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Congressional Record

SEVENTY-THIRD CONGRESS, SECOND SESSION

SENATE

THURSDAY, JUNE 14, 1934

(Legislative day of Wednesday, June 6, 1934)

The Senate met in executive session at 11 o'clock a.m., on the expiration of the recess.

THE JOURNAL

On motion of Mr. ROBINSON of Arkansas, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day, Wednesday, June 13, was dispensed with, and the Journal was approved.

CALL OF THE ROLL

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

The VICE PRESIDENT. The clerk will call the roll.

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

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

Mr. LEWIS. I announce the absence of the Senator from California [Mr. MCADOO], occasioned by continued illness; the absence of the Senator from Florida [Mr. TRAMMELL], the Senator from Indiana [Mr. VAN NUYS], and the Senator from Virginia [Mr. GLASS], who are necessarily detained from the Senate; and the absence of the Senator from Massachusetts [Mr. WALSH], who is detained in attendance on the Democratic pre-primary convention in Massachusetts.

Mr. HEBERT. I wish to announce that the Senator from Pennsylvania [Mr. REED] is absent because of illness, and that the Senator from New Hampshire [Mr. KEYES] is necessarily detained from the Senate.

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

INVITATION TO ATTEND COMMEMORATIVE EXERCISES IN HONOR OF JAMES MADISON

As in legislative session,

The VICE PRESIDENT laid before the Senate a letter from Hon. HARRY FLOOD BYRD, chairman, and Hon. Grosvenor Dawe, secretary, etc., Volunteer Committee of Arrangements, Madison Memorial Day Exercises, Montpelier, Va., which was ordered to lie on the table and to be printed in the RECORD, as follows:

MADISON MEMORIAL DAY,
Montpelier, Va., June 12, 1934.

Hon. JOHN N. GARNER,
Vice President of the United States,
The Capitol, Washington, D.C.

DEAR MR. GARNER: June 28 is the yearly anniversary date of the death of James Madison, fourth President of the United States, and named with historic justice "the Father of the Constitution."

At Montpelier, Va., by the consent and invitation of Mr. and Mrs. Thomas H. Somerville, owners of the Madison lands—and with the cooperation of the William Byrd Chapter of the D.A.R.—simple and informal commemorative exercises will be held at 2 p.m. on the afternoon of June 28.

While we are aware that the Seventy-third Congress may have adjourned before June 28, we desire to invite those Congressmen who may happen to be in Washington on that date to join in honoring the memory of one of America's devoted statesmen and servants.

Will you be pleased to lay this general invitation before the membership of the Senate, with the request that all who can attend should notify us of their intention, so that proper preparations for seating and transportation may be completed in advance.

Very respectfully,

VOLUNTEER COMMITTEE OF ARRANGEMENTS.
HARRY FLOOD BYRD, *Chairman.*
GROSVENOR DAWE, *Secretary.*

REXFORD G. TUGWELL

The Senate resumed the consideration of the nomination of Rexford G. Tugwell to be Under Secretary of Agriculture.

Mr. NORRIS. Mr. President, on the 24th day of April the President of the United States sent to the Senate the name of Dr. Tugwell as Under Secretary of the Agricultural Department.

On that day, the 24th of April, the Senate referred the nomination to the Agricultural Committee. Last Monday was the first time the nomination was laid before the Committee on Agriculture and Forestry. That was done undoubtedly because the Senate had passed a resolution directing the Agricultural Committee to take action and report its action upon the nomination not later than 12 o'clock last Tuesday.

At 10 o'clock, as a member of the committee, I went to the committee room. I found on the door of the committee room a notice that the hearing on Dr. Tugwell's nomination would take place in a different room, the number of which I think was 18, a larger room.

I went to that room and had some difficulty in getting into the room. While it was a large room—the largest, perhaps, of any hearing room in the Capitol or in the House or Senate Office Buildings—I found the room crowded almost to suffocation. Every seat was occupied, and the aisles were crowded with people standing. The hall running out of the room into the main hall was crowded with people trying in vain to secure admission into the room.

When I got inside I found a table to seat the committee, with the chairman sitting in his proper place, two tables on either side for newspapermen and others, and, in the middle, a small table where the doctor was seated. He was surrounded on all sides by a surging crowd. Opposite him, seated at the committee table, was the Chairman of the Committee on Agriculture and Forestry. There was a broadcasting outfit in one corner of the room and a moving-picture outfit in another corner of the room, and dozens and dozens of cameramen snapping their cameras in different parts of the room. It seemed to me that the only thing it lacked, to have the right kind of a setting, was the presence of the Marine Band to furnish music for the occasion [laughter], although it would have been an impossibility, at the particular time I entered the room, for the Marine Band to have gotten inside.

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

Mr. NORRIS. I yield.

Mr. CLARK. The Senator does not mean to suggest that there was anything unusual in this procedure of allowing the newspaper photographers and an interested gallery to be present, does he? I agree entirely with the Senator that

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it is inappropriate, but it has been my observation since I have been in the Senate that that takes place at any committee meeting which happens to be of popular interest.

Mr. NORRIS. I never saw the like of it since I have been in the Senate or in the House. It was a complete show, with nothing lacking but the music.

The witness, Dr. Tugwell, was facing the chairman of the committee, and with the chairman looking at him as he only can, with his fierce and piercing eyes; I wondered why the witness did not faint away. [Laughter.] I wondered how he could withstand those terrible surroundings and not get faint-hearted. I do not doubt now that he was thoroughly imbued with the importance of the occasion. I do not doubt now that he realized then that that was an occasion where 100-percent patriotism surrounded and took in everything.

After the chairman had examined Dr. Tugwell for a while, the Chair called the Senator from Virginia [Mr. BYRD] to the chair. The Senator from Virginia is not a member of the committee; but after the witness had been sufficiently impressed with the surroundings and with the atmosphere, the Senator from Virginia was placed in the chairman's chair, and the chairman gracefully withdrew—temporarily, it is true. I have the record here. The chairman said, "Now, Senator BYRD, you can take my seat temporarily"; and the Senator from Virginia took the chairman's seat, and the chairman got out of it, and the committee had a new chairman. The Senator from Virginia with great courtesy acknowledged the honor, however, and said in reply, "I first want to express my appreciation to the chairman and the committee for the privilege of propounding some questions to Dr. Tugwell." As a matter of fact, up to this point the committee had not been consulted; so the thanks that the Senator from Virginia gave to the committee, I suppose, were duly appreciated, even though the committee had no voice in the matter.

Mr. BYRD. Mr. President, I am very glad to accept the appreciation of the committee.

Mr. NORRIS. I was not fishing for any thanks, Mr. President, but I accept them just as gracefully as I know how.

The Senator from Virginia took the witness in hand, and looked clear through him. I have no doubt that in his vision the Senator from Virginia saw what was going on on the other side of the witness, and I have no doubt that it duly impressed the witness. The Senator from Virginia propounded to the witness the questions that he wanted to propound, and after he had continued for some time the atmosphere cooled off just a little bit. In preparation for the next inquisitor who was to take the chairmanship, the Senator from Virginia, I presume realizing that the temperature had dropped several degrees, raised it up to more than 200 percent patriotism by rising in his place and making a stump speech. He made a good speech. He did not talk to the committee. He talked over their heads. He talked to the crowd; and there was the crowd ready to help elevate the atmosphere and make a sufficient impression upon the poor victim who was there in the shape of Dr. Tugwell.

The Senator from Virginia was applauded. The crowd cheered and clapped their hands and yelled. It went away beyond almost any crowd that I have ever heard, on the street corner or anywhere else. The Senator worked up the crowd into a fervor of patriotism. He did not talk about Dr. Tugwell, it is true, but undoubtedly it impressed Dr. Tugwell. What he said, as I understood it, had nothing more to do with Dr. Tugwell's nomination than the starlings do that roost in the rafters of the Capitol [laughter]; but it raised the temperature. It duly impressed the witness. It seemed to me almost that he was like a lamb led to the slaughter, where grave and reverend Senators were going to propound all kinds of questions to him.

After that occurrence the Senator from Virginia very gracefully withdrew and surrendered the chair, and the chairman called out, and that time he said, "If there is no objection from the committee, we will have the Senator from North Carolina [Mr. BAILEY], take the chair temporarily." In the midst of the excitement which had been worked up by this eloquent speech of the Senator from Virginia, the Senator from North Carolina [Mr. BAILEY] took the witness.

I have seen some witnesses examined in court; I have read some of the things that go on in police courts; but I think this equalled anything I ever read, or ever saw, or ever heard.

The Senator from North Carolina very learnedly started to read extracts from a lecture that the doctor had delivered in 1931 to a convention of economists, and he picked out a clause here and a clause there and asked the doctor whether those were his sentiments, whether he believed in them now. As he asked the questions he pounded the desk, and I wondered how the desk could stand the terrible pounding that was given it. I do not know whether or not it was made for the occasion, but it was an extraordinarily strong table, or it never would have stood up. [Laughter.]

The doctor sometimes refused to admit that these quotations were his sentiments and insisted that he was discussing before a scientific body a scientific question; that he was discussing questions that he condemned; that even over in Russia, where they had planning on a great scale, he had discussed it and he had said that if that kind of planning was adopted it meant the disregard of Constitution and statutes, but those were not his sentiments. Those would follow, in his judgment, from the adoption of that kind of a system of planning, in which he did not believe.

This show did not turn out just as I really expected it would, because modestly, courteously, and rather calmly, the doctor answered as best he could the questions propounded to him.

Mr. President, I thought the atmosphere cooled a little bit during the examination by the Senator from North Carolina, but it never was allowed to subside entirely. When it got a little cooler, another stump speech was made. The chairman made a couple of very fine speeches, defiant speeches, with the very fire of enthusiasm coming out of his eyes as he eyed the witness sitting there in silence before him.

During these speeches, in which the speakers did not discuss Dr. Tugwell to any extent, the temperature gradually went up again, the crowd yelled, they clapped their hands, and some of them became almost hysterical in the fervor of patriotism, which was increased up to a thousand percent.

Dr. Tugwell was still there. As the questioner would pound the table after he had read a sentence picked out of this speech, he would point his finger at Dr. Tugwell and say, "Is not that your language?" After the doctor had been questioned not only by the Senator from Virginia [Mr. BYRD] but by the Senator from North Carolina [Mr. BAILEY] 4, 5, and sometimes 6 times upon the same point, they let him go. After the Senator from North Carolina [Mr. BAILEY] had quit, for the first time the chairman announced very courteously, that if any member of the committee had any question to ask he might ask it.

Well, Mr. President, the next day at 10 o'clock the committee met.

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

Mr. NORRIS. I yield.

Mr. CUTTING. I was about to suggest to the Senator that perhaps one of the reasons why the members of the committee did not ask more questions was on account of the attitude of the hearing. It would have taken a good deal of courage for any member of the committee to ask many questions in that audience. If the Senator will recall, a mere suggestion from the Senator from Alabama [Mr. BANKHEAD] that the proceedings be conducted in a more orderly manner was greeted with catcalls, and hisses, and hoots, and boos from the audience.

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

Mr. NORRIS. I yield.

Mr. LONG. I was at the hearing, and it seemed a rather good-natured meeting, with about half the committee acting as witnesses and the other half acting as interrogators.

Mr. LOGAN. Mr. President, if the Senator from Nebraska will yield, I just wondered whether the Senator from Lou-

isiana would consider that a rowdy meeting, because I have held some committee meetings in New Orleans, and I know what they are down there. [Laughter.]

Mr. NORRIS. Mr. President, we need make no argument when the Senator from Louisiana characterizes this meeting as he has. If he felt that way about it, God only knows how the rest of us felt about it.

What the Senator from New Mexico has said is true. The committee were awed into silence. I did not have the courage to participate very often, and when, with his hand pointed at the witness, the questioner listened to about half the answer and then interrupted with another question, once or twice some of us did interrupt and say, modestly, that we thought the witness ought to be allowed to answer one question before another was propounded. But that was about the way the show proceeded.

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

Mr. NORRIS. I yield.

Mr. CLARK. I merely desire to say to the Senator that if the Senator from Nebraska and the Senator from Montana were in anywise intimidated by any part of the proceedings or if they were not practically acting not only as counsel for Dr. Tugwell but as witnesses for him, then the Senator from Nebraska and the Senator from Montana have been grossly libeled by the stenographers who officially reported the hearings.

Mr. NORRIS. The stenographers may have a different idea of it from what I had, but I would like to say to the Senator myself that it took a great deal of courage for me to interrupt the proceedings. I did not have the courage to do it. I was frightened. [Laughter.] I wondered what the witness thought if a Senator, who had attended other meetings and listened to several other hearings in his lifetime, was scared or lacked courage to interrupt; I wondered what the poor witness, who never had had a similar experience, must have been thinking.

It is said here now on the floor that one of the things against Dr. Tugwell is that he did not stand up during that examination and say, "Yes; I believe so-and-so", that he was taking water. Probably he was; I do not know. If he was human, he was. He was frightened, and perhaps he was apologetic sometimes, and he would be justified in being so, I thought, from my experience with human nature.

Now the charge is made against him that when these extracts were read he did not say, "Yes; those are my sentiments." It is said here on the floor that if he had said so, it would have been better than if he had said, "They are not my sentiments." So Dr. Tugwell, so far as his interrogators were concerned, was going to be damned no matter what he did. If he had said, "Yes; those are my sentiments", they would have said, "He is a Bolshevik." If he had said, "No; those are not my sentiments; I do not believe in that. I am not a party to the Bolshevik idea. I believe in our Constitution. I believe in our statutes", as he said repeatedly and repeatedly and repeatedly. Now he is condemned for saying that.

They can take either horn of the dilemma they please, but they have to condemn him, no matter which way they go, because they wanted him to say he was a Bolshevik, they wanted him to say that he believed in the Russian form of government, that he did not believe in our Constitution, that he did not believe in our statutes; and he did not say that—he denied it.

Mr. President, there has been a propaganda all over this country against Dr. Tugwell as great, almost, as any propaganda I have seen since I have been here. Millions of farmers and millions of other citizens of the United States have been misled as to Dr. Tugwell.

A man called me out Monday afternoon after I had come to the Senate, following the hearing, and tried to persuade me to be against Dr. Tugwell's nomination. Two men representing farm organizations came from my State and called me out and said, "We are here to protest against Dr. Tugwell."

I said, "Why? I am for him. I think he is a fine man. I think he will make a wonderfully fine Under Secretary." And that does not mean that I would necessarily have to agree with everything he stands for.

One of these farmers had been over at the meeting. I saw him standing up in the audience. He said to me, "Why, the charge against Dr. Tugwell is that he believes in the nationalization of farms."

I said, "You heard him testify. You heard that question propounded to him, and you heard him emphatically deny it—say that he did not believe in it."

"Yes", he said, "I heard that, but they are saying out over the country that he believes in it, nevertheless."

Mr. President, who is Dr. Tugwell? He was born on a farm in the State of New York, raised on a farm, went to school in the wintertime and worked on the farm in the summertime. After his graduation he had charge of his father's farm. He engaged in farming.

Before that came out in the evidence I was for a time a little frightened about it, because from what I had heard from some Senators as to the qualifications of an Under Secretary, I thought he came sometimes very near disqualifying himself.

