANKIN. It is to be used in buying plants and distribution systems.

Mr. FITZPATRICK. What will that contribute toward the relief of unemployment?

Mr. RANKIN. I am trying to show the gentleman that the amount of money saved by the decreased power rate will be employed by manufacturers in putting men back to work and paying them wages. As a result, instead of tramping the streets, those people will be at work. That is what has happened in the case of this cotton mill at Tupelo of which I have spoken; and the same thing will happen in similar cases all over the country. In the areas of these public plants there are factories today closed down or running half time—some have not run for months—because they cannot make buckle and tongue meet on account of the enormous charges that they have been paying for power.

Now, we shall not oppose this bill if you will give these municipalities this right to borrow money with which to buy these public plants and distribution systems. You say that it will not relieve conditions. Let me repeat to the gentleman from New York what I said on the floor not long ago when I gave figures showing that one man in Tupelo had his light bill reduced from $6.98 in January to $1.72 in March; another man had his light bill reduced from $2.30 in January to 75 cents in March; another one from $10.77 to $3.25. Does not this help people? Does not this help the man who is working for a living? It is more help to the laboring man than it is to the man who is able to buy luxuries. For this reason we people in the Tennessee Valley area, the people in the Boulder Dam area, the people in the Columbia River area, if you please, where these great projects are being constructed, are asking you to give us this opportunity to borrow under this bill, to secure loans with which to buy these distribution systems in order that we may go forward in this great movement to bring down light and power rates and at the same time not destroy the property of private individuals.

Mr. REILLY. Mr. Chairman, will the gentleman yield?

Mr. RANKIN. I yield.

Mr. REILLY. Why not give all the people of the country the right to borrow money from the United States?

Mr. RANKIN. It was thought that would be too far-reaching at the present time.

Mr. CHRISTIANSON. Mr. Chairman, will the gentleman yield?

Mr. RANKIN. I yield.

Mr. CHRISTIANSON. The gentleman wants this $300,000,000 diverted to the direct use of these particular communities and taken away from industry scattered all over the United States.

Mr. RANKIN. No; and if there is a man on earth who ought to vote for this amendment it is a man who comes from the State of Minnesota where they pay about the highest power rates in the country. We are not asking that you provide all this money for this purpose; we are simply asking that a very small portion of it may be used for this purpose.

Mr. CHRISTIANSON. Mr. Chairman, will the gentleman yield for me to reply to the gentleman's statement?

Mr. RANKIN. Yes.

Mr. CHRISTIANSON. This would not reduce our power rates in Minnesota one cent, and the gentleman knows it.

Mr. RANKIN. Oh, the gentleman from Minnesota does not seem to realize that in the fight we have waged for the last 5 years we have reduced utility rates in this country by $118,000,000; he does not realize that every time power rates in the Tennessee Valley area are reduced, or that every time power rates are reduced in the Boulder Dam area it redounds to the benefit of the people in every section of the country. No; that is the old Power Trust argument I have heard ever since I have been a Member of the House: That you merely help a few people in a little area around Muscle Shoals. That was the argument they used against the Muscle Shoals project, the argument they used against the Columbia River project and against the Quaddy project in Maine; it is the argument they used against all these public projects. I will admit that to help a manufacturer in Minnesota will not help the people of Mississippi, but I do not object because the bill contains provisions which will grant relief to the manufacturers of Minnesota; nor do I object to the bill because it will help the manufacturers in New York, provided we are given the same treatment and enabled to secure loans with which to buy our local distribution systems, in order that we may get cheap power and pass the benefits on to the people, thus giving them the benefit the Government has provided in the construction of these great public projects.

I sincerely hope that the amendment of the gentleman from Oklahoma will be adopted. [Applause.]

[Here the gavel fell.]

Mr. WHITTINGTON. Mr. Chairman, I move to strike out the last two words.

Mr. Chairman, I have no disposition to consume the 5 minutes or to speak on the merits of the amendment, but I call the attention of the gentleman from Oklahoma, the author of the amendment, to this situation. We are considering now section 6. There are four paragraphs under section 6 of this bill. All of these paragraphs have to do with amendments to section 36 of the Farm Mortgage Act of 1933 providing for refinancing existing irrigation and drainage districts. The pending amendment is to insert paragraph 5 dealing with an entirely different matter at the conclusion of paragraph 4. These four paragraphs deal with the question of refinancing irrigation and drainage districts. I suggest to the gentleman it would be better to offer his amendment as a new section; and if he does not object, I should like to amend his amendment by striking out of his amendment the words "paragraph 5" and inserting in lieu thereof the words "section 6."

Mr. RANKIN. We will accept the amendment.

Mr. WHITTINGTON. Mr. Chairman, I ask unanimous consent to strike out the words "paragraph 5" and insert in lieu thereof "section 6", where they occur in the amendment of the gentleman from Oklahoma.

Mr. MARTIN of Colorado. There is a section 6 already.

Mr. WHITTINGTON. That can be changed later on by amendment.

The CHAIRMAN. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

Mr. STEAGALL. Mr. Chairman, I rise in oppositon to the amendment.

Mr. Chairman, I regret exceedingly that I cannot find myself in accord with my colleague on the committee and my friend the distinguished gentleman from Mississippi, who has presented this amendment so ably.

It seems to me if we admit that only a small amount of the funds provided in this measure are to be diverted to the purposes contemplated by the amendment, that we are involved in the admission that the amendment would benefit only a very limited number of municipalities of the country, giving them an advantage over sister municipalities throughout the land. If that be true, it seems to me the amendment can hardly be justified.

Mr. RANKIN. Will the gentleman yield?

Mr. STEAGALL. I will yield to the gentleman in a moment.

It seems to me that if we are to embark upon this field of relief, if we are to depart from the theory of this bill and enter upon a policy of relief for all distressed municipalities throughout the United States, a measure of such vast importance should be taken up in its own right and receive the consideration which its importance demands and be passed upon with full recognition of what is involved. If we enter upon the policy of affording relief for all municipalities in the Nation, we should do so with some degree of deliberation, and with full knowledge of what is involved and of the burdens that will be entailed upon the Treasury of the United States.

Mr. Chairman, if we adopt such a course, we shall be in position where we shall be required to substitute for the judgment of Congress the judgment of municipal governing authorities throughout the United States, subordinating whatever of judgment and of courage in this body that stand for protection of the National Treasury. Under such a program the National Treasury would be remanded to the tender mercies of those in control of the various municipalities throughout the land, who, by mismanagement and lack of prudence and foresight, have brought about conditions that have resulted in recent legislation practically authorizing municipalities to go into the bankruptcy courts to escape the burdens and obligations which taxpayers are no longer able to discharge.

I yield now to the gentleman from Mississippi [Mr. RANKIN].

Mr. RANKIN. May I say to the gentleman from Alabama that none of these loans may be made without being approved by a governmental agency.

Mr. STEAGALL. Yes. I understand.

Mr. HOIDALE. What agency?

Mr. RANKIN. In this case it would be the T.V.A.

Mr. STEAGALL. That is all quite true. No loan under the bill can be made except with the approval of a governmental agency, but when we authorize it by implication we call upon the agencies of the Government to make these loans.

Where will it end if we are to continue to listen to appeals to open the doors of the Treasury to every institution and every distressed condition in the United States? I insist that there is no proper place in this bill for the pending amendment unless we desire to embark upon this policy as a national program. If we are going to do that, we should immediately strike out the $300,000,000 provided in this bill and substitute the figures $1,000,000,000 that will be required to accomplish such a purpose.

Mr. CHRISTIANSON. Will the gentleman yield?

Mr. STEAGALL. I yield to the gentleman from Minnesota.

Mr. CHRISTIANSON. It is true that every dollar diverted for this purpose will be taken out of the amount of money available for industry in other districts?

Mr. STEAGALL. Unquestionably so.

[Here the gavel fell.]

Mr. PRALL, Mr. LEE of Missouri, and Mr. BROWN of Kentucky rose.

Mr. PRALL. Mr. Chairman, I move that all debate on this section and all amendments thereto close in 5 minutes.

Mr. RANKIN. Mr. Chairman, the gentleman from Kentucky [Mr. BROWN] was on his feet before the gentleman from New York attempted to shut off debate, and so was the gentleman from Missouri.

Mr. PRALL. I shall amend the motion and make it 10 minutes.

Mr. RANKIN. Mr. Chairman, there are a great many Members interested in this amendment and the gentleman should not try to shut off debate now. This is the most important amendment that will be offered to this bill.

Mr. PRALL. Mr. Chairman, I withdraw the motion.

Mr. LEE of Missouri. Mr. Chairman, I want to speak for the State of Alabama. [Laughter.] I was conceived in that State. My father and my grandfathers on both sides are buried in that great State, and I want to speak especially for the people of Alabama and Mississippi.

Every county in the State of Alabama is bonded up to its full constitutional limits and so is every city in that State, and they have no money. They have no way of getting any money to get this power from Muscle Shoals unless you adopt this amendment. The same thing is true in Mississippi. They are already bonded up.

These loans for municipalities for this purpose would be the safest loans in the world, because they do not have to buy commercial politicians, they do not have to subsidize the press, they do not have to commit any fraud in order to furnish cheap light to the people of the country.

There is no light plant in my State that does not make money. Our labor was out of employment the winter before last, and in the city of Columbia, where our State university is located, they took $100,000 out of the light fund and put people to work building a sewer, and yet they have cheaper light bills where they have this municipal light plant than in any other city in Missouri that is served by a private corporation.

This amendment ought to be adopted. There is no reason why it should not be adopted, and all of you here who claim to be progressive, when you do go home, do not go around and tell your people, "Oh, I voted against it because I thought we could pass an additional bill." None of you believe we can pass an additional bill, and do not be using that as a subterfuge and as a fake on the people. Either be for this amendment or be against it; and then when you get home, if you have an opponent in the primary, let him tell the people how you voted, and I hope every one who votes against this amendment has an opponent because you ought not to be sent back here. [Laughter and applause.]

Mr. LUCE. Mr. Chairman, the pending bill is a measure for the relief of distressed industries. It is a bill which it is hoped will immediately put food in the mouths of men who are not now at work, which will put clothes on their backs, which will let them mend the holes in their roofs—a relief measure.