It developed that Dr. Tugwell was educated, that he could even read and write. I thought then that might go against him with some people who think that the Under Secretary ought to be uneducated.

But what are his views? He has some advanced views. I think he is a liberal, although he calls himself a conservative. I myself would have thought more of him had he said he was a liberal, but he is entitled to give his own definition of what he thinks he is. I myself would not like to be called a conservative. I would not apologize for the fact that I was not one.

Some of Dr. Tugwell's articles show, and in fact his testimony shows, that when he graduated and after he left the farm he made a study of two things in political economy; it was his life's work; it is his life's work now—the farmer and the laboring man. Those are the two classes of our citizens he stood up for. Because it is his judgment that those two classes have not always received justice he stands condemned today by the special interests.

Those who have been opposing him, outside the Senate, of course, have been following Samuel Insull in their opposition. Senators know that when Samuel Insull was in his glory and had men hired everywhere, and was electing men to the Senate and to the House and to the judgeships and to commissions where they had something to do with electric-light rates, he had a manager who prepared speeches for candidates for Congress, and one of the interesting things which was developed several years ago was that that manager, in writing to another Insull manager in another State, telling him how to do his work and telling him how to get the right kind of men into office, said, "To prepare the candidate right do not discuss the issues." That was pretty good advice, coming from the Insull camp. "Do not discuss the issues, but hang the Bolshevik idea on the man you are opposing."

That is what some people have been trying to do in the case of Dr. Tugwell. They have not done it because they believed it, but they have made many honest men believe that it is true. Letters and resolutions coming from all over the country show that this propaganda has had its effect. They have come to me; they have come to all of us; and as they said to me I presume they said to other Senators, "He believes in the nationalization of the farmer."

Mr. President, he does not believe in anything of the kind. He has devoted his life to the interests of labor and agriculture. That has been his specialty.

When he was a young man he attended the first conference that was ever called by any President—it was called by President Harding—to consider the agricultural question. That conference was the beginning of the discussion of the agricultural question. There were called from all over the United States by the President prominent men—Governors, and so forth—to meet in conference. Dr. Tugwell was not invited, but he was there. He listened to the evidence.

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

Mr. NORRIS. I yield

Mr. MURPHY. Was the Senator from Nebraska invited?

Mr. NORRIS. No; I was not invited. Dr. Tugwell listened to the evidence, and he was there at his own expense. He listened to it and he heard all the debate, because he was educating himself on the farm question. He wanted to hear what the leaders had to say. It was part of his education. He heard it all.

I learned from the hearing before the Committee on Agriculture that Dr. Tugwell favored the McNary-Haugen bill, which we passed through the Senate four or five different times on roll calls. I voted for it every time, but always had doubt about it. I have doubt about it yet, but I would vote for it again if the conditions were the same as they were then. It was defeated. Dr. Tugwell wrote something about it. In the hearings Senators will find one of the things he said about it in one of his writings; and I thought then, "He is treading on dangerous ground", as many Senators and many Members of the House and many eminent men over the country honestly believed that it was unconstitutional.

Mr. President, Dr. Tugwell might be condemned for that; some people would condemn him for it. I have been condemned, as other Senators have been, many times by honest men for favoring that kind of legislation. We were, as I believed then and as I believe now, in desperate condition. Some of us said, "If first we relieve agriculture, the cornerstone of our Nation, we shall relieve everyone, because, after all, we all depend upon agriculture." Dr. Tugwell was in favor of the McNary-Haugen bill, and he said so. He said in one of his articles that the more he read about it the more enthusiastic he became about it. He wanted the bill passed. That incurred the animosity and the hatred of big business and special interests. And although I favored it—I want to say I might have been wrong and Dr. Tugwell may have been wrong—it was never tried.

There has never been anything in the man's life to indicate that at any time, so far as I have ever heard of him, he has not been actuated by the sincerest and most honest of motives. He has now but one great ambition in his heart, and that is to help farming and to help labor. He learned about farming when he was between the plow handles. He learned about it when he scraped the mud off his boots when he went in at night. He may be wrong about some of the principles he advocates; but I do not think that is any reason why he should be condemned.

If Dr. Tugwell can be passed off and discarded it will be one of the greatest victories the special interests have ever obtained. They are on his trail. They have gone all over the United States with their false and misleading propaganda. They have deceived millions by their arguments. But the Insull racket ought to be too old now to be repeated.

The same class of people that are condemning him are now apologizing for Samuel Insull since he came back. The same propagandists who are trying to down Dr. Tugwell are now trying to build up a sentiment of sympathy around Insull. This propaganda is the Insull idea—the most dangerous of any that we have to contend with here—"Hang the Bolshevik idea on him." And people honestly believe some of these reports which have gone out.

One might take a sentence here and there out of the Holy Bible and condemn it. There would not be any difficulty in doing that if we resorted to the Insull methods.

Mr. President, I do not question any man's motives on this vote. I do not want to look into any man's heart and see why he casts a vote this way or that way. He is and he should be the master of his own conscience and his own vote. But after we have seen these kinds of propaganda which have gone over the country for various things we should not here and now be moved again and caught in the same trap that has been made to work hundreds of times in the past.

I have not heard a scintilla of evidence which questions the ability of this man, which questions his sincerity. I have never but once heard his courage questioned, and that was here on the floor of the Senate. I would not have been surprised and I would not have condemned him if on the examination before the committee he had withered to the floor, when that howling crowd was worked up to a frenzy on various ideas that did not have anything to do with Dr. Tugwell, and then suddenly the scene was changed and Dr. Tugwell was subjected to inquisition, surrounded by men of great ability who were questioning him and questioning his standing. It would not have been a thing to wonder at had he collapsed under the ordeal which he was compelled to endure.

And then when we came to vote in that committee we found that the committee was in favor of Dr. Tugwell 16 to 2. If we had omitted the chairman and just taken the vote of the committee it would have been a repetition of the famous ratio of 16 to 1.

Mr. President, to my mind that which is most requisite for a public official is honesty and sincerity. He ought to have courage, he ought to have wisdom. But if he will act honestly then there is hardly an office in this country of which he should not be allowed to have charge. I think Dr. Tugwell possesses these qualifications. He may not agree with me on some things; he may not agree with other Senators. There are no two of us who can agree. We are confronted, especially in agriculture and in labor, with a predicament that never before confronted mortal man. It is required of this administration to solve problems that have never before been presented. The old order has failed. I may blame the failure on one cause and other Senators may blame it on another, but we cannot deny that it has failed; that old remedies do not work. No man living can tell in advance just exactly what a new remedy or a new method will bring about.

We must either go forward with the light that God gives us, and do the best we can, or we must sit silently by and do nothing, and in the latter case we know that our country and our civilization will both fail. I think those in charge of our ship of state at this time ought to have the prayerful help of all our people, regardless of party. There is no place in this dilemma for a man with a mallet and chisel to come along trying to get some party advantage. If those on this side of the Chamber think they can get a party advantage in this case, I want to say to them that when the truth shall finally percolate down, as it will in time, they will be condemned for an opposition that is based upon such narrow-mindedness and such a lack of patriotism.

The opposition to Dr. Tugwell, as I see it—and I still say, in parenthesis, that I am not questioning any man who opposes him for any reason that he may think is proper—will crumble and decay when it shall have been properly investigated, and, when the truth shall be known, at least, his opponents will have to give him the credit of being honest and doing the very best he could under the most difficult circumstances possible.

Dr. Tugwell has not any politics, as I take it; I never heard anything said about his politics until he was questioned on the stand the other day. I do not know now whether he gives allegiance to any political party; or if he does, to which political party; but he did say he had written something on the farm question, at the request of friends of Governor Smith when he was a candidate for the Presidency. He also said that, so far as he knew, nothing that he had written had been utilized. Dr. Tugwell was, of course, if he favored the McNary-Haugen bill, opposed to some of the policies at least of the Coolidge and Hoover administrations. So far as I know, he took no part in any of those political contests. He advocated what he believed to be right for the farmer and laborer, without regard to the consideration of any political party. I take it there will be no partisan advantage here in the confirmation of his nomination. His administration, if he shall control it, will be as pure and as high above partisan activity as one can possibly imagine, for he has but one idea in his heart, and that is efficiency, righteousness, and to help save the farmer and the laboring man from the present terrible conditions which surround them.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Haltigan, one of its clerks, announced that the House had disagreed to the amendments of the Senate to the bill (H.R. 9410) providing that permanent appropriations be subject to annual consideration and appropriation by Congress, and for other purposes, asked a conference with the Senate on the disagreeing votes of the two Houses thereon, and that Mr. GRIFFIN, Mr. MCMILLAN, Mr. PARKS, Mr. CARY, Mr. GOSS, and Mr. WIGGLESWORTH were appointed managers on the part of the House at the conference.

The message also announced that the House had severally agreed to the amendments of the Senate to each of the following bills of the House:

H.R. 6462. An act to stop injury to the public grazing lands by preventing overgrazing and soil deterioration; to provide for their orderly use, improvement, and development; to stabilize the livestock industry dependent upon the public range; and for other purposes;

H.R. 9526. An act authorizing the city of Port Arthur, Tex., or the commission hereby created, and its successors, to construct, maintain, and operate a bridge over Lake Sabine at or near Port Arthur, Tex.; and

H.R. 9745. An act to authorize the Secretary of the Treasury to purchase silver, issue silver certificates, and for other purposes.

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

H.R. 9741. An act to provide for the taxation of manufacturers, importers, and dealers in certain firearms and machine guns, to tax the sale or other disposal of such weapons, and to restrict importation and regulate interstate transportation thereof; and

H.R. 9904. An act to amend section 5 of Public Act No. 2 of the Seventy-second Congress, as amended.

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 President pro tempore:

S. 2347. An act to amend the Inland Waterways Corporation Act, approved June 3, 1924, as amended;

H.R. 7982. An act to establish a national military park at the battlefield of Monocacy, Md.;

H.R. 8525. An act to amend the District of Columbia Alcoholic Beverage Control Act to permit the issuance of retailers' licenses of class B in residential districts;

H.R. 9002. An act to provide relief to Government contractors whose costs of performance were increased as a result of compliance with the act approved June 16, 1933, and for other purposes; and

H.R. 9745. An act to authorize the Secretary of the Treasury to purchase silver, issue silver certificates, and for other purposes.

REXFORD G. TUGWELL

The Senate resumed the consideration of the nomination of Rexford G. Tugwell to be Under Secretary of Agriculture.

Mr. BYRD. Mr. President, I have enjoyed, as I know the other Members of the Senate have, the satire of the distinguished Senator from Nebraska. He pictures the meeting of the Agricultural Committee and the persecuted witness, Dr. Tugwell, and myself, a new Member of the Senate of the United States, very humble in everything I have tried to do here as intimidating the Senator from Nebraska. I am especially pleased, and I want to thank the Senator from Nebraska for the high compliment he has paid me with respect to my oratory. I am a plain, blunt business man. Until the Senator made his speech this morning I had never believed I possessed any capacity whatever as an orator—I, of course, know the Senator was being facetious; but I feel that I have failed in my oratory, because I have not as yet been able to make the Senator from Nebraska understand why I am opposed to the nomination of Dr. Tugwell; and, with his attention, I will endeavor to make myself clear.

Mr. President, I have been especially impressed with the wide tolerance and liberality shown by the Senator from Nebraska in the speech he has just concluded. He classes those of us who oppose the nomination of Dr. Tugwell as advocates of special interests in this country, even to the extent of following the teachings of Samuel Insull. I want to say, Mr. President, that I do not take to myself any attitude of self-righteousness; I do not give myself a certificate of character whenever I speak on the floor of the Senate; but I have just as keen a conscience in the discharge of my public duty in this or any other matter before the Senate as has the Senator from Nebraska or as has any other Member of this august body.

Mr. President, referring to the suggestions of the persecution of Dr. Tugwell, when the examination was held before a committee that voted 16 in favor of his nomination to 2 against, anyone who can read that record can see he not only had able counsel there to protect him and suggest what he would say in reply to his questioners, he not only had the Senator from Nebraska [Mr. NORRIS] as his defender, but he had the Senator from Montana [Mr. WHEELER]; and the question was, at times, who was the witness being examined, whether it was the Senator from Montana, or the Senator from Nebraska, or whether it was Dr. Tugwell. It is only necessary to read the record of that meeting of the Committee on Agriculture and Forestry, to demonstrate, and it is not necessary for me to say to the Members of the Senate, that Dr. Tugwell could not have been persecuted in that presence; that the Senator from Nebraska would have prevented it, as would have the Senator from Montana and the other 14 advocates Dr. Tugwell had on the committee.

But, Mr. President, I am not here to reply to the satire of the distinguished Senator from Nebraska, much as I enjoyed it. I am here to state, as clearly and concisely as I can, my reasons for opposing the nomination of Dr. Tugwell; and they are just as sincere reasons as are those held by any other Member of this body.

I wish to say that I have no animosity and no hostility of any character against Dr. Tugwell. I would not for my right arm do him an injustice on the floor of the Senate. The few times it has been my pleasure to meet him I have been greatly impressed with his very charming personality. I further desire to say, Mr. President, that I deeply regret the necessity I am under to oppose a nomination sent to the Senate by the leader of my party, the President of the United States. I am a regular Democrat, who believes in party organization. My record in the Senate will show that I have supported the recommendations of the President of the United States in the large majority, and unless I had some strong conviction to the contrary. I stood up as one of 27 Senators and was counted for him when his veto was overridden by Congress. I further believe in the greatest possible latitude being given to the Chief Executive of this country in the appointment of those subordinates who serve under him; and, for that reason, it is with great difficulty that I have made the decision to cast my vote, for the reasons which I now give, against confirming the nomination of Dr. Tugwell.

In reply to the Senator from Nebraska, let me say that I am not voting against Dr. Tugwell because of disappointment that he did not admit he was a Bolshevik, that he did not admit he believed in the Soviet system of Russia. I am voting against him entirely for other reasons, which I will endeavor to make clear as I proceed.

It had been my purpose to vote for the confirmation of this nomination. My attention was attracted to an interview given by Dr. Tugwell in a Washington newspaper in which he said, to quote him exactly—

> Certain amendments to the Agricultural Adjustment Act now pending in the Senate will permit us to continue to do what we have already been doing. If we should get a set-back in court, we would have to stop doing certain things under present circumstances.

Mr. LOGAN. Mr. President, will the Senator yield there?

Mr. BYRD. Yes, sir.

Mr. LOGAN. Will the Senator from Virginia tell me what difference there is between the position of Dr. Tugwell

as expressed in that statement and the position of the President himself when he closed the banks soon after he came into office and then asked Congress for authority to validate what he had already done? Or what difference there is between the statement of Dr. Tugwell and the position of Mr. Hoover when he extended the time of payment of the war debts due the United States and afterwards asked Congress to validate what he had done?

Mr. BYRD. Mr. President, let me say to the Senator from Kentucky that there is a vast difference in what the President of the United States may do in a great emergency and what an official of the Government may do in usurping the authority of Congress and in taking to himself authority which has not been delegated to him by the legislative branch.

I wrote a letter to Dr. Tugwell and asked whether or not he was correctly quoted in the interview to which I have referred. I received in reply a letter which is now a part of the record of the Senate. In that letter Dr. Tugwell admitted that substantially what was said in the interview was correct. One sentence of it said:

> It was also in that connection—
>
> Referring to certain activities of his Department—
>
> that I stated that certain of the amendments simply permitted us to do what we are already doing.