It is now proposed to amend this bill by the equivalent of a subsidy that will allow a few municipalities to add to their tax rate, to add to the interest they must pay on securities, to add to the community burdens by buying out privately owned plants now running. The adoption of this amendment, in spite of what has been suggested, will, in my judgment, not meet the temporary needs of any community, not start a wheel turning, not keep a man on the pay roll, not feed a hungry person, not add to the confidence of any leader of our business or industrial life—and God knows that is what is most needed now, confidence—it will do nothing beyond benefiting a few regions of our country remote from each other; that is to say, in the Tennessee Valley, in southern California, and in Oregon or Washington, I forgot which. Just so much of the funds thus made available for purchases will be taken from the pay rolls of industrial workers the bill is designed to benefit. For that reason I am opposed to the amendment.

Mr. BROWN of Kentucky. Mr. Chairman, may I say in the beginning that if this amendment has no place in this bill it has no place in any bill. You cannot write a bill that this amendment would be satisfactory to those who are opposing this amendment.

If you want to do something for the people to whom the gentleman from Massachusetts referred, there has not been a bill proposed in this session that will do so much for them as this amendment. He says that it will only benefit the remote sections. If you do not live in New York or in Boston, you are in a remote section. When you benefit the people of the Tennessee Valley or the Columbia Valley or the great West, you are helping every other section of the country.

I am not speaking for my State; I am not speaking for Kentucky. It is our own fault, because in our State we are under the control of the Power Trust, and we will not get any relief; but I want some other parts of the country to get that relief.

If you will look over the history of the Tennessee Valley, you will see that all through the South they have lowered their rates because of the development in that valley. When you give these people a chance to buy their plants, you will put an element into the bill that will give the power companies a still further spur in reducing the rates.

This amendment was offered in the Senate and was defeated by a tie vote. If we put it in now, it will become a law. The chairman says that this will deduct from the amount of $300,000,000. That is to last only to January 31, 1935, and you will not much more than get the machinery set in motion before the time would expire. It will force them to get this money out quickly. Congress will be back in session next January; and if $300,000,000 is not enough money, you will be here, at least some of you will, to vote some more; and you ought to do it, if you want to take care of the people who need relief.

There is no leak in this country as big as the power leak. The gentleman from Massachusetts [Mr. LUCE], will cut down the leak that every man has to stand, if this amendment goes through, and in that way the consumer will be able to save some money, and he may use that money to mend his roof.

Mr. RANKIN. The gentleman from Massachusetts referred to this as a subsidy. This is no subsidy. It will be a loan, every dollar of which will be paid back.

Mr. BROWN of Kentucky. Yes; and it will have the best security back of it of any loan.

Mr. JOHNSON of Minnesota. In my county seat of Litchfield, for nearly 50 years we have had a municipal light, heat, and power company, and it has saved thousands and thousands of dollars to the consumers in that neighborhood, and I hope that all over this country we will have plants, larger or smaller, of that same kind. I am with the gentleman from Mississippi [Mr. RANKIN], on this amendment, and I am glad to be so. He is really the "Senator NORRIS" of this body, and I have fought together with NORRIS and I have fought alongside of LA FOLLETTE, and I am proud to fight now with him, and I am proud to fight with the gentleman from Kentucky [Mr. BROWN], and I hope that you gentlemen will not let the power trust dominate your vote. For God's sake, vote for the common people of this country.

Municipalities in Minnesota that have had the courage to break away from the privately owned companies and operate their own plants have been the cause of savings of millions of dollars in power rates to the patrons of these plants. Every municipally owned plant is a record of achievement of public ownership, and I know that the time will soon be here when the people will insist that the operation and use of power be placed directly in their hands.

Selfishness and greed, highjacking of our natural resources by the Power Trust, and a loss, if you please, of many millions of dollars out of the pockets of the users of electricity have been the result of private ownership. Investigations have proved that the Power Trusts have been nothing but a series of holding companies, investment corporations, trust companies, and the like, each draining a profit from the lowly consumer. It has been a long, hard fight to place liberal legislation into force, and the passage of this amend-

ment means the advancement of municipal ownership of power throughout the Nation.

The people of this great country have suffered long enough from the domination of the Insulls, the Mellons, the Grundys, and the Vares. Let us throw off this yoke of special privilege. Let us place human interest above private capital. It is time for the people to assert their rights under the Constitution, and let us have measures that will return to them the great natural resources that are rightfully theirs.

Mr. BOILEAU. Mr. Chairman, will the gentleman yield?

Mr. BROWN of Kentucky. Yes.

Mr. BOILEAU. As I understand this amendment, it provides that loans shall be made to municipal plants that get their electrical energy from federally subsidized sources.

Mr. BROWN of Kentucky. That is correct.

Mr. BOILEAU. That applies primarily to the Tennessee Valley?

Mr. BROWN of Kentucky. Yes; and to the west coast.

Mr. BOILEAU. How can the gentleman justify this amendment rather than an amendment that is broad enough to make such loans throughout the entire country?

Mr. BROWN of Kentucky. This is just one step in that same program, and you have to take this thing step by step. Every time you start doing anything for the common man in this country, they bring up the argument that this is not the place and this is not the way to write the amendment.

The CHAIRMAN. The time of the gentleman from Kentucky has expired.

Mr. PRALL. Mr. Chairman, I move that all debate upon this section and all amendments thereto do now close.

The motion was agreed to.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Oklahoma.

The question was taken; and on a division (demanded by Mr. RANKIN) there were—ayes 59, noes 97.

So the amendment was rejected.

The Clerk read as follows:

SEC. 7. (a) Sections 2 and 3 of the act entitled "An act to authorize the Reconstruction Finance Corporation to subscribe for preferred stock and purchase the capital notes of insurance companies, and for other purposes", approved June 10, 1933, as amended (U.S.C., supp. VII, title 15, secs. 605f and 605g), are amended to read as follows:

"SEC. 2. In the event that any such insurance company shall be incorporated under the laws of any State which does not permit it to issue preferred stock, exempt from assessment or additional liability, or if such laws permit such issue of preferred stock only by unanimous consent of stockholders, or upon notice of more than 20 days, or if the insurance company is a mutual organization without capital stock, the Reconstruction Finance Corporation is authorized for the purposes of this act to purchase the legally issued capital notes of such insurance company, or, if the company is a mutual organization without capital stock, such other form or forms of indebtedness as the laws of the State under which such company is organized permit, or to make loans secured by such notes or such other form or forms of indebtedness as collateral, which may be subordinated in whole or in part to any degree to claims of other creditors.

"SEC. 3. The Reconstruction Finance Corporation shall not subscribe for or purchase any preferred stock or capital notes of any applicant insurance company, (1) until the applicant shows to the satisfaction of the Corporation that it has unimpaired capital, or that it will furnish new capital which will be subordinate to the preferred stock or capital notes to be subscribed for or purchased by the Corporation, equal to the amount of said preferred stock or capital notes so subscribed for or purchased by the Corporation: *Provided*, That the Corporation may make loans upon said preferred stock or capital notes, or other form or forms of indebtedness permitted by the laws of the State under which said applicant is organized, if, in its opinion, such loans will be adequately secured by said stock or capital notes or other form or forms of indebtedness and/or such other forms of security as the Corporation may require, (2) if at the time of such subscription, purchase, or loan any officer, director, or employee of the applicant is receiving total compensation in a sum in excess of $17,500 per annum from the applicant and/or any of its affiliates, and (3) unless at such time the insurance company agrees to the satisfaction of the Corporation that while any part of the preferred stock, notes, bonds, or debentures (or, in the case of a mutual insurance company, other form or forms of indebtedness permitted by the laws of the State under which the company is organized) of such insurance company is held by the Corporation, the insurance company, except with the consent of the Corporation, will not (a) increase the compensation received by any of its officers, directors, or employees from the insurance company and/or any of its affiliates, and in no event increase any such compensation to an amount exceeding $17,500 per annum, or (b) retire any of its stock, notes, bonds, debentures, or other forms of indebtedness issued for capital purposes. For the purposes of this section, the term "compensation" includes any salary, fee, bonus, commission, or other payment, direct or indirect, in money or otherwise for personal services."

(b) Section 11 of such act of June 10, 1933, as amended (U.S.C., supp. VII, title 15, sec. 605i), is amended by adding at the end thereof the following new sentence: "As used in this section and in sections 1, 2, and 3 of this act, the term 'State' means any State, Territory, or possession of the United States, the Canal Zone, and the District of Columbia."

RESTRICTING LARGE SALARIES

Mr. PATMAN. Mr. Chairman, I move to strike out the last word. This section carries forward the policy of restricting the salaries of people who work for concerns obtaining loans from the R.F.C., that is, insurance-company officials, to $17,500 annually. In another section of this bill the policy is carried forward that has been adopted by the R.F.C. restricting salaries of executives of railroads to certain amounts. They are good policies and I hope they continue. I think it is time to call attention to the fact that something should be done about restricting the salaries of the Federal Reserve officials in the same way.

CONGRESS SHOULD PASS ON EXPENSES OF FEDERAL RESERVE BANKS

The Congress of the United States should make an appropriation for the Federal Reserve banks. All profits of these institutions should be paid into the Treasury and all expenses allowed by Congress. As it is now, they have the use, the unlimited use, of the Nation's credit, free of charge. They take in the money and use it any way they want to. You do not know how they use it, you do not even know how much they pay in salaries, you do not know how much any one official receives, and I do not know if you could get the information if you requested it. An institution of that kind should be required to get an appropriation from Congress each year for operating expenses.

Mr. DISNEY. Mr. Chairman, will he gentleman yield?

Mr. PATMAN. Yes.

NO INDEPENDENT TREASURY

Mr. DISNEY. This would be an opportune time to call attention of the House to the fact that we have no independent Treasury of the United States. Every dime that comes in in taxes goes to the Federal Reserve System and not to the Treasury.

RESTRICT SALARIES TO $17,500

Mr. PATMAN. I thank the gentleman for his contribution; he is exactly right. No one should object to an amendment to be written into this bill to restrict the salaries of the Federal Reserve officials to $17,500; some of them are now receiving $25,000, $40,000, and up to $50,000 a year.

FOUR TONS PAPER MONEY DAILY

Four tons of paper money leave the Bureau of Engraving and Printing every day, 500 bills to the pound. Most of that money goes to the Federal Reserve banks. They do not pay anything for the use of that money. They can issue two kinds of money, Federal Reserve bank notes and Federal Reserve notes. It did have outstanding about $200,000,000 in Federal Reserve bank notes, but on those notes they had to pay the insignificant sum of one half of 1 percent tax annually. They have to pay a tax of $5 a year on $1,000. On the Federal Reserve notes they do not have to pay a penny. They only pay 27 cents, the cost of printing $1,000 in paper money. Therefore, they complained about paying that one half of 1 percent tax, and they are actually taking out of circulation, retiring, those Federal Reserve bank notes and issuing in their place Federal Reserve notes, because it is too expensive—one half of 1 percent. They prefer to use the money that cost them 27 cents a thousand dollars.

BLANKET MORTGAGES

Any institution which has the right to give a blanket mortgage on your property and my property and the incomes of all the people of this Nation, certainly enjoys a great privilege. That is exactly what the Federal Reserve banks

of this country do today. They have the exclusive right and privilege of issuing these blanket mortgages.

Section 16 of the Federal Reserve Bank Act provides that they shall pay an interest charge for the use of that money. When 4 tons of money leave here every day to go to the Federal Reserve banks, the law provides that they shall pay an interest charge for the use of the Government's credit, but the Federal Reserve Board set a rate of zero as the interest charge, and they do not pay one penny on earth. If they had paid what the law requires, we would not have a Treasury deficit. The amount would shock you.

POWER SHOULD BE TAKEN AWAY

Now, my friends, I think that great power should be taken away from them. They are in the Government's business. The issuance and distribution of money is a governmental function. I do not think that any corporation on earth that is owned exclusively by private corporations should have farmed out to them the great privilege of issuing money upon the credit of this Nation and getting the benefit of it themselves. The people should get the benefit of the use of their own credit.

I certainly hope no one will object later on when I make an effort to restrict the salaries to $17,500.

The CHAIRMAN. The time of the gentleman from Texas [Mr. PATMAN] has expired.

The Clerk read down to and including line 5 on page 21.

Mr. PRALL. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly, the Committee rose; and the Speaker having resumed the chair, Mr. MCREYNOLDS, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee had had under consideration the bill S. 3487 and had come to no resolution thereon.

DEPOSIT-INSURANCE LEGISLATION

Mr. BANKHEAD, from the Committee on Rules, presented the following privileged report (H.Res. 393, Rept. No. 1744) providing for consideration of the bill (S. 3025) to amend section 12B of the Federal Reserve Act so as to extend for 1 year the temporary plan for deposit insurance, and for other purposes:

House Resolution 393

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. 3025, a bill to amend section 12B of the Federal Reserve Act so as to extend for 1 year the temporary plan for deposit insurance, and for other purposes; and all points of order against said bill are hereby waived. That after general debate, which shall be confined to the bill and continue not to exceed 3 hours, to be equally divided and controlled by the Chairman and ranking minority member of the Committee on Banking and Currency, the bill shall be read for amendment under the 5-minute rule. It shall be in order to consider, without the intervention of any point of order, the substitute amendment recommended by the Committee on Banking and Currency, and such substitute for the purpose of amendment shall be considered under the 5-minute rule as an original bill. At the conclusion of such consideration 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.

MOTHERS AND THE HOMES OF OUR REPUBLIC

Mr. FULLER. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD by including an address delivered by the gentleman from New York [Mr. SIROVICH] on Mothers and the Homes of the Republic.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

Mr. FULLER. Mr. Speaker, under leave to extend my remarks in the RECORD, I include the following address delivered by the gentleman from New York [Mr. SIROVICH], from Station WOL in Washington over a national hook-up, on May 8, 1934.

When I listened to this eloquent and able address, I naturally thought of the charms and life of my mother and felt the speaker must have had in mind, as I did, the mothers of the Third Congressional District of Arkansas, and I concluded I would ask permission to have his remarks extended in the RECORD with a view of reaching the wonderful mothers of my district.

The address is as follows:

Ladies and gentlemen of the invisible radio audience, back of our Government, back of our religion and custom, is the home. The home is the foundation of all society. Upon it the superstructure of all civilization rests. The home is the institution where the father is the king, mother the queen, and the children are the subjects. In every home, whether it be in the large cities or upon the plains, valleys, farms, or mountain sides, there is a little sentiment upon the walls which inspires every man, woman, and child, which says: "God bless our home." What sweet, tender memories this sentiment always evokes in our heart and mind. Faith and hope should never depart from these humble firesides. The home is the cradle that nurtures our offspring. The home is the institution that shapes the destiny of our brood. As go the parents, so go the children; as go the children, so goes the home; as goes the home, so goes the nation and the world. Destroy the home, and you destroy society, civilization, and everything that goes with it.

Everyone is praying for happiness, for comfort, and prosperity to return to all who struggle for their daily bread, in order that their home may be maintained. We are hoping for a new day to break in upon all of us. Today the mortgages upon the homes of millions of our people are being foreclosed. Hunger, penury, want, and destitution stare these millions in the face. Today the homes of these unfortunate people are being threatened as never before. Economic conditions threaten to achieve what fire, flood, wind, and invasion have never done before. Property is gone, fortunes have been swept away, men and women beyond the middle age are back where they started, helpless and hopeless, not knowing where to turn for tomorrow's bread and shelter. And what is the cause of it all? It is the lack of money which is the lifeblood of our Nation.

Money symbolizes the crystalized efforts of labor and capital. Money represents the frozen labor of the past; the liquid flow of the present, and the solid reward of the future. Money preserves the home. It is transformed into the workers' daily bread. It puts food into our stomachs, coal in boilers, oil in motors, electricity in wires, and helps bring happiness and contentment in the home.

The angel of the home is the mother. She is the queen of our hearts, the inspiration of our souls, the ideal of our minds. Since God could not be everywhere, He created mothers to take His place. The old saying, "Be it ever so humble, there's no place like home", finds expression only when the home is presided over by the mother whom we adore and should always love, honor, and respect.

In my humble opinion, the greatest love in the world is mother love. A love that is dedicated and consecrated on the altar of hope and faith and baptized with tears. A love that shines sublime through pain, anguish, and suffering. A love that is not only willing to make the supreme sacrifice for the happiness and welfare of her brood but make the daily multiple, cumulative, little sacrifices, year after year, that in their aggregate make up a tremendous total. With the thought of sacrificial love there always comes the twin thought of the one who hallows our home, "mother." The Apostle John tells us that Jesus once said, "Greater love hath no man than this, that a man lay down his life for his friend." How many millions of mothers throughout the ages have laid down their lives on the altar of childbirth? How many mothers have ennobled humanity and the world in making the supreme sacrifice of their own lives that new lives might come into the world and carry the torch of civilization and justice into the homes, hearths, and firesides of suffering humanity the world over.

In all languages and in all climes the first intelligible sound uttered by an infant is the syllable or word that stands for "mother."

The care of the mother for her children does not end with infancy. It continues on through childhood, adolescence, young adult age, and maturity to the very day of her passing. The last thoughts of a good mother are always for her beloved children. During her life her children never grow up. The son who achieves a place of great distinction and power is never to her the distinguished leader of man; he is always her boy.

The daughter who marries well and attains a leading position in society or in the affairs of women, or who, best of all, herself becomes a mother, is still her darling girl.

Until the children become parents in due time, they are apt to chafe at some of the attentions of the mother; but when girls have gone through the same maternal experiences, they understand. Thus the attributes and virtues of motherhood are passed on from generation to generation.

Mothers, nowadays, are able to give better care to their children owing to the progress in health conservation. In the past 1 child out of every 3 succumbed to infantile disease. Today the ratio is 1 out of 7, due to the fact that modern mothers are enabled to apply and do apply scientific methods of child care, feeding, and rearing, of which their mothers knew little and their grandmothers still less. A soldier on the battlefields stands a greater chance of escaping death through shot and shell than a child does of surviving the perils to health that still menace infancy and childhood.

When the angel of death knocks upon the door and the celestial music summons and beckons us to the great beyond, the last thought in the mind of most of us is—mother.

Human beings learn by contrast. We cannot appreciate what is beautiful until we behold what is ugly. We do not appreciate the dawn and daylight until we have lived in darkness. We seldom realize our joys in life until they have passed away. Those who have living mothers cannot realize the utter lonesomeness of those who have lost their best friend, their mother. The death of a mother causes a great void, a great gap that never, never can be refilled. How often have I heard the anguished heart cries of children, of grown men, and women as they cry aloud for their departed mother, who has made the final pilgrimage to the great beyond, never to return.

I once wrote a poem which concluded by saying:

"When death does mother call away,
Oh, how we cry to have her stay.
Our wealth, indeed, we'd gladly spend,
If but to her we could attend.
Your duty do while she's alive,
To her alone justice must survive.
Success and honor will always be thine,
When to your mother while she's alive you'll be kind."

How many of my auditors in the great invisible radio audience realize the thousands of loving, sweet, tender acts that mother performs in her life, that her children and the father of her children may find peace, happiness, and contentment in their home? Loving acts about which she says nothing. Sacrifices, great and small, things that she goes without and denies to herself that her husband and her children may be well fed, well clothed, well groomed, and well cared for.

Every father provides the physical and material things that make a house; but it is the tender love, the sweet affection, the romance and sentiment of the mother that out of the things of the house she creates and makes a home.

Without homes we would be a nation of nomads, wanderers on the face of the earth, with no settled habitation nor permanent abode. Every act passed by Congress, no matter how apparently remote, in its final results affects the home. The act may deal with economics, finance, industry, agriculture, or commerce; but it becomes a good law or bad law according as it helps or harms.

The home must and shall be preserved; on its preservation depends the perpetuation of the Republic itself. We, Members of Congress of the United States, will do our duty to our Nation and its pople only when our first and last thought is, How will our work in Congress affect the home, and how will it affect and maintain the welfare, the happiness, and the contentment of the father, the mother, and the children of the home? God bless the homes of America. Be it ever so humble, God, help us to preserve the American home.

Next Sunday, May the 13th, is Mother's Day;
Remember your mother who has passed away,
Give to every living mother, every day,
The best you have in every way.