I do not question the beneficial effect of what the Department of Agriculture is doing. I do not say whether this authority which has been exceeded is wise or unwise for the farmers of the country. But I stand as one who believes the time has come for the Congress of the United States to say to the bureaus here in Washington that they must not exercise authority unless such authority is first given them by the legislative branch of the Government.

I stand as one who believes the time has come to let the people of the country know and the bureaus and the departments of the Government know that there are still three branches of our Government, each independent and as a check upon the other, the legislative, the executive, and the judicial branches.

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

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

Mr. BYRD. I yield.

Mr. BANKHEAD. Will the Senator kindly state some specific act which he charges Dr. Tugwell with having done in violation of law?

Mr. BYRD. Mr. President, I have no specific act to charge except to say that by his own admission he has admitted that he has exceeded the authority granted him by Congress and that he wants us to validate the illegal acts which have been performed by his Department.

Mr. BANKHEAD. I heard every word Dr. Tugwell said, and I think if the Senator will review the record, he will find it is an extreme construction which he has drawn from the testimony.

Mr. BYRD. I am quoting from a letter written to me which is a part of the CONGRESSIONAL RECORD, in which Dr. Tugwell said:

> It was also in that connection that I stated that certain of the amendments simply permitted us to do what we are already doing.

Why should the Congress permit the Department of Agriculture to do what they are already doing if they have the law authorizing them to do it? If they have a legal right to do it, then it is not necessary for Congress to permit them to do what they are already doing.

Mr. BANKHEAD. I assume the Senator wants to present a fair record. Let me ask the Senator if it is not fair at this point to state that Dr. Tugwell said they believed that what they had done was authorized by law, but that certain protestants and recalcitrants had challenged their authority and gone into court even to the extent of five cases; that although the courts had ruled with them in all five cases, yet on account of arguments and objections presented the Department thought it best to clear up the grounds of objection which had been presented; that there was no admission of any sort by Dr. Tugwell or anyone else connected with the Department of Agriculture that they had exceeded or violated the authority of law.

I will ask the Senator if it is not fair to state that Dr. Tugwell did say they believed they had the authority and that thus far the courts had sustained their belief?

Mr. BYRD. Mr. President, it is true, as the Senator from Alabama has said, that there are certain amendments pending here in the Senate to the Agricultural Adjustment Act which the people of the country have been told, and inaccurately told, are merely clarifying amendments to the act, when as a matter of fact they vest great additional authority in the Secretary of Agriculture. We are likewise told that the adoption of the amendments is necessary to permit the Department of Agriculture to continue what they are already doing.

I am one of those, Mr. President, who believe that the proper agency of the Government to clarify the laws enacted by Congress is the judiciary, the courts. I do not believe Congress is the proper authority to clarify what it once attempted to do. I believe the courts should clarify it through litigation already in progress.

Secretary Wallace said he thinks it was the intention of Congress to give the authority to the Department of Agriculture which is given by the pending amendments. I voted for the Agricultural Adjustment Act, and I am one who would not have voted for that measure if the pending amendments had been incorporated in the original act. Speaking for myself, it was not my intention to give this greatly increased authority to the Department of Agriculture as covered and proposed by the pending amendments.

But that is my own view. Other Members of the Senate may form their own conclusions. It is my firm conviction that Dr. Tugwell and the Department of Agriculture have willfully exceeded the authority given them by Congress. It is my firm conviction that they have admitted they have exceeded that authority and are now asking us to validate their illegal acts. I may be wrong, but that is my opinion.

Mr. President, let me proceed a little further. I have said I intend to vote against the confirmation of Dr. Tugwell because I am going to cast a vote in protest against any bureau chief, against any department head of the Government, who deliberately exceeds his authority, so that we may preserve and call attention again to the fundamental institutions of our Government. I will admit, with utmost frankness and candor, that if I had not already determined to cast my vote against Dr. Tugwell, I would have decided to do so after I heard his testimony before the Committee on Agriculture and Forestry last Monday.

Mr. President, Dr. Tugwell was then questioned in the graphic manner described by the Senator from Nebraska [Mr. NORRIS]. I only wish it had been as exciting as so eloquently described to the Senate by him. Dr. Tugwell was questioned in regard to his speech made in 1931, a speech which was made in an affirmative sense, a speech in which he made arguments to sustain the things which he said. Dr. Tugwell said on last Monday that he did not mean what he said in 1931. He said he was speaking then as a reporter and as a scientist. But there is nothing whatever in the speech, not one single line, to show he was speaking as a reporter and that he was not giving his own views in making the speech.

Mr. President, I should like to know what special dispensation a scientist has not to be held strictly accountable for the things he says and the things he writes. If there is any special immunity to be given to a scientist, I hope it may be extended to us politicians because it would be very convenient to us at times to be able to disclaim responsibility for those things that we say and those things that we write.

Mr. NORRIS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Virginia yield to the Senator from Nebraska?

Mr. BYRD. I yield.

Mr. NORRIS. I am asking the Senator for information. The letter of the Senator to Dr. Tugwell about an article in the paper was inserted in the CONGRESSIONAL RECORD. I

heard read the Senator's letter to Dr. Tugwell. The reply of Dr. Tugwell was not read but was printed; consequently I did not hear it read and I have not read it. Will the Senator tell me where I may find it in the RECORD?

Mr. BYRD. It is in the CONGRESSIONAL RECORD of last Saturday.

Mr. NORRIS. I mean at what page of the committee hearings?

Mr. BYRD. I do not know that it is in the committee hearings. It was printed in the CONGRESSIONAL RECORD of last Saturday.

Mr. NORRIS. Very well.

Mr. BYRD. Mr. President, I should have today much more respect for Dr. Tugwell if he had come before the Committee on Agriculture and Forestry and said courageously and frankly: "Yes; I wrote that speech in 1931. Yes; I believed what I said then, but I said it under conditions existing at that time. I said it after 12 years of Republican misrule when many thought the Government of this country was on the verge of collapse. I said it to contribute something to the political thought of that day." But no; Dr. Tugwell came before the committee and completely repudiated what he said in his speech in 1931.

Mr. President, I am going to attempt to show the Senate that subsequent utterances of Dr. Tugwell confirm me in the belief—and I make this statement with the utmost regret—that when he made that speech in 1931 he believed in the principles he then enunciated. I am not going to take the time of the Senate to call attention to the numerous speeches Dr. Tugwell has made since that time. I am going to call attention to one speech, a speech he made on December 29, 1933, in Philadelphia, entitled "The Place of Government in a National Land Program", a speech which he made not as a scientist, and hence he has no cloak of immunity, because he made the speech as Assistant Secretary of Agriculture and as a responsible official of the Government. He said in that speech:

> We are now engaged in a drastic program of controlling the output of agricultural products for the emergency. This in itself means that we are trying to control the entire utilization of all our agricultural land.

And then he says:

> Private control has failed to use wisely its control of land. The post-war decade of low farm incomes, and the subsequent period of industrial collapse, now makes us realize that the use which is made of the land is of immediate and vital interest to us all.
>
> For the first time the Government is thinking of 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.

Now, remember, Mr. President, that speech, made in 1931, spoke of a planned economy—a planned economy whereby the Government would take control of all private business, whereby he says business will be abolished, and even the Constitution of the United States will be destroyed; yet in this speech, made as a responsible official of this Government, he says:

> Private control has failed to use wisely its control of land. * * * For the first time, the Government is thinking of land as a whole.

What could that mean except that he still believes in the system of planned economy and national planning enunciated in his speech of 1931?

Now I want to ask, who gave Dr. Tugwell the authority to speak at that time in behalf of the Government of the United States? Who is the Government of the United States? The Congress is the Government with respect to all legislative matters; and, so far as I know, there has been no bill presented to Congress, no law even suggested, whereby the Government could take control of all the land in this country, as indicated by Dr. Tugwell in this speech.

Mr. President, he was speaking at that time as Assistant Secretary of Agriculture, speaking as a man who is supposed to preserve the interests of the farmers; yet what does he say? He says:

> 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.

Not merely for the benefit of the farmers, the people that we are trying to help in this great emergency that confronts us, but for the greater benefit of all the people of this country.

I ask in all sincerity, let the Members of the Senate read that speech in connection with the speech of 1931 which Dr. Tugwell has now repudiated.

Mr. President, I am convinced in my own mind that Dr. Tugwell meant not in detail but meant in principle those things he said in 1931. I do not want to convince any other Member of the Senate, even if I could, because this is a matter that each of us must decide for himself. I am further convinced that he meant that when I read his last book entitled "Our Economic Society and Its Problems."

Let me read one clause in that book; and again, Mr. President, this is not written as a scientist. It is not written as a reporter. It is written, as shown by the title page, as Assistant Secretary of Agriculture, as a responsible official of this Government. He says in this book:

> The challenge of Russia to America does not lie in the merits of the Soviet system, although they may prove to be considerable. The challenge lies rather in the idea of planning—

Still talking about the planning that he suggested in 1931:

> Of purposeful, intelligent control over economic affairs.

This, it seems, we must accept as a guide to our economic life to replace the decadent notions of a laissez faire philosophy.

Again, he considers in this book the different plans that have been suggested as a solution of the governmental problems of this country. He considers the Soule plan, and says in regard to that plan:

> The doubtful point is whether business organized internally on a basis of profit making is the type of business that can best serve social ends. Is national planning consistent with individualistic businesses? * * * Before the laws could be changed, public sentiment would have to surrender its laissez faire philosophy and espouse the principles of social control.

Then he discusses what is known as the "Beard plan", still talking about the planning that he first brought forth in 1931; and his criticism of the Beard plan is:

> A special feature of the plan is its insistence throughout that only staple articles are to be brought under the national economic council. * * * This provision seeks to avoid a supposed evil of socialism; that is, that socialism tends to excessive standardization and is, therefore, detrimental to cultural development. However, under a completely planned economy the ultimate decision as to what goods are luxuries and what luxuries ought to be tolerated in the productive system rests with the public will as expressed through the agencies of planning.

Again referring to the planned economy that I assume he set forth in 1931.

Then he criticizes certain features of the Swope plan, and says:

> They barely touch the problem of economic planning in the public interest.

He dismisses that plan with these words.

Then he discusses the plan submitted by the distinguished Senator from Wisconsin [Mr. LA FOLLETTE], for whom I have the highest respect. He says in regard to that plan:

> The whole question of economic planning has been obscured by the attention devoted to this sort of organizational scheme. An advisory council might guess, but it could not plan; and the difference between guessing and planning is the difference between laissez faire and social control.

Then he speaks of the National Industrial Act, which has been placed on the statute books at the recommendation of the President of the United States; and as to that he says this:

> But for the evil that the most economical utilization of industrial capacities for the welfare of the people as a whole is inconsistent with private profit-seeking, the act attempts no remedy.
>
> Successful economic planning involves the encouragement of industrial development along socially useful lines, based on the recognition that the social utility of an industry cannot always be determined by its ability to yield private profits. Thus plan-

ning involves public participation through government in the distribution of capital among industries, by means of taxation, regulation of profits, and in various other ways.

Then, Mr. President, 3 years after the speech he made in 1931 and which he now repudiates, he has a chapter headed "Need for Economic Planning." Although he said before the committee, as the record will show, that he did not approve of national planning, that he did not approve of planned economy except such planning as has already been adopted by this administration, yet here is a chapter in this book in which he makes an argument for the need for economic planning. He says:

The objectives are clear. The methods to follow are not so apparent. But we cannot sit and wait. We must act, and we cannot act without planning. To act in the public interest, we must plan on a national scale. To put national plans into effect, we set up social controls—

And so forth.

For many years the technical task of devising plans for regulating our complex economic interests was too difficult to attempt. But today we know that this is no longer true, for Russia has shown that planning is practicable. * * * For many years the Government has handled the mails efficiently, and there is no reason to suppose that other enterprises would be more difficult.

Remember, Senators, that the speech of 1931 spoke of a planned economy which would mean the abolition of business and the destruction of the Constitution, by the very language of that speech; and now he is still making an argument for that particular plan, known as "planned economy."

Mr. LOGAN. Mr. President, does the Senator yield?

Mr. BYRD. I yield.

Mr. LOGAN. I know very well that the Senator would not intentionally misquote Dr. Tugwell; but since I observe that he and the Senator from North Carolina both said that Dr. Tugwell advocated a doctrine which meant the destruction of all business, I desire to call his attention to the fact that Dr. Tugwell did not say that. He said it meant the destruction of laissez faire industry, which is quite a different thing from the destruction of all business.

Mr. BAILEY. Mr. President, to that remark by the Senator from Kentucky should be added the statement that Dr. Tugwell himself said that all existing business in America was the creation of the laissez faire philosophy.

Mr. LOGAN. That is true, and it will all have to be destroyed, if we are to maintain the national life and existence. Dr. Tugwell is absolutely right about that. There is no way for us to go on. I thought all of us admitted that under the old laissez faire doctrine, as we have built it up over 40 years, business got to the point where it just exploded. Now we shall have to try to do something else.

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

Mr. BYRD. I yield.

Mr. ROBINSON of Indiana. In connection with what the Senator from Kentucky has just said, I have here what purports to be a direct quotation from Dr. Tugwell on that subject. I read it for the benefit of anybody who might not have had an opportunity to hear it before:

Most of us who say so easily that this is our way out do not, I am convinced, understand that fundamental changes of attitude, new disciplines, revised legal structures, unaccustomed limitations on activity, are all necessary if we are to plan. This amounts, in fact, to the abandonment, finally, of laissez faire. It amounts practically to the abolition of "business."

Then he is quoted still further as follows:

The next series of changes will have to do with industry itself. It has already been suggested that business will logically be required to disappear. This is not an overstatement for the sake of emphasis; it is literally meant.

Mr. LOGAN. Mr. President, if the Senator from Virginia will allow me to ask the Senator from Indiana just one question, I should be glad to; that is, does the Senator from Indiana believe in the old laissez faire doctrine as announced by Adam Smith?

Mr. ROBINSON of Indiana. Mr. President, I do not care to go into the laissez faire question at all. We are merely discussing what Dr. Tugwell said, and I have just quoted what are reported to be his exact words, saying that business must disappear. It is not a question of laissez faire at all. It is not a question of the laissez faire doctrine. The question is as to business. He says business must disappear.

Mr. BLACK. Mr. President, will the Senator yield to me to ask the Senator from Indiana from what he is reading?

Mr. ROBINSON of Indiana. I am reading from the statement of Dr. Tugwell, which I understand he now repudiates, the statement made in 1931 before the Forty-fourth Annual Meeting of the American Economics Association.

Mr. BLACK. May I ask whether that is taken from the circular issued by the Pennsylvania Manufacturers Association about Dr. Tugwell?

Mr. ROBINSON of Indiana. Not at all. I have the same thing to which the Senator refers, but this is not taken from that.

Mr. BYRD. Mr. President, for the information of the Senator from Alabama, I will say that Dr. Tugwell has been correctly quoted, and that the quotation can be secured from the CONGRESSIONAL RECORD of June 8, from the speech which was inserted at the request of the Senator from Oklahoma.