THE PRESIDENT'S MESSAGE ON SILVER

Mr. WHITE. Mr. Speaker, I ask unanimous consent to revise and extend my own remarks in the RECORD.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. WHITE. Mr. Speaker, the President's recommendation for silver legislation, coming as the result of numerous conferences with the advocates of silver in both branches of Congress, is a forward step in his plans announced last July, in which he said:

The United States seeks the kind of dollar which a generation hence will have the same purchasing power and debt-paying power as the dollar value we hope to attain in the near future.

In the words of his message, the proposed legislation is "a long step forward, but only a step." Congress has very definitely declared the policy of the Government upon this paramount of all issues in section 311 of the United States Code, "never repealed and still a law":

SEC. 311. Policy of United States as to bimetallism. It is hereby declared to be the policy of the United States to continue the use of both gold and silver as standard money, and to coin both gold and silver into money of equal intrinsic and exchangeable value, such equality to be secured through international agreement, or by such safeguards of legislation as will insure the maintenance of the parity in value of the coins of the two metals, and the equal power of every dollar at all times in the markets and in the payment of debts. And it is hereby further declared that the efforts of the Government should be steadily directed to the establishment of such a safe system of bimetallism as will maintain at all times the equal power of every dollar coined or issued by the United States in the markets and in the payment of debts.

When we consider that price level is the controlling factor in business and national prosperity and that history and statistics disclose the relation and control exercised by silver in price level, the importance of silver to industrial recovery and prosperity cannot be overestimated.

CONSTITUTIONAL GOVERNMENT OR DICTATORSHIP?

Mr. CULKIN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. CULKIN. Mr. Speaker, the principal issue before the country in the approaching congressional campaigns will be whether the Nation is to continue the constitutional government of our fathers or adopt the principles of fascism now dominant in Italy and Germany. In other words, is Congress by legislative action to continue to increase its delegation of powers to the Executive?

Anyone who runs may read that since the present administration began there has been a definite and partly successful drive to alter the American system. In the Agricultural Adjustment Act Congress delegated to the Secretary of Agriculture sweeping and unprecedented powers over the domain of agricultural production. In the "Recovery Act" Congress authorized the Executive to supervise and regulate the affairs of industry. I was present on the floor of the House when these measures were passed, and the leaders of the majority were vigorous in their assertions that the measures were simply to bridge over the existing emergency. It was stated by the sincere and able legislative leaders of the majority party that within a year we would be out of the wilderness and that these measures would then be discontinued. In fact, each bill recited in its preamble that the measure was for the emergency only. On the theory of the sailor that any port in a storm is a good one, these various relief measures were speedily passed. They were stop-gap in character and were intended only to bridge over the existing economic emergency. By these enactments Congress, at the request of the President, gave him powers as great as those enjoyed by Mussolini or Lenin. Representative government in fact abdicated on the theory that the measures in question would improve our condition and lead us out of the economic wilderness in which we were floundering. These measures were the genesis of the new deal, so called. They were prepared by the so-called "brain trust" whom the President called in to advise on the situation.

More than a year has passed since the enactment of these measures. The President and at least a portion of his party leadership in the House now say that the new deal must become permanent; that it is and shall be the function of the Federal Government to continue to regulate and regiment agriculture and perform similar functions in the field of industry. Whether or not that program should become the permanent American policy will be the issue in the approaching congressional campaign. It is my judgment this delegation of power over industry and agriculture which we have given to the Executive has failed of its destined purpose or at best has made all the headway possible. The welfare of America now demands that we return to the "roof trees" of our fathers.

In passing let me state that it is my judgment that the economic skies were brightening and improving at the close of the Hoover administration. Lacking, of course, in the personal magnetism possessed by the present occupant of the White House, it cannot be denied that no man in the history of America was abler or more accomplished than President Hoover in the field of national economics. He knew the mechanics of the depression, and it was his theory to ride out the storm by putting the Ship of State under reduced canvas and applying orthodox remedies to the situation.

I am one of those that believe that if he had been reelected, the situation would have been solved ere this. I believe that at the time of the Presidential election in 1932 he was bringing the Ship of State safely to port with no sacrifice of basic American principles. It is my belief that the continuation of the policy of the present administration means the aggravation and continuance of our present con-

dition. In other words the experimentation, as President Roosevelt calls it, has failed. The business of ploughing under crops and slaughtering swine in the name of plenty for the farmer aids neither the man in the street or him who tills the soil.

The business of endeavoring to conduct industry by means of a sappy socialism and regimenting by rules prescribed by the "test tube" statesmen cannot be longer continued without permanent disaster to our economic life. The placing of the butcher and baker and candlestickmaker of the entire country under regimentation is impossible of orderly achievement in the interests of the whole people. Under the N.R.A. a man who charged 35 cents for pressing a suit of clothes was sent to jail for 30 days. This procedure, besides being typical of the whole performance, outdoes Hitler and Mussolini.

GOVERNMENT SHOULD GET OUT OF BUSINESS

It is my honest belief that the continued interference of Government with business, whether it be manufacturing or otherwise, can only result in prolonging the depression. Industry has had its opportunity for self-analysis and now understands the necessity of paying proper wages in order to keep up the national buying power. But it cannot do this if its status remains in the hands of the "brain trusters" and in the application of their pipe-dreams to industry. Continuance of this procedure, in my honest judgment, will be fatal to recovery. It is my belief that the loaning of money to solvent industry will do more good to cure unemployment in the country than any other method of relief. These loans should be thoroughly safeguarded, and every cent so advanced should be fully repaid within 5 years. If the Government will do that and then leave business to its own devices, the genius and pluck of the industrialists will do the rest. However, if business is hectored, lectured, and handicapped by the vaporings of the "brain trust" and the various "men on horseback", the situation will continue to be one of uncertainty and of nonprogress.

Assuming that experience and training in practical affairs are a necessary preliminary to doing business, the average "brain truster" could not operate a "hot-dog stand" successfully. Yet these modest gentlemen now say that all industry which employs less than 400 hands is inefficient. If the President and the majority in Congress go along with them on this theory, which they have done so far, it means that 50 percent of the community life in America will be wiped out. According to the Darrow report just made public, it would seem as if the destruction of small industry was already in part accomplished through the operation of the N.R.A.

REPUBLICAN CONGRESS NECESSARY

The only thing that can save America from a continuance of this outrageous infliction is the election of a Republican Congress. This will give business and industry the assurance that in the future they will be free from the callow interference of the "brain trusters." Although giving lip service to the Constitution, they are for the most part asserting the profit motive should have no place in our scheme of things.

The election of a Republican Congress would result in the return to sanity, a balanced Budget, and would take the present shackles off industry. Then the country would go full steam ahead.

THE A.A.A.

Its present policy of food destruction, which is without parallel in the history of the world, is typical of the handling of the farm situation by the present agricultural administration. Inconceivable as it may seem, the various sections of the A.A.A. are under control of or at least dominated by Tugwellian, Bean, and Mordeci types of "brain trusters", who have no knowledge of the business of agriculture and seek to apply book theory to its stricken condition. The Farm Board was rated as a dismal failure, but it was in fact much more effective in operation and shows more results than the A.A.A.'s performances. Top hogs are now selling for $3, despite the fact that 6,000,000 pigs and 600,000 sows have been destroyed at the cost of millions of dollars. Across the line in Canada, without any such artificial regulations, top hogs are selling for $8, despite the limited market which the smaller population of Canada presents. Twenty percent of the corn land has been reduced to idleness, and much of the last year's corn crop is still under Government seal. The corn farmers are therefore without relief. Cotton alone has fared better, for the sole reason that every phase of manufacturing that is even remotely a substitute for cotton is paying a processing tax into the Treasury for its benefit. Incidentally the eastern farmer and in some instances the western farmer are themselves paying the processing tax.

The experimentation of the A.A.A. with wheat has not been more successful.

DAIRYING

Perhaps the blackest chapter of the A.A.A.'s performances is in the dairying field. Over a year has passed since the enactment of this law, and the condition of the dairymen under the Agricultural Adjustment Act has been, in fact, further aggravated and depressed. The distinguished Secretary of Agriculture started out with the theory that the dairymen were in better condition than the wheat, corn, and cotton farmer. He and his cohorts in the dairying field, in obedience to the Secretary's complex that farm relief has no place except in the midwestern country where the agricultural group is and has been for a long time most vocal, actually attempted to depress the price of fluid milk in the various eastern and southern milksheds. The basis of this was the theory that by depressing the price of fluid milk, which the "brain trust" considered too high, they could bring up the price of butter. This depression of the price of fluid milk was done regardless of transportation costs, the feeding problem, and labor conditions in the various milk sheds. The A.A.A.'s whole administration of this problem has been characterized by fumbling and uncertainty. The effect of their policies has been to play into the hands of the distributors and the chain stores, whose profits during this period of depression have continued to increase.

It is my definite conclusion that if the dairymen of the country, and more particularly my own district and State, wish to avoid disaster, they keep away from the A.A.A. and all its works and pomps. It is my judgment that their economic salvation will be conserved by a return of the Republican Party to power and the re-creation of the buying power of the Nation through the usual and normal channels.

DEMOCRATS ARE DIVIDED

And we find notable dissenters from the policies of the A.A.A. and the N.R.A. who are members of the President's own party. Senator CARTER GLASS, one of the most distinguished and outstanding Members of the Senate, who was offered the portfolio of Secretary of the Treasury by the President, refused to put his two newspapers under the N.R.A., and I am advised characterized the Blue Eagle as the red eagle. I have the greatest respect for Senator GLASS. No man in my day has shown greater courage. He is an expert diagnostician of ballyhoo and "blah" from whatever source it comes. He is typical of the best that is in American life, and his protest is notable and worthy of careful consideration.

The happy warrior, former Gov. Alfred E. Smith, makes a no less vigorous criticism of the procedure that is being followed. He criticizes in unmeasured terms the unjustified and obvious permanent invasion of business by governmental spies and investigators. He regards with distrust the impractical and extraordinary invasion of private affairs by the "brain trust", so called. He has no confidence in the procedure or in the results. It is his view that this procedure means the passing of free government. It is his belief that it means the breaking-down of the rugged individualism, which is the finest thing in our American heritage.

BILLIONS FOR THEORIES

As I view it, our present situation is one of acknowledged experimentation. The administration's policies are coming not from the intelligence or experience of statesmen but

from the test tubes of the college professors who constitute the "brain trust." The Budget is balanced solely by keeping two sets of books and billions have been contracted for in indebtedness to be paid for by future generations. Cotton is being plowed under while Government loans are being made to produce more crops so it can be plowed under in the future. A specific appropriation of $25,000,000 is made to finance a back-to-the-farm movement, which will make more agricultural overproduction. Eighty-six million dollars in new expenditures on new irrigation projects has been authorized, which will add 1,600,000 acres to that already under cultivation. Millions of pounds of fresh meat and canned meat are brought in from South America while 6,000,000 pigs are being slaughtered to reduce the meat supply. The "test tube" statesmen tell industry that they must manufacture at a largely increased cost but must sell and continue to sell the finished product at a loss.

The report is that National Chairman Farley has instructed the Secretary of the Federal Radio Commission to see to it that all radio stations in the country are available for use to put out the Democratic Party propaganda. Hitler or Mussolini have nothing on us in this year of our Lord.

It is my definite belief that this whole procedure and this continuation of delegated authority will be ruinous, not only to the farmer but to the industrialist.

The people of the country must take a hand. The return of the Republican Party to power in 1936 is the only remedy available. The relief of the people of all classes from the oppressive procedure of the present administration, its interference with private rights, its destruction of personal initiative, will be the issue in the congressional campaign of 1934.

WANTS MORE POWER

Although loaded with power, the "brain trusters" are reaching out for more. They wrote into the Stock Exchange Act a provision that gives them a blood clutch on small industry. The President himself is now seeking, and the Democratic House has voted, the power for him to make tariff treaties without Senate ratification. Secretary Wallace in his pamphlet, America Must Choose, urges the elimination of the tax on edible oils, sugar, flax, and wool. The House should remember that none of these items are in the surplus-production group, but the Secretary of Agriculture has declared them all uneconomic and has signed their prospective death warrant when his Chief obtains the right to negotiate tariffs without Congress' having any voice in the matter. I stand with Senator BORAH on this proposition when he says:

> I have no patience with those who are timid and apologetic about the Constitution. It is a living document formed in an atmosphere of emergency to deal with national emergencies. * * * Personal liberty is the keystone of our heart. There is a niche in history beside Washington and Lincoln for the brave man of today who has the courage to defend constitutional government against those who would destroy it.

The administration is greedy for power. Its attempt to control the tariff-making power, which under the Constitution belongs to Congress, is typical of the "brain trusters'" insurgency against the existing order.

The cancelation of the air-mail contracts and the resulting death of 10 Army aviators who were thrown into the breach to save the day are typical of the arbitrary performances which characterize the present administration. The American people should not be fooled. Hand in hand with the magnetism of the present occupant of the White House, Postmaster General and National Chairman Farley is utilizing the emergency to build up a vast army of Democratic officeholders. This new group includes an army of grain inspectors, cotton-crop inspectors, peanut-crop inspectors, and hog inspectors. They have no qualifications for the posts they occupy except that they march under the banner of Farley. Billions of dollars are being poured out of the Treasury for their sustenance. How this money will continue to be paid God alone knows.

In this situation I insist and repeat that the salvation of the country is dependent upon the return of the Republican Party to power. Thinking citizens of all parties are now turning to the Republican Party as the natural source for public action.

PARTY MUST BE PROGRESSIVE

In this day and generation the Republican Party must not hark back to the traditional Republican conservatism and standpattism. Nor should it don the scarlet coat of the ultraliberals. There is a safe middle ground between the two extremes, and there should be no political juggling for the purpose of getting into power. What is needed is a forward-looking leadership which has for its principles those of Abraham Lincoln and Theodore Roosevelt. The party should not be permitted to go back into the hands of the Tories, but it should be responsive to the trend of the times, which course is thoroughly consistent with adherence to constitutional government.

THE PEOPLE MUST CHOOSE

I have endeavored to outline the definite issues that confront the people in the congressional campaign of this year. The Republican Party will take its stand in that campaign for constitutional government and for the real advancement of labor and agriculture. I believe that the congressional elections of this year will definitely end the burden of experimentation which has been spendthrift and destructive of popular government. I believe that in the elections of this year we will return a Republican Congress which will represent the true American tradition and give us a leadership free from isms and Russian theory. By that course, and that course alone, the American people will insure national recovery and the continuance of American institutions.

THE LATE HON. HARCOURT J. PRATT

Mr. GOODWIN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. GOODWIN. Mr. Speaker, it is with sorrow and regret that I announce to this Congress the death of Hon. Harcourt J. Pratt, of Highland, Ulster County, N.Y., a Member of Congress from the Twenty-seventh District of New York from 1924 to 1932. He died as the result of an automobile accident which occurred yesterday.

Mr. Pratt was one of the outstanding men in his district—quiet, unassuming, and genial, and with every qualification of a real gentleman; a business man of the highest type. These qualities were recognized by his associates in that they chose him to act as supervisor of the town of Lloyd, N.Y., for three terms, then sent him to the State Assembly in Albany, N.Y., and finally to Congress, where he remained for four consecutive terms. To protect his health in 1932 he decided not to stand for reelection and I have had the honor to succeed him.

While in Congress he was a member of the Committee on Agriculture and a great favorite among his colleagues. Not only has his district suffered a great loss but the Government of the United States has lost a great legislator.

Mr. RANKIN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection?

There was no objection.

Mr. RANKIN. Mr. Speaker, we of the majority join in the expressions just uttered by the gentleman from New York [Mr. GOODWIN] with reference to our deceased former colleague, Hon. Harcourt J. Pratt, of New York. I have never met a man in public life who enjoyed to a higher degree the esteem and confidence of his fellow men than did Harcourt J. Pratt.

The news of his tragic death was a great shock to the Members on this side of the aisle who served with him, and we all join in expressing our profound sorrow at his untimely passing away.

PRINTING OF HOUSE RULES AND MANUAL

Mr. LAMBETH. Mr. Speaker, by direction of the Committee on Printing, I send to the desk a privileged resolution (H.Res. 371; H.Rept. 1746) and ask for its immediate consideration.

The Clerk read as follows:

House Resolution 371

Resolved, That the Rules and Manual of the House of Representatives for the Seventy-fourth Congress be printed as a House document, and that 2,500 additional copies shall be printed and bound for the use of the House of Representatives, of which 700 copies shall be bound in leather with thumb index and delivered as may be directed by the Parliamentarian of the House for distribution to officers and Members of Congress.

With the following committee amendment:

On line 3, strike out the words "two thousand five hundred" and insert in lieu thereof "sixteen hundred."

The committee amendment was agreed to.

The resolution was agreed to.

PERMISSION TO ADDRESS THE HOUSE

Mr. CROWE. Mr. Speaker, I ask unanimous consent that on tomorrow immediately after the reading of the Journal and disposition of matters on the Speaker's desk I be allowed to address the House for 10 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

Mr. BYRNS. Mr. Speaker, reserving the right to object, and I am not going to object to this request, it is important that we get through with the bank bills tomorrow, absolutely imperative; and I shall have to object to other requests along this line.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

THE TREND OF ECONOMIC AND POLITICAL EVENTS

Mr. LAMBERTSON. Mr. Speaker, under privilege to extend my remarks in the RECORD, I wish to include a dissertation by Cliff Stratton, of the Washington bureau of the Topeka Capital.

Mr. LAMBETH. Mr. Speaker, for the present I shall have to object.

Mr. LAMBERTSON. Mr. Speaker, will not the gentleman withdraw his objection? I have not inserted a single thing in the RECORD this session.

Mr. LAMBETH. Mr. Speaker, I object.

Mr. LAMBERTSON. Mr. Speaker, I ask unanimous consent to address the House for 10 minutes tomorrow immediately following the gentleman from Indiana; and I hope the majority leader will not object to this request, for I have not used 10 minutes of the time of the House this entire session. Had my request to insert this matter in the RECORD not been objected to, I would not ask for even this 10 minutes.

Mr. BYRNS. It is with the utmost reluctance and the greatest regret that I am forced to object to these requests, but it is absolutely imperative, if the House is to do what the people want it to do, finish the important business and go home, that these bills be passed.

Mr. Speaker, let me say to my friend that after these bills are passed there will be ample time for my friend and any other Member to talk, but let us pass these bills and get them into conference. While the conferees are conferring there will be ample time for Members to address the House.

Mr. LAMBERTSON. That is all very nice, but it does not meet my needs. I ask the majority leader not to object to my using 10 minutes.

Mr. BYRNS. The difficulty with the situation is that if the gentleman takes 10 minutes there will be 20 minutes of the day gone. The gentleman must realize that if these important bills are to be passed we must devote our entire time to them.

Mr. LAMBERTSON. I would remind the majority leader that I have saved the House many times 10 minutes this session.

Mr. BYRNS. I am aware of that fact.

Mr. MARTIN of Massachusetts. Mr. Speaker, I would remind the majority leader that the gentleman from Kansas is the first Republican Member who has asked to address the House in several days.

Mr. BYRNS. I am not going to object to the request of the gentleman from Kansas; but most certainly I shall be forced to object to any other requests made from either side to address the House tomorrow.

Mr. LAMBERTSON. Mr. Speaker, I shall not ask for even these 10 minutes if the gentleman from North Carolina will withdraw his objection to my request to insert this matter in the RECORD.

Mr. BYRNS. Mr. Speaker, further reserving the right to object, I do not think it is fair to the House for Members in the closing days of the session, when we have important legislation pending, to submit requests to address the House upon subjects not involved in the legislation.

Mr. LAMBERTSON. Mr. Speaker, I do not want the 10 minutes. I shall put the matter in the RECORD. The gentleman from North Carolina has withdrawn his objection.

Mr. BYRNS. I have stated to the gentleman, in view of the fact that the gentleman from Indiana has been given 10 minutes, that I shall not object to his having the time; but I am going to object to any further requests from either side of the House to address the House tomorrow.

The SPEAKER. Is there objection to the request of the gentleman from Kansas to insert in the RECORD the matter to which he referred?

There was no objection.

Mr. LAMBERTSON. Mr. Speaker, under leave to extend my remarks in the RECORD I include the following copy of a learned and courageous dissertation on the trend of economic and political events by Clif Stratton, of the Topeka Daily Capital's Washington Bureau:

WASHINGTON, D.C., May 19.—While the victory of Senator Dave Reed over Gov. Gifford Pinchot in Tuesday's primary in Pennsylvania may not be as much of a victory for standpat Republicanism as was promptly claimed by Senator DANIEL M. HASTINGS, of Delaware, it is significant of the growing revolt against the new deal over the country.