Mr. President, to proceed with my argument, that I claim that by subsequent developments, by the activities of Dr. Tugwell, he has shown that he believed in the things he wrote in 1931, let me call the attention of the Senate to another section of the book he has just written; and, by the way, this book, I understand, is to be used in the public schools of this country. He says:

Obstacles to the Experimental Attitude.

One of the purposes of the book is to bring about an experimental attitude, as stated in one of the paragraphs of the book. Here is what he says as to the obstacles to the experimental attitude:

An illustration of such feeling is the unreasoning, almost hysterical, attachment of certain Americans to the Constitution.

Although he said in his testimony before the committee that he favored the Constitution, and, when I asked him if he favored any amendments to the Constitution, he said he did not know of any amendments to the Constitution he did favor, yet he says that one of the "obstacles to the experimental attitude" which he is trying to bring about in this book, which is one of the announced purposes of it, is the "hysterical attachment of certain Americans to the Constitution."

He goes on to say that in the same way many people are unreasonably attached to the protective tariff, to the gold standard, to labor unions, and to individual bargainings between employers and employees.

I thank God, Mr. President, that there is an hysterical attachment to the Constitution still existing in this American land, notwithstanding Dr. Tugwell.

He goes on to say:

The chief handicap to overcome is our allegiance to ideals that belong to an earlier industrial setting. In place of adhering to blind traditionalism, we should develop an open-minded experimental attitude toward social and economic institutions and problems.

Mr. TYDINGS. Mr. President——

The PRESIDING OFFICER (Mr. SHEPPARD in the chair). Does the Senator from Virginia yield to the Senator from Maryland?

Mr. BYRD. I yield.

Mr. TYDINGS. Assuming that Dr. Tugwell should not be confirmed, I take it he would still be Assistant Secretary of Agriculture. Does the Senator agree with that?

Mr. BYRD. I do.

Mr. TYDINGS. So that really there will be no change in the direction of the Department of Agriculture, I take it. The one thing before us is whether we should confer on him a new title and allow him to proceed with the same duties he is now performing.

Mr. BYRD. Mr. President, I am a new Member of the Senate, and I may not completely understand the obligations of a Senator, but there is another, much broader,

question, and that is as to whether we, as Members of the Senate, should give a vote of confidence to a man such as I have described. It is very much more important to me than as to whether he shall get $2,500 more or $2,500 less, or whether he shall have the title of Assistant Secretary or the title of Under Secretary.

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

Mr. BYRD. I yield.

Mr. TYDINGS. I am not taking issue with the Senator; I am simply asking for my own information.

After all, one of the things which gives me considerable difficulty is that the act which Mr. Tugwell is carrying out in many characteristics is an act which Congress itself has passed. I do not like some features of the act, and the Senator and I, I believe, are in accord on that, and also as to some proposed legislation. But if Congress passes that kind of legislation, I do not think it would be fair to blame Mr. Tugwell for carrying it out, because I think the fault then is with the Congress rather than with Mr. Tugwell's policy, since we are giving him the power to do things and then blaming him because he does them.

I understand, however, that it is claimed that on certain occasions he exceeded that authority, and, of course, that is not what I am attempting to bring out here. If he exceeded the authority, that is a different matter. But the radical policies which are being put into effect in the Department of Agriculture are to a large extent the policies which Congress itself has adopted. Therefore, in fairness to Mr. Tugwell, if he is doing only what the Congress asked him to do, I do not want to condemn him for that, regardless of what his views may be.

Mr. BYRD. Mr. President, I trust the Senator from Maryland was absent from the Chamber when I made my speech, because if I have so confused the mind of the Senator as to my real objection to Dr. Tugwell I feel that I have been very neglectful of clear expression in this debate.

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

Mr. BYRD. I yield.

Mr. GORE. The Senator from Maryland has observed that Congress passed the act and that we are criticizing Dr. Tugwell for carrying it into effect; and he makes the point, and I think properly, that the real responsibility rests upon the Congress. That is true with reference to the legislation to which he refers.

If we confirm Dr. Tugwell, we make the Senate responsible for what he has said and endorse his principles, his doctrines, and his philosophy that industry and the Constitution ought to be destroyed. If we confirm him, I think the Senator from Maryland will agree, then the Senate takes the responsibility; and that is the point, I think, involved in this matter of confirming or rejecting Dr. Tugwell, whether or not the Senate will accept that responsibility.

Mr. TYDINGS. Mr. President, I think there is a great deal in what the Senator from Oklahoma has said. There is no reflection on Dr. Tugwell as a man; there is no reflection on his character or integrity; there is a reflection on his views. But if those views coincide with the acts of Congress, then I think Congress ought to be blamed, and not Dr. Tugwell, for projecting those views into legislation.

Mr. GORE. Undoubtedly.

Mr. TYDINGS. I am going to stand with the Senator from Virginia in opposing the agricultural licensing bill, which Dr. Tugwell, I believe, advocates. I do not think I have voted for a great many of these revolutionary measures, particularly in reference to agriculture; but inasmuch as Congress has seen fit to pass them anyway, I do not want to blame Dr. Tugwell, even though he agrees with them, for doing no more than carrying out the will of Congress.

Mr. GORE. Mr. President, if the Senator from Maryland thinks that the legislation heretofore passed by the Congress goes as far as these addresses and these quotations, and involves those principles and involves those consequences, then I think his point is well taken. I think the Senator from Virginia is demonstrating that Dr. Tugwell's philosophy goes even further than Congress has yet gone.

Mr. TYDINGS. Mr. President——

Mr. BYRD. Mr. President, I should like to be permitted to conclude. I shall consume only about 10 minutes more.

Mr. GORE. I beg the Senator's pardon. I did not know the Senator was speaking under the limitation of time.

Mr. TYDINGS. Mr. President, I do not mean to say that I shall vote for Dr. Tugwell's confirmation, because, frankly, I do not yet know how I shall vote. What I mean to say is that I do not think Dr. Tugwell can properly do any more than Congress authorized him to do, and the difficulty we are up against is that Dr. Tugwell is doing probably better than we had hoped the things Congress has asked him to do. I think the fault is with Congress, and not with Dr. Tugwell. If, on the other hand, Dr. Tugwell has exceeded his authority, or done something which Congress has not told him to do, then that would be properly open to criticism.

Mr. WHEELER. Mr. President, if the Senator will yield, I want to make just one observation. Let me say to the Senator from Maryland that the charge was made that Dr. Tugwell had exceeded his authority. The statement has been made, I think on the floor of the Senate by some Senator, I do not recall by whom, that he exceeded his authority.

It was brought out at the hearing that, as a matter of fact, what Dr. Tugwell had done, or what the Department had done, rather, under some of the acts of Congress, had been questioned in the courts, and I think the record shows that in five instances out of six the courts upheld the Department, and held that what they were doing was perfectly proper. In other words, five courts held one way as against one court.

Mr. BYRD. Mr. President, I must decline to be interrupted further until I conclude.

I wish to disabuse the mind of the Senator from Maryland of the idea that I am voting against the confirmation of Dr. Tugwell because of what he has done in administering the authority given him by Congress. That would be a foolish position for any Senator to take, to say that we are voting against the confirmation of a man because he has done what Congress authorized him to do. To the contrary, I voted for the Agricultural Adjustment Act. I believed in the original principles of that act. I believed that there must be a temporary reduction of crop production in this country, brought about by a voluntary agreement with the farmers of the country. My opposition to Dr. Tugwell has nothing whatever to do with those things he was lawfully required to do as Assistant Secretary of Agriculture.

I contend here, as I have already said, that he has exceeded his authority, and that he is asking us to ratify illegal acts.

Mr. BANKHEAD. Mr. President——

Mr. BYRD. I refuse to yield further.

The PRESIDING OFFICER. The Senator declines to yield.

Mr. BYRD. Mr. President, I contend that he has committed illegal acts which he is asking the Congress of the United States to ratify. That is my opinion. Other Senators may have other opinions which I respect, and I assume that they respect the opinion I have. But, Mr. President, I have tried to make it clear that my opposition to Dr. Tugwell is even deeper than that. My opposition to him is because I believe that an important official of this Government should have the attributes of complete courage, of frankness, and of complete honesty in dealing with the committees of Congress and with the Congress and with the people of the United States.

When Dr. Tugwell says that he did not believe in those things which he wrote in 1931 I say on my responsibility as a Senator that I think he did believe in them, and I have attempted to show here on the floor of the Senate by subsequent utterances and speeches which he has made, that he has referred back time and time again to those very things in his speech of 1931 which he repudiated.

It is inconceivable to me that a man can make a speech in which he says certain affirmative things and then say, "I did not mean what I said." I talked today to a man who heard him speak, and he said he believed that Dr. Tugwell

was advocating these particular policies of government which he enunciated in this address.

Mr. President, I am not voting against Dr. Tugwell because I believe him to be a dangerous leader of radical ideas in this country. Any man who has repudiated his ideas can never be a dangerous leader of any radical movement or any other movement in this land. I am voting against him—to emphasize it again—because I do not think he has that zealous regard for not exceeding the authority of the Department of Agriculture which I fully explained in my remarks here today. I am voting against him also because I do not think that he possesses that candor, that frankness which I think should be an attribute of any man who holds important office in this land.

In conclusion, Mr. President, I desire to read just one part of this famous speech of 1931. In it he says, speaking of this planned economy—this planned economy which he says means the abolition of business and the destruction of the Constitution of the United States:

> We shall not, we never do, proceed to the changes here suggested all at once. Little by little, however, we may be driven the whole length of this road; once the first step is taken, which we seem about to take, that road will begin to suggest itself as the way to a civilized industry. For it will become more and more clear, as thinking and discussion centers on industrial and economic rather than business problems, that not very much is to be gained until the last step has been taken.

The last step being the abolition of business and the control of all property in the hands of the Government.

> What seems to be indicated now is years of gradual modification, accompanied by agonies and recriminations, without much visible gain; then, suddenly, as it was with the serialization of machines, the last link will almost imperceptibly find its place and suddenly we shall discover that we have a new world, as, some years ago, we suddenly discovered that we had unconsciously created a new industry.

Mr. President, if Dr. Tugwell had admitted to the Committee on Agriculture that he held these views in 1931 I would not have voted against him for that reason. If he had admitted to the Committee on Agriculture that he believed in the soviet system of Russia, provided he would bring about the changes of our Government in a constitutional way, I would not vote against him for that reason, because I think that in this land of freedom every man should have the right to his own views and opinions. One of the reasons why I am voting against him is because he denied what he said then, because he has not the sincerity that I think a man should have who holds a high public office.

Mr. President, this new world of abolition of all business and destruction of the Constitution that Dr. Tugwell has spoken about is not coming in this American Republic. It is not coming so long as Franklin D. Roosevelt is President of this country. It is not coming so long as the Democratic Party is in control of the affairs of this Nation. It is not coming so long as the American people believe in justice and believe in freedom and still have regard for those fundamental principles of government bequeathed to us as a precious heritage through the blood and labors of those great men who gave us the form of government we have.

Mr. BLACK. Mr. President, I desire to state at the outset that, so far as I am concerned, I have no criticism to make of any Senator who opposes a Presidential nomination by reason of the fact that he is sincerely and honestly against the man who is nominated. I fully agree with the statement made by some of those who have talked with reference to Dr. Tugwell that it is the duty of a Senator to exercise his own judgment upon a confirmation; to vote for or against the man who is nominated upon his own judgment. That is what I intend to do.

It is my intention to vote for Dr. Tugwell because I am for him. I am for the views he has expressed, as I understand those views to be written in his books. I am for him because I believe that here is one man who is not content with looking backward, who for every thought he has in his mind is not bound down by slavish precedents. I am for him because he dared to express his unbelief in some of the theories which have been announced by theorists of the past, and who does not accept a principle of political economy which has been announced and which has been argued and which has been accepted in the past merely because it has been accepted in the past.

I agree fully with the statement made by the Senator from North Carolina [Mr. BAILEY] as to the manifestation of the remarkable intellect of Dr. Tugwell. It has been shown in every public utterance since he first delivered the address to which reference was made by the Senator from North Carolina.

It is a genuine pleasure to me to find that here is one man with brains who has gone forth from the little village in which he was born and with those brains has dared to follow his own course, when anyone who has come in contact with the so-called "financial barons" of this country, as many of us have in committees in the last year, would know that if Dr. Tugwell had concluded to use his brain in the business world instead of to utilize his brains to advance the progress of the peoples of the world, he would have been an outstanding figure in the business firmament of this Nation.

It has become customary, or it had become customary up to a few years ago, to point to the successful men as those who had accumulated the most money, and had manipulated the most stocks, and had served special privilege to such an extent that they could serve on anywhere from 10 to 100 directorships of business enterprises. When such a gentleman returned to the little village from which he went he was heralded as a great, outstanding figure.

Here is a man who has used his brain for the public good. I admit that it has not been customary to have brains to any great extent in the Government. I can fully understand the loud clamor of criticism which came from the small remnants of that discarded group which brought this country to the abyss in which it found itself in 1929, as they charged from time to time that the Government had committed the unpardonable offense of securing men with brains to serve in its departments. It is a new precedent. It is a strange and unusual thing. Therefore I can understand how the Senator from Iowa [Mr. DICKINSON] and the Senator from Indiana [Mr. ROBINSON], and various others, have from time to time charged the present administration with bringing brains into the United States Government's activities.

Mr. President, I desire to approach this matter from an entirely different angle than that from which it has been approached up to this time. I can readily dismiss the statement that Dr. Tugwell should not be confirmed because he does not have the necessary experience. He has shown that he has had sufficient experience. If it is required that a man shall have raised a prize calf, or had mud on his boots, he is shown to have had that experience. He is shown to have had experience on a farm.

I am not particularly interested in the statement which is made by those who are opposing Dr. Tugwell today and who apparently were opposing Dr. Tugwell before he went before the committee, that the chief ground of attack is because of insincerity. Those who opposed Dr. Tugwell last week in this body oppose him yet, I think very naturally; I think it is a natural result of two different schools of economic thought in America. It will be noted, if one will go back over the record of votes in the Senate since President Roosevelt came into power, that there have been two distinct schools of thought. There have been some who adhere to the idea that we must not depart to the slightest extent——

Mr. BYRD. Mr. President, does the Senator from Alabama refer to the Senator from Virginia?

Mr. BLACK. Yes; in part.

Mr. BYRD. The Senator from Virginia has supported 90 percent of the recommendations of President Roosevelt.

Mr. BLACK. Mr. President, I shall not go over a list of measures which have come up, and which constituted a departure, I admit, from our custom; but I recall very vividly when I had reached the conclusion that it was no longer possible for industry ever to absorb the unemployed who were walking the streets and highways of this Nation

and presented a measure to relieve that situation, the same arguments and the same group were opposing that measure that are opposing Dr. Tugwell. I make no charge about that; I think it was a perfectly natural opposition. I make no attack on the sincerity of those who hold those views. There have always been men of various views, and there always will be, and there have always been some who have clung to the idea that whatever had been was right and whatever was proposed, if it was a change, must be wrong. I think there is very clearly set forth the line of demarcation which exists in the statement that was read from the opinion of the Supreme Court by Dr. Tugwell in the hearing. I will read a part of it because, in my judgment, it constitutes the real basis for difference. I take my position with those who believe in progress, with those who believe that it is not necessary that we cling to every dim and musty tradition of the past if experience has demonstrated that those traditions have brought us to disaster or to disorder.