In the first place, Senator DAVE REED is perhaps the outstanding, certainly the ablest, exponent of conservatism on the Republican side of the aisle in the United States Senate. Just as Senator CARTER GLASS probably is the ablest, and almost certainly the outstanding exponent of conservatism in the Democratic side of the aisle.

REED, of Pennsylvania, stands for high protection for industry against income taxes, for the sales tax, against Government regulation in almost any form, has opposed every piece of farm legislation, every piece of so-called "labor legislation", since he has been in Congress. And he always has had the courage of his convictions. There has been no yielding on the part of DAVE REED. So a REED victory in Pennsylvania is not merely a conservative victory, it is a standpat victory.

On the other hand, Gifford Pinchot, from the time of the Pinchot-Ballinger controversy under President Taft, has been nationally known, so to speak, as a liberal, to the point of being a radical.

So when REED defeated Pinchot decisively—even in rockribbed Pennsylvania—it was taken in political circles as decisive victory for conservatism in government.

And it got the "goat" of the Roosevelt Democrats, even though it was purely a Republican primary fight.

In fact, the Pennsylvania primary got the "goat" of Senator JOE ROBINSON and other Democratic leaders in the Senate so completely that they forgot to analyze the election returns and simply put up the defense that, of course, Pennsylvania is a natural old-line Republican State anyway.

It remained for G. Gould Lincoln, veteran political writer for the Washington Star, himself a conservative on a conservative newspaper—but also one of the fairest writers on one of the fairest newspapers in the United States—to point out that statistically the Roosevelt forces could have made a much better case for themselves if they had analyzed the figures instead of taking the Pinchot defeat as equivalent to a Roosevelt-new-deal defeat.

Lincoln points out—with quiet humor—that there was a Democratic primary held in Pennsylvania the same day, and—but let Lincoln himself explain it:

"Just how far the victory of Senator REED can be held a sure test of sentiment for and against the Roosevelt policies in Pennsylvania is another matter. From the claims of the Republican leaders it might be assumed that all the supporters of REED were opposed to Roosevelt policies and all the supporters of Pinchot were for those policies.

"If that were an exact statement of the case, then it would be necessary to add to the Pinchot vote the vote cast for Mr. Guffey, (Joseph F. Guffey, the Democratic nominee, and an ardent Roosevelt supporter) who certainly was more of an out-and-out Roosevelt new dealer in the campaign than was Governor Pinchot. Mr. Morris (defeated by Guffey for the Democratic nomination) also claimed to be a Roosevelt man and for the Roosevelt policies.

The combined vote of Pinchot and Guffey, from the available returns, was 737,268 votes. If the REED vote was added to the vote cast for Mr. Morris—and this may not be entirely fair, since

Mr. Morris claimed also to be a Roosevelt man—the total is 607,074. The difference between the Roosevelt vote and the anti-Roosevelt vote—using the argument of the Republican leaders themselves—is about 120,000 in favor of Roosevelt's new deal.

"It seems surprising that the Democratic leaders, instead of seeking to show that a Roosevelt victory was not to be expected in rockribbed Republican Pennsylvania, did not instantly claim a victory for the Roosevelt new deal.

It seems to this particular amateur political observer, however, that the important thing in national politics to the agricultural Mississippi-Missouri Valley, to the Southwest, and to the agricultural sections of the Far West, is not Roosevelt at all.

Unless there is some sort of a miracle, Franklin D. Roosevelt will not be reelected President in 1936. It is not in the cards. No matter how far out of the depression the country has emerged by 1936, it will not have come far enough to be satisfactory. The voters will demand a different deal, whether another new deal or a square deal or just a change. Odds are that political control will shift from one side to another for the next three or four national elections. That has been history under somewhat similar circumstances.

So it seems here that the important thing to the agricultural States is not Roosevelt, the Democrat, and whether his policies—and they will prove to be many and varied between now and 1936—stands with the country.

Instead the important thing for Kansas and sister States is what group will dominate and what policies will prevail in the Republican ranks by 1936.

Factually it is a far cry from the republicanism of William McKinley, of Theodore Roosevelt, Jr., and even of William Howard Taft, to the republicanism of the era of Warren G. Harding, Calvin Coolidge, and Herbert Hoover. The word "era" of Harding, Coolidge, and Hoover is used advisedly, or at least intentionally. For it was the New York Stock Exchange, financial interests, and high-tariff industrialists who dominated financial, business, and governmental policies during the Harding, Coolidge, and Hoover administrations.

Two of the things accomplished during the present administration probably will last, though in modified form, through several administrations to come, no matter what happens in the national-election years. Those two things are the change in control of the monetary system, including the banking system, and regulation of the stock exchange and issuance of securities. Neither was a politically partisan measure. Monetary change was forced and will continue to be forced by international trade conditions and by the break-down of the credit structure through misunderstanding of the functions of money and credit by financiers. And the stock exchanges have become too important to every business and every individual to be allowed to operate as they please, without regulation, again.

Roughly, that leaves planned economy—the N.R.A. and the A.A.A.—and the tariff, for political issues in the 1936 and to a large measure in the 1934 campaigns.

On the tariff issue the Republicans themselves very likely will have to make a choice between the policy of McKinley, as enunciated more recently, in part at least, by Ogden Mills in his Topeka speech last January, on the one hand, and the policy of such present-day spokesmen as Senator DAVE REED, of Pennsylvania, Senator DANIEL O. HASTINGS, of Delaware, Representative BERT SNELL, of New York, and what might be termed the New England-Pennsylvania industrialist group on the other hand.

Now the general industrial view is that the most desirable condition in industry consists of cheap manufacturing costs—low wages, machine efficiency, and cheap foodstuffs—plus high prices for manufactured products. That objective, from the short-range viewpoint at least, would be best attained by high protective industrial tariffs, low priced farm prices, and the price-fixing possibilities of the N.R.A.

In other words, if the Reed-Hastings-Snell, New England-Pennsylvania, combination has its way, the Republican Party in 1936 will stand for high protective tariffs on manufactured products, cheap foodstuffs, and price fixing for manufactured products.

The objective of the Agricultural Adjustment Act—its machinery may be effective or ineffective, experiment will determine that—but the objective is prices for farm products at least as high, relatively, as prevailed in 1910–14.

The objective of the N.R.A. is high wages and maintenance of prices.

In other words, the purely industrial group, if given control, would do away with the objective of the A.A.A. entirely, and would eliminate the high-wage objects of the N.R.A., but would retain that part of the N.R.A. which makes possible the maintenance of prices for finished products.

Hence, the importance to Kansas and the other agricultural States, in what groups and interests control the policies and candidates of the Republican Party in 1936. If the purely industrial group from northeast United States controls the Republican Party, that will be one thing. If the Republican Party is dominated—or even has a balanced power—that realizes the importance of balancing the national economy by having both high wages and farm prices high enough to give purchasing power to the agricultural sections, that is another thing.

It begins to look as if the Mississippi-Missouri Valley will be the real battle ground in the political battle which will determine the control and policies of the Republican Party.

If the great valley between the Appalachians and the Rocky Mountains can be weaned away from the efforts to raise farm incomes, the objectives of the Agricultural Adjustment Act, and the fight to bring down tariff restrictions sufficiently to give this territory a fighting chance in the world markets, will go into the discard.

If the farmers do not want the A.A.A., the industrial section certainly will not try to retain the program. The industrial section wants cheap foodstuffs, no matter what the final price in lack of purchasing power might be. Also if the industrial group wins, the price fixing and monopolistic possibilities of the N.R.A. will be retained; the wage provisions will go into the discard.

Briefly stated, the foregoing are the reasons why it seems to one observer—and, of course, all this is largely a matter of opinion—that it is far more important to Kansas what groups and what interests are going to control the policies of the outs—the Republicans—in 1936, than how much we like President Roosevelt and the rather elusive new deal.

The political pendulum seems to have started its swing away from President Franklin D. Roosevelt. But it will be a sad day for Kansas if it swings as far as Senator DAVE REED, of Pennsylvania.

Just a personal word about Senator DAVE REED. This observer has a great admiration for his undoubted ability, for his courage, for his sense of loyalty to ideals—but his vision, and the vision of those who train with him, can never see beyond the western limits of the State of Pennsylvania.

COINAGE OF 50-CENT PIECES COMMEMORATING TWO HUNDREDTH ANNIVERSARY OF THE BIRTH OF DANIEL BOONE

The SPEAKER. The Chair lays before the House the following Senate concurrent resolution.

The Clerk read as follows:

Senate Concurrent Resolution 18

Resolved by the Senate (the House of Representatives concurring), That the action of the Speaker of the House of Representatives and of the President of the Senate in signing the enrolled bill (S. 3355) to authorize the coining of 50-cent pieces in commemoration of the two-hundredth anniversary of the birth of Daniel Boone, be rescinded, and that the Secretary of the Senate be authorized and directed to reenroll the bill with the following amendment:

Before the period at the end of section 1 insert a semicolon and the following: "but the United States shall not be subject to the expense of making the models or master dies or other preparations for this coinage."

The Senate concurrent resolution was agreed to.

AMENDMENT OF THE LAW RELATIVE TO CITIZENSHIP AND NATURALIZATION

The SPEAKER. The Chair lays before the House the following Senate concurrent resolution.

The Clerk read as follows:

Senate Concurrent Resolution 19

Resolved by the Senate (the House of Representatives concurring), That the President of the United States be, and he is hereby, requested to return to the House of Representatives the enrolled bill (H.R. 3673) to amend the law relative to citizenship and naturalization, and for other purposes; that if and when the said bill is returned, the action of the Speaker of the House and of the President of the Senate in signing the said bill be deemed to be rescinded; and that the Clerk of the House of Representatives be, and he is hereby, authorized and directed to reenroll the said bill with the following amendments, viz:

On page 2, line 1, of the House engrossed bill, strike out the following: "and unless the child, in" and insert in lieu thereof a period and the word "In".

On page 2, line 2, of said engrossed bill, after the word "alien" and the comma, insert the following: "the right of citizenship shall not descend unless the child".