Let us see what the Supreme Court said, and which, I believe, is the basis for the difference between the conflicting views with reference to Dr. Tugwell. This is no longer the question of an individual; it has risen far above that. It is a question of two conflicting schools of thought. Mr. Justice Story said in 1816:

> The Constitution unavoidably deals in general language. It did not suit the purposes of the people, in framing this great charter of our liberties, to provide for minute specifications of its powers or to declare the means by which those powers should be carried into execution. It was foreseen that this would be perilous and difficult, if not an impracticable, task. The instrument was not intended to provide merely for the exigencies of a few years, but was to endure through a long lapse of ages, the events of which were locked up in the inscrutable purposes of Providence. It could not be foreseen what new changes and modifications of power might be indispensable to effectuate the general objects of the charter; and restrictions and specifications, which at the present might seem salutary might in the end prove the overthrow of the system itself.

In other words, the idea of a flexibility of constitutional law to meet new conditions as new conditions arise from day to day, from month to month, from year to year, and from century to century.

What were the objects they had in mind? There can be no better place to ascertain that fact than from the reasons assigned by the Declaration of Independence which was written by those who said that they would not any longer remain subjects of Great Britain. They said it was to secure life, liberty, and the pursuit of happiness; to guarantee those rights; and that if the Government failed so to organize its powers—that is the language, "failed so to organize its powers"— as to carry out the safety and the happiness of the people it gave the right on the part of those who failed to receive the safety and happiness to shake off the shackles of the despotic government. That was one of the reasons given for the original beginning of the life of this Nation.

Who, looking back to 1929, will dare, in this presence or any other presence, to assert that the Government had so organized its powers as to effectuate the safety and the security and happiness of the individual citizen? It had not done so. There have been some, like Dr. Tugwell, who, in published statements, in spoken words and in written books, have been calling attention to the fact that the Government was not effectuating that purpose.

Mr. BYRD. Mr. President——

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

Mr. BLACK. I yield to the Senator.

Mr. BYRD. Does the Senator from Alabama agree with the speech which Dr. Tugwell made before the Economic Conference which we have been discussing?

Mr. BLACK. I shall be delighted to answer the question of the Senator. As I interpret the speech made by Dr. Tugwell, and as I interpreted it when I asked the Senator from Oklahoma [Mr. GORE] to place it in the RECORD, I agree with it 100 percent.

Mr. BYRD. Does the Senator favor the abolition of business and the destruction of the Constitution?

Mr. BLACK. No, and neither does Dr. Tugwell; and I deny that any man has a legitimate right to draw such a conclusion from the speech. I do not question the fact that the Senator has drawn that conclusion. I recall that Dr. Tugwell said to the Senator that he hoped he had explained what he had said so that the Senator from Virginia could understand him, and the Senator from Virginia said he could not understand him. Therefore I would not attempt further to explain it to the Senator. [Laughter.]

Mr. BYRD. Mr. President, will the Senator yield for one moment further?

Mr. BLACK. I shall be very glad to yield and let the Senator read to me some more of the inquiries he read to Dr. Tugwell at the inquisition.

Mr. BYRD. Here is a sentence about which I asked Dr. Tugwell a question, and I should like to ask the Senator to explain the sentence to me.

Mr. BLACK. I think, if the Senator is going to ask me to testify, that he ought to give me the benefit of what he had when he had the radio over which to talk to the country and a big audience with the wit and brilliance and beauty of the old discredited view there to applaud his remarks.

Mr. BYRD. I appreciate the Senator saying that I am discredited.

Mr. BLACK. I was not talking of that; I was talking about those with ectasy in their eyes as they came to that hearing with the idea that here was an opportunity to jab something into the new deal.

Mr. BYRD. Mr. President, the Senator has left the impression that I am somewhat obtuse.

Mr. BLACK. No, sir; I did not intend to leave such an impression.

Mr. BYRD. The Senator said I could not understand.

Mr. BLACK. I said that Dr. Tugwell said so.

Mr. BYRD. Here is a sentence about which I asked Dr. Tugwell a question:

> Chance has substituted itself for the anthropomorphic interpretation of history as a causal sequence.

I will ask the Senator if he understands that?

Mr. BLACK. I thoroughly understand it, but I would not attempt to explain it to the Senator from Virginia. [Laughter in the galleries.] That effort has already been made in vain.

The PRESIDING OFFICER. The occupants of the galleries will maintain order.

Mr. BLACK. Mr. President, I have listened with great interest to each word spoken, I think, by the Senator from Virginia [Mr. BYRD] and the Senator from North Carolina [Mr. BAILEY]. I do not intend to attempt to go into detail as to the references made by the Senator from North Carolina to the questions propounded to Dr. Tugwell; it would take too long and be too tedious. It is evident, however, that there was a decided difference in interpretation between gentlemen, Members of this body, for whose judgment I have high respect, both of them, in my opinion, being absolutely honest in the interpretation which they place upon the remarks. That being true, why should we go into details with reference to each statement made by Dr. Tugwell? If we are going to do that, why not take this book [exhibiting]; why not add this book [exhibiting] to it; why not take the other two books written by Dr. Tugwell and take out a statement here and there and then try him on each separate word? That is not the way to determine his beliefs or the objective of a philosophic conception.

I will, however, call attention to one statement. I desire to call attention to a speech made in Philadelphia by Dr. Tugwell as to which the plain statement is made here that Dr. Tugwell in that address advocated the complete abolition of all private ownership of land. I do not deny that some may have interpreted it in that way. How they could possibly do so is beyond my comprehension. I want to read what he said; I read the statement upon which that assertion rests.

> The Federal Government will, I believe, perform two functions with respect to our land in the future. It will directly hold and

administer public forests, parks, game preserves, grazing ranges, recreation centers, and the like, all areas which cannot at the time be effectively operated by private ownership.

Is there anything so strange or new or novel or startling about that statement as to justify any such assertions as have been made with respect to it? Let me read further:

And it will control the private use of the areas held by individuals to whatever extent it is found necessary for maintaining continuous productivity. Not only is it necessary for us to conserve our natural resources for the welfare of posterity—

I admit there are some who do not believe that—

it is also necessary to regulate the use of land resources for the welfare of the living generation.

I believe in that principle. I believe if we had begun sooner a system of conservation of our natural resources the country would have preserved for the use of the individual citizenship the great wealth which nature has bestowed upon us with such bounteous and generous hands.

Let us see as we go along what that means. In not a single statement does he limit his words to ownership. He mentions control. He said:

We have depended too long on the hope that private ownership and control would operate somehow for the benefit of society as a whole.

Is there anything strange or new or novel about that doctrine? Let someone go next door to the home of the Senator from Virginia [Mr. BYRD] and attempt to establish a soap factory, and it will not take the Senator long to go into the courts in order to abate a nuisance which interferes with his peace, comfort, and happiness. Is he, as the owner of that particular property, entitled to any more protection than the millions of American men and women in the Nation if he operates his business in such way as to interfere with their peace and their happiness?

Let anything of that kind happen and we would find a man going directly to the courts. Does he have the complete control of that land which he owns? If that were true, would there have been any zoning laws upheld? If a man had the complete and unrestricted right to the unrestricted control of the land to which he happens to have title in his name, does that mean that he may use that land in such way as to interfere with public happiness or to destroy the hope on the part of his Government to so organize its affairs that it will effectuate the happiness and safety of the people?

What Dr. Tugwell said was "ownership and control." If he had intended that he wanted to do away completely with private ownership of land—and there cannot be a word found in anything he ever wrote so far as I have been able to discover to indicate that he did so desire—I imagine that language would be presented here; but it is not. He denies it.

Mr. BAILEY. Mr. President——

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

Mr. BLACK. I yield.

Mr. BAILEY. I invite the Senator's attention to this sentence. The Senator said the language would be here. Let us see if it is not here.

It will control—

"It" refers to the Federal Government.

It will control the private use of the areas held by individuals to whatever extent is found necessary for maintaining continuous productivity.

Mr. BLACK. The Senator is correct.

Mr. BAILEY. I am not through. That is one sentence. In the same address he said:

The area of land in production would be sufficiently limited—

Mark those words "sufficiently limited" to so many acres, of course by the Government—

so that it could be operated at its utmost efficiency without flooding markets and destroying exchangeability. Such a system would envisage a commercial agriculture made up of the most efficient farmers operating the best of our lands; with the remaining lands being used in other ways, and the remaining farmers devoting their time to other occupations.

That is the control about which I am talking.

Mr. BLACK. I am perfectly willing to have the Senator talk about that control.

Mr. BAILEY. The Senator said if Mr. Tugwell used the language which gives this interpretation, the language should be here. Let me read finally and then I shall take my seat. In the same speech he said:

Private control has failed to use wisely its control of land. The post-war decade of low farm incomes, and the subsequent period of the industrial collapse, now makes us realize that the use which is made of the land is of immediate and vital interest to us all.

There are the three statements, each one of which repudiates private control, private use; each one of which states the policy of limitation; and one of which goes so far as to say that the Government proposes to divide the farmers of the country according to its judgment into efficient and inefficient, and that the inefficient will be driven from the land.

I should like to have the Senator subscribe to that and say those are his sentiments. He is endorsing everything Dr. Tugwell said. Let him endorse that.

Mr. BLACK. I am endorsing what Dr. Tugwell said, not what the Senator from North Carolina said.

Mr. BAILEY. I am asking the Senator from Alabama to endorse what I read from Dr. Tugwell's own statements.

Mr. BLACK. I am not endorsing the Senator's interpretation of what Dr. Tugwell said. Insofar as the statements which I have read and which he read are concerned, I endorse them. I am endorsing the idea that the Government as a government has undertaken to establish subsistence homesteads over the country. There is no statement made here that the Government is going to do away with the idea of private ownership of land. It is my judgment that not even by the wildest stretch of the imagination nor even the fancies of the most skillful logician, would anyone be entitled to reach such a conclusion, though the Senator from North Carolina does. I do not. That is where we disagree and where, in my judgment, most of those who will read Dr. Tugwell's speech with care, reading it all—I could take only a part of it and reach my conclusion, but reading it all and reading the system of philosophy expounded by Dr. Tugwell—will ascertain that he has never yet advocated that which Henry George advocated and which they accuse him of advocating, doing away with private ownership of land.

Dr. Tugwell does call attention in this very speech to Henry George, but he does not approve the conclusion reached by Henry George. I desire to say here and now that if that man, who contributed so much with the eloquence of his pen toward presenting to the people of the Nation the paradox of increasing poverty in the midst of increasing wealth, could be here subject to confirmation today, it is my judgment that the same division would occur, because it would be a division of those who believe on the one side in the conceptions of government, and those who believe on the other side.

I am going to show in a few moments, from what Dr. Tugwell has actually said, why in my judgment the Pennsylvania Manufacturers Association and the other associations of the country, which have waxed fat off the wealth which has been produced by people other than themselves, are opposed to Dr. Tugwell and to anyone who dares to believe as Dr. Tugwell believes.

Mr. BANKHEAD. Mr. President, may I ask the Senator if he refers to the Grundy organization?

Mr. BLACK. It is my understanding that is the Grundyized organization of Pennsylvania. There is nothing surprising in their opposition to Dr. Tugwell. Why should there be? In everything he has spoken, in every word he has uttered we find him striking sledge-hammer blows against inordinate profits, against excessive dividends, against watered stocks, against low wages, against long hours, against sweatshops, against working children in factories. There is nothing surprising that those who believe in the

old doctrine of "Let well enough alone", supported mainly by those who are not suffering from the system, should lead in this Nation a fight against every individual, either in high place or low place, who stands for the principle of economic justice.

This man Tugwell has brains. He has been charged with it. He has not devoted those brains to the service of corrupt privilege and corrupt business, and therefore he is dangerous. It is such men as Dr. Tugwell who are dangerous—dangerous to what? Dangerous to child labor, to excessive profits, to concentrated wealth in the hands of people who did not earn it, to special privilege. He has dared to stand out not only for these things, but he has actually written a book, which the Senator from Iowa called to the attention of the Senate a short time ago, standing as he naturally would stand on the side of the old conceptions of government—a book which may go into the schools and which stands for the idea of social security.

He has dared to raise his voice in favor of old-age pensions. He has dared to announce that where we have more people than we can absorb in our industrial system, the old man tottering on the brink of the grave shall, instead of being cast out into the poorhouse or to become an object of charity, be taken care of with an old-age pension. Treason! Treason! Let him be taken to the stake! Let the inquisition be turned upon him!

Not only that; Dr. Tugwell has dared to assert in this book that he does not believe people should work any longer hours than is necessary for the purpose of producing the wealth which they need. Treason again!

He has dared to assert in this book that he believes in unemployment insurance. Terrible treason! How much better it would be, his critics think, if we could continue to feed the people on charity, to undermine their morale, to weaken their strength of character, rather than to provide a scientific system of giving them unemployment insurance at a time when they face destitution and poverty. Why, this man is an enemy to the existing system. He has actually dared to assert in this book—which the Senator from Iowa [Mr. DICKINSON] is afraid might be seen by a school boy or a school girl, some of whom perhaps even in the Senator's own State are undernourished and underfed, many of whom, according to the statement in this book, taken from Government statistics of a Republican administration, are living on less than half the annual income which is necessary to take them out of the borderline of the lowest and most abject destitution and poverty—this man has dared to assert in this book that those farmers' children ought to have more. He has dared to assert in this book that people who are sick ought to have medical treatment. Treason! High treason! Treason against the Constitution! And because, forsooth, in addition to that crime, he waited 3 days before writing a letter to a Senator, he has added another item of guilt, and for that he must be crucified.

Those are the reasons. All we have to do is to read this book. I do not want to be misunderstood, however. There are two groups, in my judgment, who are opposed to Dr. Tugwell. I do not mean to say that all of those——

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

Mr. BLACK. I do.

Mr. BAILEY. Does the Senator, realizing that there are two groups, recognize that each of the groups is sincere?

Mr. BLACK. I had just started to state that. If the Senator will wait, I will complete the sentence, and then I do not think he will want to ask me the question.

There are two groups fighting Dr. Tugwell, in my judgment. One is the group represented by the type of the Pennsylvania Manufacturers Association.

Mr. BAILEY. May I ask the Senator whether he intends——

Mr. BLACK. I desire to finish. Let me finish my statement. I do not yield until I finish my answer to the Senator's question.

Mr. BAILEY. Very well.

Mr. BLACK. There is another group who cannot brook change. They are fearful of it. They represent the type which has always believed that that which has been working fairly well will continue to work. They believe in what the Senator has called, in the controversy with the Senator from Nebraska, the "laissez faire doctrine." They believe now, as they believed in the past, that if we do not leave each individual to work out his own salvation individually, 100 percent free from any kind of Government protection, we are doing wrong, and that the man who would seek to change that system is not a friend of the great masses of the American people.

In my judgment, the members of this group are equally sincere with those who take the other viewpoint—that if a system as it has operated has proven that it brings in its wake hunger, destitution, misery, poverty, undernourishment, illness, suicide, mental undernourishment, destitution, and death, it calls for changes, bold changes; not revolutionary changes, but bold changes, and, in this Government, within the Constitution, which the Supreme Court has declared to be sufficiently flexible to meet the various developments of an economic society.