Mr. O'CONNOR. Mr. Speaker, reserving the right to object, it seems that almost every bill that is passed by the House has to be called back for correction; I do not know how many there have been, but it seems like a waste of time. Every day we have one or two bills which, having passed both Houses of Congress and having been enrolled by the enrolling clerks, have to be called back and the work done over again. I believe it is a situation that deserves the attention of the leadership of the House.

The SPEAKER. In defense of the enrolling clerks, the Chair will state that this is but the third bill that has come back this session; and they have had more bills to enroll than they have ever before had at one session.

Mr. MARTIN of Massachusetts. Mr. Speaker, reserving the right to object, I should like to ask the gentleman from New York if this is anything but a clarifying amendment, if it involves any substantial change in the way the bill was passed.

Mr. DICKSTEIN. None at all.

Mr. McFADDEN. Mr. Speaker, reserving the right to object, will the gentleman from New York explain the effect of this amendment?

Mr. DICKSTEIN. The bill is the so-called "woman's equality bill" that was passed by the House and unanimously passed by the Senate. It is now at the White House. The Attorney General has found certain clarifying amendments necessary. We discussed the clarifying amendments at the White House. The bill has got to go back tomorrow. It is most urgent that this bill be returned so that it may be enacted into law as passed by the House and the Senate 8 days ago, and I hope the gentleman will not object.

The SPEAKER. Without objection the Senate concurrent resolution will be agreed to.

There was no objection.

Mrs. JENCKES of Indiana. Mr. Speaker, in connection with the Senate concurrent resolution just agreed to by the House I wish to state that I have been very active in connection with women's organizations interested in this particular piece of legislation, and I assure my colleagues that the changes are perfectly agreeable to them.

ENROLLED BILLS SIGNED

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee had examined and found truly enrolled bills of the House of the following titles, which were thereupon signed by the Speaker:

H.R. 7306. An act to amend section 10 of the act entitled "An act extending the homestead laws and providing for right-of-way for railroads in the District of Alaska, and for other purposes", approved May 14, 1898, as amended;

H.R. 7356. An act to provide, in case of the disability of senior circuit judges, for the exercise of their powers and the performance of their duties by the other circuit judges;

H.R. 9092. An act to authorize the Secretary of War to lend to the housing committee of the United Confederate Veterans 250 pyramidal tents, complete; fifteen 16- by 80- by 40-foot assembly tents; thirty 11- by 50- by 15-foot hospital-ward tents; 10,000 blankets, olive drab, no. 4; 5,000 canvas cots; 20 field ranges, no. 1; 10 field bake ovens; to be used at the encampment of the United Confederate Veterans, to be held at Chattanooga, Tenn., in June 1934; and

H.R. 9394. An act to authorize the Federal Radio Commission to purchase and enclose additional land at the radio station near Grand Island, Nebr.

The SPEAKER announced his signature to enrolled bills of the Senate of the following titles:

S. 1328. An act to provide for the donation of certain Army equipment to posts of the American Legion;

S. 1882. An act to authorize the Secretary of the Interior to issue patents for lots to Indians within the Indian village of Taholah, on Quinaielt Indian Reservation, Wash.;

S. 2042. An act to establish a department of physics at the United States Military Academy, at West Point, N.Y.;

S. 2794. An act to amend the Longshoremen's and Harbor Workers' Compensation Act with respect to rates of compensation, and for other purposes;

S. 3397. An act to amend the laws relating to the length of tours of duty in the Tropics and certain foreign stations in the case of officers and enlisted men of the Army, Navy, and Marine Corps, and for other purposes; and

S. 3436. An act limiting the operation of sections 109 and 113 of the Criminal Code and section 190 of the Revised Statutes of the United States with respect to counsel in certain proceedings against the Electro-Metallurgical Co., New-Kanawha Power Co., and the Union Carbide & Carbon Corporation.

BILLS PRESENTED TO THE PRESIDENT

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee did on this day present to the President, for his approval, bills of the House of the following titles:

H.R. 7306. An act to amend section 10 of the act entitled "An act extending the homestead laws and providing for right-of-way for railroads in the District of Alaska, and for other purposes", approved May 14, 1898, as amended;

H.R. 7356. An act to provide, in case of the disability of senior circuit judges, for the exercise of their powers and the performance of their duties by the other circuit judges;

H.R. 9092. An act to authorize the Secretary of War to lend to the housing committee of the United Confederate Veterans 250 pyramidal tents, complete; fifteen 16- by 80- by 40-foot assembly tents; thirty 11- by 50- by 15-foot hospital-ward tents; 10,000 blankets, olive drab, no. 4; 5,000 canvas cots; 20 field ranges, no. 1; 10 field bake ovens, to be used at the encampment of the United Confederate Veterans, to be held at Chattanooga, Tenn., in June 1934; and

H.R. 9394. An act to authorize the Federal Radio Commission to purchase and enclose additional land at the radio station near Grand Island, Nebr.

ADJOURNMENT

Mr. BYRNS. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 14 minutes p.m.) the House, pursuant to its previous order, adjourned until tomorrow, Wednesday, May 23, 1934, at 11 o'clock a.m.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

479. A communication from the President of the United States, transmitting a supplemental estimate of appropriation for the Treasury Department amounting to $25,000 (H.Doc. No. 378); to the Committee on Appropriations and ordered to be printed.

480. A communication from the President of the United States, transmitting a supplemental estimate of appropriation for the fiscal year ending June 30, 1935, for the Forest Service, Department of Agriculture, for forest-fire cooperation, amounting to $225,000 (H.Doc. No. 379); to the Committee on Appropriations and ordered to be printed.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. HEALEY: Committee on the Judiciary. H.R. 9547. A bill to amend section 766 of the Revised Statutes, as amended; without amendment (Rept. No. 1726). Referred to the House Calendar.

Mr. McREYNOLDS: Committee on Foreign Affairs. House Joint Resolution 347. Joint resolution to prohibit the sale of arms or munitions of war in the United States under certain conditions; without amendment (Rept. No. 1727). Referred to the House Calendar.

Mr. KENNEDY of Maryland: Report No. 1728 on disposition of useless papers in the Department of Commerce. Ordered to be printed.

Mr. PATMAN: Committee on the District of Columbia. S. 3257. An act to change the designation of Four-and-a-half Street SW. to Fourth Street; without amendment (Rept. No. 1729). Referred to the House Calendar.

Mr. SMITH of West Virginia: Committee on Mines and Mining. H.R. 7984. A bill to amend section 5 of the act of March 2, 1919, generally known as the "War Minerals Relief Statutes"; without amendment (Rept. No. 1740). Referred to the Committee of the Whole House on the state of the Union.

Mr. VINSON of Georgia: Committee on Naval Affairs. H.R. 4554. A bill to amend section 4808 of the Revised Statutes (U.S.C., title 24, sec. 3) to prevent discriminatory reductions in pay of the retired personnel of the Navy and Marine Corps; without amendment (Rept. No. 1741). Referred to the Committee of the Whole House on the state of the Union.

Mr. PALMISANO: Committee on the District of Columbia. H.R. 9622. A bill to amend subsection (a) of section 23 of the District Alcoholic Beverage Control Act; without amendment (Rept. No. 1742). Referred to the Committee of the Whole House on the state of the Union.

Mr. PALMISANO: Committee on the District of Columbia. H.R. 9180. A bill relating to the incorporation of Columbus University of Washington, D.C., organized under and by virtue of a certificate of incorporation pursuant to the incorporation laws of the District of Columbia as provided in subchapter 1 of chapter 18 of the Code of Laws of the District of Columbia; without amendment (Rept. No. 1743). Referred to the House Calendar.

Mr. BANKHEAD: Committee on Rules. House Resolution 393. Resolution for the consideration of S. 3025, a bill to amend section 12B of the Federal Reserve Act so as to extend for 1 year the temporary plan for deposit insurance, and for other purposes; without amendment (Rept. No. 1744). Referred to the House Calendar.

Mr. FULMER: Committee on Agriculture. H.R. 9690. A bill to place the tobacco-growing industry on a sound financial and economic basis, to prevent unfair competition and practices in the production and marketing of tobacco entering into the channels of interstate and foreign commerce, and for other purposes; without amendment (Rept. No. 1745). Referred to the Committee of the Whole House on the state of the Union.

Mr. WILSON: Committee on Flood Control. S. 3408. An act to provide for a preliminary examination of Cromline Creek, in the State of New York, with a view to the control of its floods; without amendment (Rept. No. 1747). Referred to the Committee of the Whole House on the state of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. MAY: Committee on Military Affairs. H.R. 292. A bill to correct the military record of John S. Cannell, deceased; without amendment (Rept. No. 1730). Referred to the Committee of the Whole House.

Mr. FITZPATRICK: Committee on Military Affairs. H.R. 6121. A bill for the relief of Archie J. McKee; without amendment (Rept. No. 1731). Referred to the Committee of the Whole House.

Mr. MAY: Committee on Military Affairs. S. 1557. An act for the relief of Harry Lee Shaw; without amendment (Rept. No. 1732). Referred to the Committee of the Whole House.

Mr. VINSON of Georgia: Committee on Naval Affairs. H.R.7633. A bill for the relief of George Brackett Cargill, deceased; without amendment (Rept. No. 1733). Referred to the Committee of the Whole House.

Mr. VINSON of Georgia: Committee on Naval Affairs. H.R. 9639. A bill for the relief of George A. Fox; without amendment (Rept. No. 1734). Referred to the Committee of the Whole House.

Mr. RAMSPECK: Committee on Claims. H.R. 4648. A bill for the relief of H. B. Arnold; with amendment (Rept. No. 1735). Referred to the Committee of the Whole House.

Mr. WALTER: Committee on Claims. H.R. 7568. A bill for the relief of John L. Alcock; without amendment (Rept. No. 1736). Referred to the Committee of the Whole House.

Mr. RAMSPECK: Committee on Claims. H.R. 7896. A bill for the relief of Lillian R. Maugans; with amendment (Rept. No. 1737). Referred to the Committee of the Whole House.

Mrs. CLARKE of New York: Committee on Claims. H.R. 8879. A bill for the relief of the widow and next of kin of James J. Curran; with amendment (Rept. No. 1738). Referred to the Committee of the Whole House.