Those, in my judgment, are the groups represented in the opposition to Dr. Tugwell.

Mr. BAILEY. Mr. President, may I now interrupt the Senator from Alabama?

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

Mr. BLACK. I shall be very glad to yield.

Mr. BAILEY. Does it occur to the Senator that he has taken a great deal upon himself in undertaking to divide those who may differ from him into groups and to classify them?

Mr. BLACK. I did not anticipate there would be any objection. If the Senator objects——

Mr. BAILEY. No; I did not object. I just asked the Senator if that ever occurred to him.

Mr. BLACK. The Senator had not suggested it before. Since he has suggested it, I will state that I see nothing whatever improper in it. I think it is perfectly right, because I think there are different groups opposing Dr. Tugwell, opposing the general idea which Dr. Tugwell represents.

Mr. BAILEY. And the Senator thinks he is competent to classify this opposition into groups to suit himself and to characterize it?

Mr. BLACK. I may not be as competent as the Senator from North Carolina. I will admit that I am not.

Mr. BAILEY. The Senator from North Carolina, at any rate, has not undertaken it.

Mr. BLACK. The Senator from North Carolina, at any rate, undertook to characterize Dr. Tugwell in a way which in my plain and honest judgment was not justified by the facts; but I have no criticism to make of the Senator, because I think he believes it was justified.

Mr. BAILEY. Is there any analogy whatever between the classification of Dr. Tugwell and undertaking to state his views and the present effort to place the opposition to Dr. Tugwell in groups according to the Senator's conception and state their characteristics?

Mr. BLACK. If the Senator objects to that, and thinks that he is placed in either group, I am perfectly willing to admit that he belongs to neither; but I desire to go on now with my argument, because there has been too much diversion in this matter from the real point at issue.

Mr. BAILEY. Mr. President——

Mr. BLACK. The point at issue, as I see it, is this, insofar as Dr. Tugwell is concerned:

Dr. Tugwell as an individual is not of great importance in this discussion. Dr. Tugwell, in my judgment, is a symbol. He is a symbol representing a specific idea of thought and political philosophy. He is a symbol which many believe to represent a philosophy of government which is destructive.

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

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

Mr. BLACK. I yield to the Senator.

Mr. DIETERICH. Does the Senator mean that a vote on this nomination would indicate whether or not a Senator embraced all the ideas of Dr. Tugwell or is he simply using him for illustration?

Mr. BLACK. No; I do not embrace all his ideas.

Mr. DIETERICH. The Senator stated the matter about that strongly, however.

Mr. BLACK. I do not embrace all his ideas. There are some things he has written in his books that I do not embrace.

Mr. BORAH. Mr. President, does the Senator think that a vote for Dr. Tugwell necessarily endorses any of his views?

Mr. BLACK. No; I do not. I state that so far as I am concerned I am in perfect harmony with the general objective which I gather Dr. Tugwell has in mind from the books of his that I have read; but that is not necessarily an endorsement, and I could vote for him if that were not the case. I think Dr. Tugwell represents an inquiring mind. We need more of them. I think this Government would be in far better condition if we had more in the various departments.

Mr. WHEELER. Mr. President——

Mr. BLACK. I yield to the Senator from Montana.

Mr. WHEELER. Let me say to the Senator that the opposition to Dr. Tugwell before the committee was based almost entirely upon statements which he made in 1931, with reference not only to what he said his views were but the interpretation of those views as expressed by those who were cross-examining him.

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

Mr. BLACK. I yield.

Mr. LONG. I think where the Senator from Montana, and I might almost include the Senator from Nebraska and the Doctor himself, fail to make their case stronger, is in not saying that he is a genuine, 100-percent liberal, and dissatisfied with the way things are getting along, and not equivocating or apologizing for it. Come right down and hit it on the head.

Mr. WHEELER. I think he made it pretty plain that he was dissatisfied with things as they existed in 1931.

Mr. LONG. Why 1931? What is the difference between 1931 and 1934?

Mr. WHEELER. In my judgment there is considerable difference between 1931 and 1934. The Senator may disagree with that, but I think we have made considerable progress since 1931; but Dr. Tugwell was speaking in his book of the conditions that existed in 1931. I do not think there is a Member on the floor of the Senate at the present time but who, looking back to 1931, must come to the conclusion that we were at that time right on the brink of destruction, not only of the economic system but there was a question in the minds of a great many people as to whether or not this Government of ours could stand up under the existing conditions.

Mr. WAGNER. Mr. President, will the Senator from Alabama yield to me?

Mr. BLACK. I yield.

Mr. WAGNER. I wonder whether the Senator will permit me to read, right at this point, because it is in line with what the Senator is saying, an extract from one whom I believe to be the greatest constitutional lawyer since John Marshall's time, Mr. Justice Holmes, in answer to the suggestion that those who preach some change in our economic system are necessarily revolutionists, are for the abolition of government, and are not faithful to the Constitution, or our constitutional form of government. He said, in the case of *Lochner* v. *New York* (198 U.S. 45):

> But a constitution is not intended to embody a particular economic theory, whether of paternalism and the organic relation of the citizen to the State or of laissez faire. It is made for people of fundamentally differing views, and the accident of our finding certain opinions natural and familiar or novel and even shocking ought not to conclude our judgment upon the question whether the statutes embodying them conflict with the Constitution of the United States.

I thank the Senator.

Mr. BAILEY. Mr. President, will the Senator from Alabama yield to me?

Mr. BLACK. I yield.

Mr. BAILEY. I regret to trouble the Senator. I will be content to say that I deny the right of the Senator from Alabama to classify me in any way whatsoever. That is beyond his capacity, and if it were within his capacity it would be beyond his right. I belong to neither of the groups in question, and I wish that to go into the RECORD, and I will ask the Senator whether he undertakes to put me in any group.

Mr. BLACK. Mr. President, I am perfectly willing to admit that the Senator stands alone, with no group on earth; has in the past, and will hereafter; that he is an individualist, who is never with any group.

Mr. BAILEY. Mr. President, I wonder if the Senator thinks that is a candid and straightforward answer to the question I asked him, which was whether he undertook to maintain the right to put me in a group and if he were now trying to do so.

Mr. BLACK. Mr. President, it is my judgment that attempting to bring out the maintenance of a right here is as far beside the question with reference to Dr. Tugwell and his confirmation as were many of the questions which were asked before the committee.

Mr. BAILEY. I agree to that.

Mr. BLACK. I am maintaining here that, in my judgment, Dr. Tugwell should be confirmed. I believe that he should be. I do not subscribe to the idea that anything he has said or done should prevent his confirmation.

The question was asked as to whether or not Dr. Tugwell believed in certain things. A great deal has been said about Dr. Tugwell's discussion of the N.R.A. In order to show that Dr. Tugwell is no conformist with reference to everything that is done or proposed I desire to read a paragraph from his book published in 1934. This is another one of the statements made by Dr. Tugwell with which I agree, and my vote will so show.

He said:

> The partial suspension of the antitrust laws is not unlikely to promote the further concentration of the control of wealth. It remains to be seen whether governmental supervision of the type provided for in the N.I.R.A. will make for more equitable sharing of the gains which may result from intensifying cooperation among business men.

I call attention to that paragraph for this reason: It is exactly in line with the complete philosophy as expressed by Dr. Tugwell from the beginning to the end of each one of his books—that what he desires is to bring about those improvements in the operation of our governmental system which will reduce the inordinate and excessive profits of monopoly and greed and will increase the part of the national income that goes to the farmers and to the laborers in the mines and the factories all over this Nation.

Mr. President, I state that in my judgment the widespread hue and cry which has been heard in this country for the past 3 or 4 months against the so-called "brain trust" is because Dr. Tugwell is a symbol of a line of honest, constructive, inquiring thought which will tend to prevent that which has been happening in the past, namely, the concentration of the wealth produced by all of the people of this Nation, and the prevention of the distribution of that wealth into the hands of those who necessarily must have it in order to maintain the purchasing power of our economic system. Dr. Tugwell's whole life, his writings, his books, have been along that line.

I do not expect that those who entertain the old idea that we must continue as we were would approve of Dr. Tugwell's ideas. I recall very vividly when the Senator from Iowa [Mr. DICKINSON] rose on the floor and took up this book of Dr. Tugwell's in order to charge him with all the heinous crimes which were being flouted around in the public press. If it were not Dr. Tugwell they were after, it would be someone else entertaining exactly the same ideas. I refer now to those who have been insistently and persistently and publicly attacking the so-called "brain trust." That group does not want a man with brains in

the Government service if he has a place of responsibility where he can aid in directing affairs in such a way as to benefit the average man.

This is not the first time that people have clung to outworn ideals. They have followed that course in the history of every country in every age of the earth.

There was a time when it was considered heathenish in a certain country to take a bath. In that very country it was a crime for a man to have a bath tub in his house. It was a crime in the same country to attempt to cure the dreadful disease of smallpox, and those who dared, with inquiring minds, to find out whether or not smallpox could be cured, were treated as public enemies.

Mr. President, in that same country there was a terrible odor in the streets of the city of Madrid, and an effort was made to bring about a sentiment that would result in the removal of the odor. Those who believed in adhering to the old traditions and ideals said, "Our ancestors lived through this odor. It would be sacrilegious to them to attempt to change it." Then they submitted the question to the medical profession of the city of Madrid, and they very promptly returned a report that there was no use trying to improve the odor, that their ancestors had lived satisfactorily through it; and, besides, it showed that the air was heavy, and if the air was heavy to carry, perhaps there would not be so much of it carried to injure the people if it had the odor in it.

Mr. President, there was a time in this country when the same type of mind which has been attacking the so-called "brain trust" said that it was contrary to the Christian religion to hold a meeting in a church with the idea of carrying to the people the thought that trains could run at the tremendous rate of 12 miles an hour. Nothing was said about it in the Bible, they contended, and if it had ever been intended that man should travel at the tremendous rate of 12 miles an hour, it would have been mentioned in the Holy Book. So they denied people the use of the church to spread that idea.

The same type of mind that has been attacking the so-called "brain trust", using Tugwell simply as a symbol, and beating their breasts about patriotism, have patriotism for privilege. They do not want a single movement made that would take away the ill-gotten gains from a manipulator or manager.

Therefore, they talk to us about the old economic concept of the niggardliness of nature; that we are trying to defy economic law because an economist a long time ago said the whole thing was built up on the idea of the niggardliness of nature—in a country where we have indicted the producers for producing so much, and people have been left hungry and cold and without shelter.

Mr. President, as I view this matter, it is simply a part of the age-old problem of progress and reaction. A system has been permitted in this country which was lauded to the skies by those who were in control of the machinery of government, which was starving the people slowly to death. And now there are a few men with ideas, such as Tugwell and others, who dare to point out that something must be done if we want to preserve the system of government under which we live. I believe that the men who desire to correct these abuses are the real, genuine friends of our governmental system.

I do not find a single word in any of his books which to me indicates that he desires to do away with the American system of government. I do find that he desires to make it useful to all the people, instead of concentrating its benefits into the hands of a small minority of people. I do find in his books that he takes the position that so long as we have plenty, so long as we produce enough to feed the people of this Nation, this Government is failing in its highest function of government if it fails to make such corrections of existing abuses as will bring a better degree of happiness, security, comfort, and life to the millions of people who have been undernourished under the old system championed by those who have been so bitter in their attacks upon the so-called "brain trust."

I do find that this man has looked into the faces of the people and has seen in them the gaunt look of fear. He has witnessed the dread specter of insecurity of life following them from the cradle to the grave. I do find that he has seen, and that in a country teeming with all the bounties of nature, men and women compelled to walk through life knowing that under the present system the chances were nine out of ten that it would be impossible for them to accumulate enough to take care of themselves in the declining years of their life. I see that. And when I see that, I also see that a man has been selected to perform a public service, who stands for the millions and millions of men, women, and children in this country in the factory, on the farm, in the mines, wherever men and women toil, and who desires, and dares to express the desire, that the system of Government shall be operated so that not only a few may have the luxuries of life, but that the great wealth produced by labor combined with the bounty of nature shall be paid as a reward to those who produce it, that the gaunt specter of insecurity shall be taken from them.

Mr. LONG. Mr. President——

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

Mr. BLACK. I yield.

Mr. LONG. I do not rise to disagree with the Senator. I agree with everything he says. That is why I asked the question a minute ago about the Senator from Montana. I agree with everything the Senator has said, and if Mr. Tugwell's inclination is toward that direction the more glory to him. But the point I have been trying to make is that we have more wealth concentrated now than we had in 1931. We have more income in the hands of the big men, proportionately speaking, according to Mr. Sterns' statistics, than we had in 1931. I was hoping that instead of apologizing on the ground that the whole thing was over now——

Mr. BLACK. He did not say that. He distinctly said the whole thing was not over. He distinctly declined to repudiate his speech. I have not previously said anything about that. But read the evidence and it will be found what he said. Time after time he said "No; I do not repudiate a single word." He did not repudiate it.

Mr. BAILEY. May I interrupt for the sake of having the RECORD correct?

Mr. BLACK. I yield.

Mr. BAILEY. He did say that he did not repudiate the speech, but at the same time he stated the speech did not state his views in any respect whatever, but was merely the observations of the reporter. That was a repudiation so far as those were concerned who thought the speech expressed his views. He simply stopped on one side of it and said, "Why, that is not what I meant at all. I was talking about what other people were saying."

Mr. BLACK. Time after time the Senator asked him the question, "Is this your belief?", and he said "Yes." He stated time after time that a part of what the Senator read to him was his belief.

Mr. BAILEY. The Senator will not deny that he began, in answer to the question by Senator BYRD, by saying that the speech did not express his views at all; and that he did admit, in response to my examination, that notwithstanding that denial it did express his views. That was the contention I made yesterday.

Mr. BLACK. Mr. President, I stated in the beginning that I declined to go into the details of the various questions which were asked, except to say that I believe a fair reading of the record will show that Dr. Tugwell did not repudiate the views I have stated. On the contrary, the record is filled with statements which bear out that what he said in his books represented his viewpoint. He called attention several times to those books and said that they represented his viewpoint. In response to a question he stated that there were some parts of the speech which were academic discussion. There is nothing wrong with its being an aca-

demic discussion. Such things happen at various times in every man's life. It is exactly the same as being called upon to discuss one side of a controversial issue in a debating society. Does that always mean that every argument a man puts forth represents his view? Dr. Tugwell was making a speech at a meeting of an economic society. So far as I am concerned, I do not intend to be led into any vain discussion of whether he said he believed in this sentence and he did not believe in the other sentence.

It is enough for me to know that what he stated, that what he had in this book, represented his views—the very book that the Senator from Iowa [Mr. DICKINSON] has condemned him for because he said it would go into the public schools. I find on each page of it the reason why the Manufacturers' Association of Pennsylvania, the Grundyized association of that State, ought to fight Dr. Tugwell, as it is doing in the propaganda which the Senator from Indiana of the accuracy of the RECORD?

Mr. BAILEY. May I interrupt the Senator for the sake of the accuracy of the RECORD?

Mr. BLACK. I shall be glad to have the Senator insert anything he desires in the RECORD.

Mr. BAILEY. This is precisely responsive to the statement that the Senator made that Dr. Tugwell did not repudiate his speech in the sense of saying he did not mean it, that it was not his language. Let us read the record:

> Senator BYRD. * * * Dr. Tugwell, I will frame my question so as to suit the Senator from Nebraska, I hope. It is this: In my judgment no man can read your speech that you made to this economic society without believing that you believe in the things that you then said; and I ask you now: Do you believe in the policies of government as you outlined them and enunciated them in that address?
>
> Mr. TUGWELL. I would like to make it perfectly clear to Senator Byrd, if I can, that I did not enunciate any principles of government in that speech in which I believed. I was trying to analyze the situation as I saw it.

There is the point. The Senator from Alabama now is endorsing the speech and adopting its principles, and with that I have no quarrel, and I respect him for his candor and his courage. But that is precisely what Dr. Tugwell did not do.

Mr. BLACK. Mr. President, there has been a great deal of discussion of that. I will simply call attention and say that if Senators will look on pages 146 and 147 of the record they will find several of the numerous instances in which Dr. Tugwell said that that did represent his views. It is true that he did state that the part with reference to the Russian plan, the theory they had, did not represent his view, and there is nothing in it which indicates to my mind that it did.

I have Dr. Tugwell's book before me. Let us see whose friend he is. Let us refer to a few of the subjects in the book. This book was published in 1934. We find in it arguments on the bad condition of physical life brought about by unwholesome food. We find the figures from Government statistics of those who are undernourished on the farm. We find what a low income they are receiving in comparison with that to which they are entitled as a matter of right. We find his discussion of the terrible effects of inadequate clothing. We find his discussion of the terrible effects of inadequate housing. We find his discussion of the terrible effects of unwholesome food on men, women, and children. We find his discussion of the terrible effect of unsanitary conditions. We find his discussion on page 56 of the terrible effect of inadequate medical treatment. We find on pages 57 and 58 his discussion of the terrible effect of overwork on women of the farm. We find his discussion of the terrible effect of the poverty that exists.

It is all right, Mr. President, for those who have not felt and do not feel the sting of poverty and who do not endure the pangs of hunger and who have had a good shelter over their heads to complain about a man who dares to raise his voice for those who suffer from hunger and want. Here is a man whom the Senator from Iowa has condemned and proclaims as a public enemy, because he has written a book setting out the terrible effects of poverty brought about by an unbalanced economic situation in America. What did he do further?

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

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

Mr. BLACK. I yield.

Mr. WAGNER. I suppose that the opponents of Dr. Tugwell and some of the economic theories which he advocates might also include many of the State legislatures and the Governors of States that have in the past enacted laws particularly to shorten the hours of labor of women who work in factories and to prohibit their working at night at all?

Mr. BLACK. Of course, those legislatures and Governors ought to be condemned, too.

Mr. WAGNER. And those who have fought to prevent child labor I should say ought also equally to be condemned?

Mr. BLACK. Oh, yes; if Dr. Tugwell is to be condemned by reason for standing for old-age pensions, it is necessary to condemn the voters of the several States who voted last year to inaugurate such a system.

Mr. WHEELER. Mr. President——

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

Mr. BLACK. I yield.

Mr. WHEELER. Let me say to the Senator that the State of Iowa, from which comes the distinguished senior Senator [Mr. DICKINSON] who complains about Dr. Tugwell, is suffering at the present time probably as much as any State in the Union by reason of the very economic ideas which Dr. Tugwell condemns.

Mr. BLACK. Yes. Here is another thing that the senior Senator from Iowa does not want to get to the school children of Iowa—the regulation of hours, and so forth, found on page 214:

> We have already referred to monotonous or unpleasant working conditions in city occupations that make necessary some limitation of the hours required. Short hours are needed in factories where noise, motion, and monotonous effort abound, and especially those with poorly lighted and poorly ventilated rooms.

That is a terrible thing to tell the children of the State of Iowa; it ought never to be known that here is a man who dares to favor short hours in factories in order to relieve the monotony of factory life.

The "effect of depressions on hours of work": he tells about that. That is a terrible thing to get to the school children.

On page 216 he tells of the evil of child labor. That is a terrible thing to send out to the school children of the State of Iowa. Why, here is a man who dares to express views to the people of the State of the Senator from Iowa in opposition to child labor in factories and to state that he is in favor of short hours for people who toil from morning until night as they eke out in the factories of this Nation a bare existence under this old, discredited system.

Here is another statement that it is terrible to get to the school children:

> The welfare of the worker is the most important index of the success of the productive process.

That is an awful charge to make. Here is a man who puts the happiness of the worker first. Is that treason? He puts the happiness of the worker upon the same divine basis as heretofore has been put the happiness of those who had profits, more profits, more profits, and more profits. He dares to assert that human rights are entitled to consideration the same as property rights. A terrible man! An awful doctrine to send to the children of the State of Iowa.

Here is an argument against fraudulent promotion schemes. A terrible thing that! The State of Iowa evidently has never had any fraud committed against its citizens; evidently nobody ever sold them any bad stock out in the State of the senior Senator from Iowa; and he does not want them to find out that there is a man who dares to assert that such things ought to be stopped, and who even dares to say that the manipulation of the stock exchange must be curbed. A terrible crime that! He is wholly unsuited for governmental position.

He says we need relief measures immediately. He declares in this book, and declared before the committee, that the complaint which he was making back in 1931 was with reference to relief measures. On that occasion he immediately followed Mr. Harriman with a speech. By the way, I also have Mr. Harriman's speech. It seems that the president of the National Chamber of Commerce actually—think of it; holding that exalted position, high above those who act as representatives of the working people—dared to say something with reference to planning—I mention it with a whisper—just before Dr. Tugwell spoke; and then Dr. Tugwell came along and said that some relief measures are necessary; and he said in the hearings before the committee that what he saw back there was millions of people starving and the Government doing nothing for their relief. Another terrible crime.

Here is a chapter which ought to delight the heart of the Senator from Louisiana [Mr. LONG]. It is on pages 402 and 403, and the title of it is, "What Governments Do to Distribute Incomes Wisely." He actually dares to intimate here—he treads on such sacred ground as to indicate that some of the people have entirely too much, while others have entirely too little. That is another thing that it would never do to have get to the school children of the State of Iowa.

Mr. LONG rose.

Mr. BLACK. Perhaps the Senator from Louisiana would be willing to have it go to the school children of Louisiana?

Mr. LONG. Mr. President——

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

Mr. BLACK. I yield.

Mr. LONG. I just want to say, "amen." [Laughter.]

Mr. MURPHY. Mr. President——

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

Mr. BLACK. I yield.

Mr. MURPHY. In reference to the State of Iowa——

Mr. BLACK. I was not referring to the junior Senator from Iowa; I was referring to the speech made recently by the senior Senator from Iowa [Mr. DICKINSON] with reference to Dr. Tugwell.

Mr. MURPHY. I understood the Senator to have made that reference. I assure the Senator that there are other outlets than the senior Senator from Iowa for the school children of Iowa. They have the benefit of all the views that the children of any other State have, and the people of Iowa have had opportunity for a free decision on the merits of this controversy as to the confirmation of Dr. Tugwell.

Mr. BLACK. The Senator is absolutely right. The fact that they voted as they did in 1932 shows that they were not satisfied with the old conditions which they would not restore. They did not express their approval of the system that was undernourishing the children of the State of Iowa and the children of other sections of the country.

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

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

Mr. BLACK. I yield.

Mr. MURPHY. I will state further that at a primary election held a week ago Monday in Iowa the issue was clearly presented between a progressive candidate for the Republican nomination for Governor and a so-called "conservative" or "reactionary" candidate, as alleged by the progressive candidate. The progressive candidate for the Republican nomination for Governor and a so-called "con- he advocated, and having done that, he said, "Now, I will tell you some of the things I am against—I am against the Mellon-Hoover-Mills control of the Republican Party."

Mr. BLACK. Did he mention the Senator from Iowa?

Mr. MURPHY. He mentioned the Senator from Iowa.

Mr. BLACK. Does the Senator mean the senior Senator from Iowa [Mr. DICKINSON]?

Mr. MURPHY. I do.

Mr. BLACK. He did that in the Republican primary?

Mr. ROBINSON of Arkansas. What! Does the junior Senator from Iowa mean to say that the Republican nominee for Governor this year repudiated the Republican Senator from Iowa [Mr. DICKINSON] and said that he was against him and hoped to accomplish his defeat?

Mr. MURPHY. He condemned the senior Senator from Iowa as expressing the school of thought of Mellon-Hoover-Mills.

Mr. ROBINSON of Arkansas. Perhaps the Senator from Iowa will not be so bitter in his condemnation of Mr. Tugwell. [Laughter.]

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

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

Mr. BLACK. I yield.

Mr. DICKINSON. If the Senator from Alabama will quit before 3 o'clock, I hope to be able to express myself on this subject.

Mr. BLACK. We want to give the Senator that privilege; it ought never to be missed.

Mr. ROBINSON of Arkansas. The more he expresses himself the more the Republican nominee for Governor of Iowa will condemn him. [Laughter.]

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

Mr. BLACK. I yield to the junior Senator from Iowa.

Mr. MURPHY. The issue so presented between those candidates was decided by the Republican electorate, which nominated the progressive candidate for Governor for the Republican Party. I think the progressive candidate so nominated by the Republican Party in Iowa would unhesitatingly endorse Dr. Tugwell.

Mr. BLACK. Now I read the last lines of Dr. Tugwell's book:

> In place of adhering to blind traditionalism we should develop an open-minded experimental attitude toward social and economic institutions and problems.

That is the crime he has committed, if it is a crime. He has dared to say that he is willing to shake off musty and outworn dogmas, coming from the minds of political theorists of the past, and to look boldly into the future. He has dared to do that on behalf of the millions of undernourished boys and girls of this Nation and the underprivileged men and women of this Nation, under a system of letting everything go exactly as it was, which, never daring to move forward into the visions of the future, was starving to death mentally, spiritually, and physically the people of this Nation.

In 1932 the people spoke. They declared themselves in favor of the new and bold political philosophy announced by this man. I have read his evidence. I see no repudiation there. If I could see repudiation there, I am frank to state that I would lose my sympathy for the cause which he has so boldly advocated, but I do not. I see him there as he fences with these gentlemen who were against him when they went there, and he states time after time, "I repudiate nothing." It is true he said that he did not intend to approve planning as adopted by the Russian Government, but he did not deny that he wanted this Government to look forward to the future and chart a way to relieve destitution and to ameliorate the hard conditions of the poverty-stricken people of this Nation. That man stands for that for which the present administration is fighting, and, as a result, he has been attacked in the press of this country as a part of the "brain trust."

We cannot be deluded and we cannot be deceived. We know while there are some against him because of other reasons; there are those who are against him by reason of the fact that they think he stands for the principles enunciated by the administration, the principle of taking care of those who most need care.

Mr. President, I am glad to have this privilege of stating that I am not for Dr. Tugwell simply because the President appointed him. I am for him because I believe he represents a school of political thought of which the country has long been sorely in need. I believe he stands for a school of

political thought which will not deify money and property to the extent of adding to the destitution and human misery of the men, women, and children of the United States who produce the wealth which the people themselves are entitled to have. I believe Dr. Tugwell stands as the representative of the new American thought; that thought which places not property above anything and everything, but places first the happiness and safety and security of the people of America.

I am for him for another reason, because he stated he favored the message to us sent last week by the President of the United States; that great, new document wherein the President declares that in the next session of Congress he desires to present a program for social adjustment and for social assurance which will take away the gaunt specter of hunger and want from the hearts and consciences of those people who have long suffered from this dread condition.

Mr. President, with such thoughts uppermost in the minds of the people, with such principles advocated by those who have to do with making the policies of the Government, it is my belief that we are marching forward to a new era in which we shall not be compelled to indict the producers of foodstuffs and of clothing for producing too much, but where we may see that a proper distribution brings happiness and comfort and wealth to the people of the Nation.

For these reasons, Mr. President, I stand here favoring the confirmation of Dr. Tugwell.

ANNUAL CONSIDERATION OF PERMANENT APPROPRIATIONS

As in legislative session,

The PRESIDING OFFICER (Mr. SHEPPARD in the chair) laid before the Senate the action of the House of Representatives disagreeing to the amendments of the Senate to the bill (H.R. 9410) providing that permanent appropriations be subject to annual consideration and appropriation by Congress, and for other purposes, and requesting a conference with the Senate on the disagreeing votes of the two Houses thereon.

Mr. HAYDEN. I move that the Senate insist upon its amendments, agree to the conference asked by the House on the disagreeing votes of the two Houses thereon, and that the chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. HAYDEN, Mr. OVERTON, and Mr. STEIWER conferees on the part of the Senate.

REXFORD G. TUGWELL

The Senate resumed the consideration of the nomination of Rexford G. Tugwell to be Under Secretary of Agriculture.

Mr. DICKINSON. Mr. President, in the light of the results of the primary election in Iowa I simply want to suggest that the customary margin of 3 Republican votes for every Democratic vote was cast. Regardless of the little differences there may be among the Republican candidates, I invite the Senator from Alabama [Mr. BLACK] and the junior Senator from Iowa [Mr. MURPHY] to look at the election returns next November and see what consolation they can get out of them. We will go along together out there regardless of whatever differences may have arisen among Republicans over matters of policy. [Laughter.]

Mr. President, the Senator from Alabama [Mr. BLACK] has taken considerable time to discuss Dr. Tugwell's book and has referred to me on account of my reference to the book. But the Senator from Alabama very shrewdly omitted reference to chapter XXVIII of the book and of its contents from there to the summary wherein the author discussed economic planning in the Soviet Socialist Republic, and wherein he discusses the Soviet Union, then discusses seriously the cause of the socialistic platform, then talks about communism, then talks about social planning, then talks about the various remedies which he thinks, I presume, are applicable to the conditions which he has described.

Merely because I am opposing Dr. Tugwell does not mean that I am not as anxious as Dr. Tugwell himself about relieving the conditions described in the previous chapters of his book. It is a matter of difference in remedy, not a difference in complaint. It is a difference of whether or not the remedy suggested by Dr. Tugwell will bring about the cure of the conditions he has described. It is a question of whether or not the remedy is going to be helpful rather than hurtful.

I believe in being progressive enough for advancement, and, on the other hand, I believe in being conservative enough for safety. In other words, most of the social reforms which have been brought about by men of the Tugwell type have proven failures when it came to taking account of the real benefits which they have brought to society. That is the phase of the question which has interested me.

Most of the cures suggested here have been tried out in times gone by. They are not new at all. I go back to the time when the King of Sparta attempted to find a way by which government regulation would solve all the problems of society in Sparta. He substituted iron money for gold and silver. He gathered all the silver and gold into the public coffers and then said he was going to issue iron money which was so heavy that nobody could carry it around, and see if he could not do away with the ambition of man for money. The scheme did not work. He divided the lands in an effort to redistribute wealth. He established public tables at which all the people should be fed. Yet his experiments failed. It is only a question of difference in view of remedy. It is not a confirmation or approval of the condition. It is a question of what is the cure that is involved here.

Senators may weep big tears. So far as the people of Iowa are concerned, I will compare the people of Iowa and the strata of society there with the people of Alabama any time. We can take care of our own people in Iowa. We do not need the advice of Mr. Tugwell or anybody else as to what we shall teach in our schools or how we shall conduct our society or how we shall feed our farmers or how we shall care for the sick, nor any of those phases of life.