Mr. SEGER: Committee on Claims. H.R. 9259. A bill for the relief of Walter C. Holmes; with amendment (Rept. No. 1739). Referred to the Committee of the Whole House.

CHANGE OF REFERENCE

Under clause 2 of rule XXII, the Committee on Military Affairs was discharged from the consideration of the bill (H.R. 9499) to authorize the award of the Congressional Medal of Honor to Allan Joseph Chamblin, and the same was referred to the Committee on Naval Affairs.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. STEAGALL: A bill (H.R. 9720) to amend the national banking laws and for other purposes; to the Committee on Banking and Currency.

By Mr. BOEHNE: A bill (H.R. 9721) authorizing the Spencer County Bridge Commission, of Spencer County, Ind., to construct, maintain, and operate a toll bridge across the Ohio River between Rockport, Ind., and Owensboro, Ky.; to the Committee on Interstate and Foreign Commerce.

By Mr. ELLENBOGEN: A bill (H.R. 9722) to amend the Revenue Act of 1934 by exempting fish oil from the tax of 3 cents per pound when used in the manufacture of paint, linoleum, oilcloth, and other protective coatings; to the Committee on Ways and Means.

By Mr. ZIONCHECK: A bill (H.R. 9723) to revive and reenact the act entitled "An act authorizing the Bainbridge Island Chamber of Commerce, a corporation, its successors and assigns, to construct, maintain, and operate a bridge across Agate Pass connecting Bainbridge Island with the mainland in Kitsap County, State of Washington; to the Committee on Interstate and Foreign Commerce.

By Mr. TRUAX: A bill (H.R. 9724) providing for the purchase of certain inventions, designs, and methods of aircraft parts, aeronautical and aviation technique of Edwin Fairfax Naulty and Leslie Fairfax Naulty, of New York; to the Committee on Patents.

By Mr. DICKSTEIN: A bill (H.R. 9725) to authorize the deportation of the habitual criminal, to guard against the separation from their families of aliens of the noncriminal classes, and for other purposes; to the Committee on Immigration and Naturalization.

By Mr. IGLESIAS: A bill (H.R. 9726) to amend section 38 of the act of March 2, 1917, entitled "An act to provide a civil government for Puerto Rico, and for other purposes"; to the Committee on Insular Affairs.

By Mr. COLLINS of Mississippi: A bill (H.R. 9727) to pay compensation to persons disabled by the use of improperly made jamaica ginger; to the Committee on Interstate and Foreign Commerce.

By Mr. BRITTEN: Resolution (H.Res. 391) to provide for a select committee to investigate the report of the Roosevelt-Darrow Board of Review in the National Recovery Administration; to the Committee on Rules.

By Mr. LOZIER: Resolution (H.Res. 392) providing for the consideration of H.R. 9391; to the Committee on Rules.

By Mr. BANKHEAD: Resolution (H.Res. 393) for the consideration of S. 3025, a bill to amend section 12B of the Federal Reserve Act so as to extend for 1 year the temporary plan for deposit insurance, and for other purposes; to the Committee on Rules.

By Mrs. KAHN: Joint Resolution 351 (H.J.Res. 351) to obtain information with respect to the establishment of a naval supply base within the San Francisco Bay area; to the Committee on Naval Affairs.

By Mr. CANNON of Missouri: Joint resolution (H.J.Res. 352) to provide funds to enable the Secretary of Agriculture to cooperate with States in control of chinch bugs; to the Committee on Appropriations.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. ALLEN: A bill (H.R. 9728) granting a pension to Emma Wood; to the Committee on Invalid Pensions.

By Mr. ANDREWS of New York: A bill (H.R. 9729) to authorize the presentation to Robert O'Leary of a Distinguished Service Cross; to the Committee on Military Affairs.

Also, a bill (H.R. 9730) to authorize the presentation to Garnet C. Williams of a Distinguished Service Cross; to the Committee on Military Affairs.

Also, a bill (H.R. 9731) for the relief of Sarah L. Smith; to the Committee on Claims.

Also, a bill (H.R. 9732) granting a pension to Barney Lucas; to the Committee on Pensions.

By Mr. BOEHNE: A bill (H.R. 9733) granting a pension to Ethel K. Massie; to the Committee on Pensions.

By Mr. KURTZ: A bill (H.R. 9734) granting a pension to Anna E. Woods; to the Committee on Invalid Pensions.

Also, a bill (H.R. 9735) granting a pension to Catherine E. Dunn; to the Committee on Invalid Pensions.

Also, a bill (H.R. 9736) granting a pension to Charles Shollar; to the Committee on Invalid Pensions.

By Mr. LEMKE: A bill (H.R. 9737) for the relief of certain landowners in McKenzie County, N.Dak.; to the Committee on Claims.

By Mr. PETERSON: A bill (H.R. 9738) for the relief of Thomas S. Devane; to the Committee on Claims.

By Mr. WHITE: A bill (H.R. 9739) for the relief of Theodore Bedard, Jr.; to the Committee on Claims.

PETITIONS, ETC.

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

4729. By Mr. ANDREWS of New York: Resolution adopted by the executive committee of the New York State League of Savings and Loan Associations held in Buffalo on May 11, 1934, favoring program for modernizing and rehabilitating American homes; to the Committee on Banking and Currency.

4730. By Mr. DONDERO: Petition of citizens of Detroit, Mich., protesting against the passage of House bill 9066, known as the "Antifirearms bill"; to the Committee on Ways and Means.

4731. By Mr. FORD: Resolution of California Independent Producers and Refiners, protesting against proposed Federal petroleum act; to the Committee on Interstate and Foreign Commerce.

4732. By Mr. GOODWIN: Petition of the Court of Santa Maria, No. 164, Catholic Daughters of America, Kingston, N.Y., urging support of amendment to Senate bill 2910, relating to section 301, relative to broadcasting time of radio station WLWL; to the Committee on Merchant Marine, Radio, and Fisheries.

4733. By Mr. JAMES: Resolution of the Rotary Club of Ontonagon, Mich., through Laurence E. Chabot, secretary, favoring the present State trunk line through Wisconsin and Michigan changed and designated as a Federal highway known as "US 45"; to the Committee on Roads.

4734. Also, petition of John Wargelin, president of Suomi College, of Hancock, Mich., favoring the passage of House bill 8956; to the Committee on Banking and Currency.

4735. By Mr. LINDSAY: Petition of Freda A. Reichart and others, of Brooklyn, N.Y., favoring the Wagner-Hatfield amendment, Senate bill 3285; to the Committee on Merchant Marine, Radio, and Fisheries.

4736. Also, petition of the Brotherhood of Railroad Trainmen, Cleveland, Ohio, urging support of House bill 7430; to the Committee on Interstate and Foreign Commerce.

4737. Also, petition of the Plunkett-Webster Lumber Co., Inc., New Rochelle, N.Y., urging support of House bill 9620; to the Committee on Banking and Currency.

4738. Also, petition of Elizabeth Leonard and others, of Tuckahoe, N.Y., urging support of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4739. Also, petition of conference of officers, State Leagues of Building and Loan Associations and Cooperative Banks of the Northeastern States, Newark, N.J., concerning Senate bill 3603 and House bill 9620; to the Committee on Banking and Currency.

4740. Also, petition of Workers' Unemployment Insurance Club, New York City, urging support of House bill 7598; to the Committee on Labor.

4741. Also, petition of Ben Singer, of Brooklyn, N.Y., urging defeat of proposed tax on coconut oil; to the Committee on Ways and Means.

4742. Also, petition of Carl Jacobsen, of Brooklyn, N.Y., concerning proposed tax on coconut oil; to the Committee on Ways and Means.

4743. By Mr. MALONEY of Connecticut: Petition of the Children of Mary Sodality of the Church of the Assumption of the city of Ansonia, Conn., supporting amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4744. By Mr. RUDD: Petition of the Brotherhood of Railroad Trainmen, Cleveland, Ohio, urging support of House bill 7430; to the Committee on Interstate and Foreign Commerce.

4745. Also, petition of conference of officers, State Leagues of Building and Loan Associations and Cooperative Banks of the Northeastern States, Newark, N.J., concerning Senate bill 3603 and House bill 9620; to the Committee on Banking and Currency.

4746. By Mr. TABER: Petition of 1,682 signers, urging Congress to pass a bill providing for loans to industries; to the Committee on Banking and Currency.

4747. By the SPEAKER: Petition of Charles Forney, opposing House bill 8301; to the Committee on Interstate and Foreign Commerce.

SENATE

WEDNESDAY, MAY 23, 1934

(Legislative day of Thursday, May 10, 1934)

The Senate met at 11 o'clock a.m., on the expiration of the recess.

THE JOURNAL

On motion of Mr. HARRISON, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day, Tuesday, May 22, 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, announced that the House had concurred in the following concurrent resolutions of the Senate:

S.Con.Res. 18. Concurrent resolution authorizing the reenrollment of S. 3355 with an amendment; and

S.Con.Res. 19. Concurrent resolution requesting the President of the United States to return to the House of Representatives the enrolled bill (H.R. 3673) and authorizing its reenrollment with amendments.

ENROLLED BILLS SIGNED

The message also announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the Vice President:

S. 1328. An act to provide for the donation of certain Army equipment to posts of the American Legion;

S. 1882. An act to authorize the Secretary of the Interior to issue patents for lots to Indians within the Indian village of Taholah, on the Quinaielt Indian Reservation, Wash.;

S. 2042. An act to establish a department of physics at the United States Military Academy at West Point, N.Y.;

S. 2794. An act to amend the Longshoremen's and Harbor Workers' Compensation Act with respect to rates of compensation, and for other purposes;

S. 3397. An act to amend the laws relating to the length of tours of duty in the Tropics and certain foreign stations in the case of officers and enlisted men of the Army, Navy, and Marine Corps, and for other purposes; and

S. 3436. An act limiting the operation of sections 109 and 113 of the Criminal Code and section 190 of the Revised Statutes of the United States with respect to counsel in certain proceedings against the Electro-Metallurgical Co., New-Kanawha Power Co., and the Union Carbide & Carbon Corporation.

PETITIONS AND MEMORIALS

Mr. TYDINGS presented a resolution adopted by the Maryland Branch of the Women's International League for Peace and Freedom, Baltimore, Md., favoring the passage of the so-called "Costigan-Wagner antilynching bill", which was ordered to lie on the table.