I believe in the States having those rights, and I am wondering where in the world the advocates of the old State rights of the South have gone. Someone ought to page them around here and see whether or not any of them exist any more. State rights were established long ago in our history. But let us go a little further and see where the remedy may be.

Diocletian in Rome, in 300 A.D., issued his decree boldly fixing the maximum price of all commodities in common use, systematically attempting to regulate trade. He redivided his provinces, classified his people, and the end was complete collapse of the social standards of his day.

It is the remedy I am discussing. It is not the condition. Let me suggest that representatives of the present administration are at all times saying we are going back to the conditions of the ideal year of 1926. What economic theory was in control of the Government at that time? It was exactly the same theory that was in control in 1929. It was the abuse of the system, the fact that the people did not confine themselves to a reasonable use of their privileges of the day that caused the collapse. When we talk about returning to the normal conditions of 1926, it is proposed to return to the very economic theories that are condemned by those who say they want to remedy the conditions existing in 1929.

I go a little further, and this is in line with the theory of Dr. Tugwell. In France in 1848, Louis Blanc, labor commissioner, assumed that the Government must guarantee the existence of the workman by means of labor. The Government engaged itself to guarantee labor to every citizen. National workshops were established by decree. The authority was placed in a central board of management.

Does not that make one think of Reedsville, W.Va.? Does not that make one think of the almost numberless bureaus and boards which are being set up here now? Does not that make one think of the fact that we are now saying the Government must assume responsibility for everything that everybody is doing?

The authority was vested in a central board of management. Centralized control? Every phase of the program is along that line, and all to what end? It was to the end that

within 3 months' time from the time the system was initiated it had to be completely abandoned.

In other words, it is a question not so much of conditions. When we admit certain conditions exist, then the next question is whether or not the remedy is sufficient, and it is the remedy which is being suggested that I am attacking.

Personally, I know nothing about Mr. Tugwell. I have met him once, socially. I think he is a highly educated man. I know nothing about his background. I believe he lived on a 40-acre farm in New York. I believe he raised one Holstein calf, and I think that calf took a premium at a State fair. But that is not material to me.

I care nothing about that phase of the matter. The thing that is material to me is the question of the economic policies into which we are gradually being directed by the management not only of Mr. Tugwell but of several other men in key positions in the Government service, who are having to do with the direction of the agricultural policies of this country, which to me are extremely offensive.

The man who can get up here and weep big tears on the floor of the Senate about the problems of the poor and the problems of the farmer is not always the farmer's best friend. It is the man who knows the conditions well enough to tell what is practical and what will be helpful, and tell what is impractical and what will be harmful, who is really the friend of the farmer. I desire to suggest that I think we are interested now in the trend that we are taking, and it is that trend which I wish to discuss with the Members of the Senate for a little while today.

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

Mr. DICKINSON. I yield.

Mr. MURPHY. Will the Senator say, in his judgment, whether or not the present Secretary of Agriculture answers the test imposed?

Mr. DICKINSON. I think the present Secretary of Agriculture is a theorist. I think he is impractical in his views. I think he is doing a number of things that will be adverse to the interests of the farmers of Iowa, and I think the farmers of Iowa will bear me out in that contention as time goes on.

I will say that this is the first time I have ever said a word in any way criticizing the efforts of the Secretary of Agriculture. The Senator from Iowa, who belongs to his organization, has asked me the question. I have given him my answer. It is my sincere belief. Mr. Wallace is honest; he is capable in many ways, but he is a theorist. He is looking over at the end of the rainbow, and he never sees what is in front of his feet. He is falling into pitfalls, not only with reference to the killing of 6,000,000 little pigs, but with reference to crop control and a lot of other policies that are being adopted by the present Department of Agriculture.

I do not concur in those views. I will say further that I voted for the Agricultural Adjustment Act—why? Not because of the allotment plan; in that I did not believe; not because of the inflation part of the bill, title III, but because of title II of the bill, which was for the purpose of refinancing farm loans. That is the only reason why I did vote for the bill.

Now I desire to take up for a few minutes some reasons why I believe that Dr. Tugwell is not sufficiently grounded in his various views with reference to economically sound remedies to occupy this position; and it is not to Dr. Tugwell alone that my criticism attaches. It is to the group of men who are in control of various affairs down in the Department of Agriculture.

Dr. Tugwell's characteristics are best shown by a little poem that he wrote in 1915. Rexford G. Tugwell is the author of this poem. He said:

We begin to see richness as poorness; we begin to dignify toil;
I have dreamed my great dreams of their passing,
I have gathered my tools and my charts;
My plans are fashioned and practical;
I shall roll up my sleeves—make America over!

That is a big program for a young man who was 24 years of age. Let me read it again:

We begin to see richness as poorness; we begin to dignify toil;
I have dreamed my great dreams of their passing,
I have gathered my tools and my charts;
My plans are fashioned and practical;
I shall roll up my sleeves—make America over!

I have no objection to that young man having that ambition in his heart.

Mr. McKELLAR. Mr. President, was that just after Mr. Hoover's administration, or about the time of Mr. Hoover's administration?

Mr. DICKINSON. This was in 1924, when the Republican candidate for President had the greatest majority that a candidate had had for many, many years, when Calvin Coolidge was reelected President of the United States; and I will say to the Senator that I deeply regret that we have not a Calvin Coolidge in the White House now.

Mr. McKELLAR. Evidently he was a prophet as well, because he saw just what was coming under the Hoover administration.

Mr. DICKINSON. Well, I am wondering, now. Let us look this over. Nineteen hundred and twenty-six is the great, ideal year that the Democratic administration is trying to adopt as a normal year. All of its charts, all of its programs, the entire effort to have price parity is to bring up prices to the average prices of 1926, 2 years after Mr. Tugwell made this prediction, and after a Republican was elected President of the United States.

I think Mr. Tugwell is a conscientious young man; and what I am saying is not any criticism of him individually. I believe he has the right to support the theories that he has supported. I think those who are associated with him have the same right. I am not criticizing them for that, but I do not agree with the theories; and I do not like to see men in key positions who have control over the interests that are of greatest influence in my State, subordinate to a man in whose economic balance I have not confidence.

Representative FISH made an investigation which reflects somewhat on the character of Mr. Tugwell, as I see it, and his former associates. I am not saying this in criticism. If they want to belong to these organizations, it is their privilege; but I am suggesting this by reason of the fact that my attack here is not on Mr. Tugwell as an individual, but on the trend of the economic theories of today. In this respect, which was made by a House committee authorized to investigate the matter, I find—

Mr. Roger N. Baldwin, its guiding spirit, makes no attempt to hide his friendship for the Communists and their principles. He was formerly a member of the I.W.W., and served a term in prison as a draft dodger during the war.

The first 12 have been actually associated with or are members of the American Civil Liberties Union.

The first man named is Mr. Tugwell.

I do not believe Mr. Tugwell believes in communism. I am only suggesting this by reason of the fact that he is associated with men with whose views I disagree, and with whose views I should like him much better if he would disagree.

I find in this list of names Mr. Jerome N. Frank. I find in this list of names Dr. Frederic C. Howe. I find in this list of names Clarence Darrow. I am simply saying that while those men have the right to belong to any organization they wish, I do not believe in the theories that are advocated by that group of men.

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

Mr. DICKINSON. I yield.

Mr. ROBINSON of Arkansas. The plain implication of the Senator's statement is that he does not favor the confirmation of any man for a public office whose views the Senator does not approve.

Mr. DICKINSON. Oh, no.

Mr. ROBINSON of Arkansas. What is the point, then, in saying that the Senator does not agree with the views expressed by Mr. Tugwell? What is the point in saying that he does not agree with the views expressed by the gentlemen who belong to the organization he describes?

Mr. DICKINSON. I will say to the Senator from Arkansas that I do not believe in voting for a man who has a tendency toward views which, in my judgment, are leading us on a wrong economic course which is an implied socialism, if not actual socialism.

Mr. ROBINSON of Arkansas. The Senator has made it plain that he will not vote for the confirmation of any man whose economic views he does not approve.

Mr. DICKINSON. Oh, no; that is not my statement at all. I said I will not vote for the confirmation of a man whose views I think are dangerous and in the wrong trend. I might disagree with a man, but I might not think his views were dangerous. In fact, I disagree with the Senator from Arkansas.

Mr. ROBINSON of Arkansas. Yes; but no more than the Senator from Arkansas disagrees with the Senator from Iowa. [Laughter.]

Mr. DICKINSON. Absolutely, and it is mutual and harmonious; but I want to say to the Senator that I should consider the Senator from Arkansas a safe man along economic lines, because his views do not run on a trend that I think dangerous.

Mr. ROBINSON of Arkansas. Mr. President, that makes me a little suspicious of myself. [Laughter.]

Mr. DICKINSON. In order that we may understand who Mr. Howe is, I am going to quote the Senator from Utah [Mr. KING], who just came into the Chamber, and the Senator from Arizona [Mr. ASHURST]. There was an investigation of Mr. Howe, who is listed here, and who is one of the assistant administrators of the A.A.A. If I remember correctly, he is drawing $9,000 a year. I find that he was investigated when he was Commissioner of Immigration of the port of New York. I find that the Senator from Utah [Mr. KING] said—p. 2024, CONGRESSIONAL RECORD of June 27, 1919:

> While I am upon that point, Mr. President, I want to state that in a recent meeting held in New York City under the auspices of the Russian Soviet, an official of the United States, Mr. Frederic C. Howe, the Commissioner of Immigration at the port of New York, presided as chairman. In my opinion, any person who would preside over a meeting of this character and sit with these people and listen to denunciations of our form of government and to the speeches there made without protest is not fit to hold a position under the United States.

The Senator from Arizona [Mr. ASHURST] replied:

> Mr. President, do I understand that Mr. Howe presided at such a meeting? If that is true, does not the Senator from Utah intend to introduce an amendment here to provide that no money whatever shall be paid out of the Federal Treasury to Mr. Howe? If what the Senator says be true, it is the duty of every Senator here to vote for that amendment. Offer an amendment. Let us stop talking and do something. Offer an amendment that no money in the Federal Treasury shall be paid to that man if he did that.
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> Mr. KING. He did preside over the meeting. Martens, a Bolshevik, and other radicals spoke. It was a meeting ostensibly to present the truth respecting Russia, but it was a meeting in the interest of radicalism, in the interest of the Russian Soviet, in the interest of class government, in the interest of those who are seeking the overthrow of organized government, including the Republic of the United States.
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> Mr. SHERMAN (Illinois). I will ask the Senator from Utah if this same official is also not the author of a book which is known as "Socialistic Germany", which is a textbook for every violent red who does not want to go the limit of anarchy and bloodshed?
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> Mr. KING. He is the author of five books to my knowledge, all of which I now have in my office and all of which I have examined.
>
> Mr. SHERMAN (Illinois). I regard it as a seditious and dangerous book.
>
> Mr. KING. Mr. Howe ought to be removed from office by the President of the United States or whoever has authority to remove him.

I have here the notice in the New York Times showing that Mr. Howe presided.

Mr. ROBINSON of Arkansas. Mr. President, what has Mr. Howe to do with this controversy?

Mr. DICKINSON. He is in the same group which is directing the course of the economic trends of the present administration, which affect every man, woman, and child in my State and in the State of the Senator from Arkansas.

Mr. ROBINSON of Arkansas. Mr. President, I am utterly unable to understand why the Senator opposes the nomination of Mr. Tugwell on the ground that Mr. Howe's views are objectionable to him.

Mr. DICKINSON. On the ground that Mr. Tugwell, Mr. Howe, and Mr. Jerome Frank, and others are all in the same group, all doing the same thing and, in my judgment, directing the agricultural interests of this country in a course that is detrimental to the interests of agriculture.

Mr. President, if any more evidence with reference to Mr. Tugwell is desired, let me suggest this. There is what is known as "the people's lobby." Everybody around Washington, D.C., knows Ben Marsh. He is here, I think, occupying space for the purpose of keeping it from being a vacuum. [Laughter.] I know of no other good reason for his being here.

I find that there is a people's lobby here, and that they had a council. In March 1933 I find, among those who were on the council, the name of Rexford G. Tugwell. The president of the council is John Dewey. Mr. Dewey is entitled to his views, Mr. Marsh is entitled to his views, and the rest of these gentlemen are entitled to their views, but I do not agree with their views, and I want to say that among their proposals we find the following:

Public ownership of banking, coal, gas, oil, water power, transportation, and communications, paying owners only for their values created. A Government marketing corporation.

Mr. President, with reference to the qualifications of Mr. Tugwell, and the present tendencies, I now want to read a paragraph from Mr. Frank R. Kent, in his column in the Baltimore Sun of this morning, headed "The Great Game of Politics":

> Or, if additional evidence were needed of his conservatism, there is the professor's name as an editorial staff member at the masthead of that great conservative journal of opinion, the New Republic. Certainly no one can think that a paper like the New Republic, with its unswerving devotion to the vested interests, or Senators like Mr. WHEELER, sponsor this session of the old and conservative Bryan 16-to-1 free silver bill, or Mr. NORRIS, with his reactionary tendency toward national ownership—no one can think that a periodical like this or Senators like these would claim Mr. Tugwell as their own if he were not conservative in every fiber of his highly educated system. The idea is absurd.

I read another paragraph from the same column:

> Seriously speaking, while superficially Professor Tugwell came off very well at his committee test the other day, it was only superficially. Actually, this impression was due to the ineptitude of his senatorial cross-examination and the lack of dignity and decorum of his senatorial questioners. Actually, he did nothing to increase respect for him among discriminating people. Instead of standing up for his quite well-known, openly and often expressed convictions, he tried to convey the idea that they were not his convictions at all; that he was only "reporting." Instead of sticking by his standards, he dropped them. Instead of flying his own colors, he ran up another flag. Instead of exhibiting the independence and firmness one expects from the truly deep thinker, the professor side-stepped with the agility of a matador, sought refuge behind the Roosevelt skirts, knowing very well the senatorial bulls would not pursue him there. Instead of being straightforward, he was smooth and shifty. Certainly, far more clever than the Senators, he seemed to be shrewd, resourceful, alert, with a keen eye for covering up, and all the sincerity of the well-known china egg.

As a matter of fact, I think there is a growing tendency in this country now, not only among farm people, but among others, with reference to the uncertainty and instability of the entire economic program. In support of that I should like to insert certain excerpts from the book from which the Senator from Alabama has just quoted, Our Economic Society and Its Problems, by Tugwell and Hill.

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

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

EXCERPTS FROM THE PRINCIPLE OF PLANNING AND THE INSTITUTION OF LAISSEZ FAIRE

By Rexford G. Tugwell

> The disasters of recent years have caused us to ask again how the ancient paradox of business—conflict to produce order—can be resolved; the interest of the liberals among us in the institutions of the new Russia of the Soviets, spreading gradually among puzzled business men, has created wide popular interest in "planning" as a possible refuge from persistent insecurity; by many people it is now regarded as a kind of economic Geneva

where all sorts of compromises may be had and where peace and prosperity may be insured (p. 75).

It is my belief that practically all of this represents an unconsidered adherence to a slogan, or perhaps a withdrawal from the hard lessons of depression years, and that it remains unrelated to a vast background of revision and reorganization among our institutions which would condition its functioning. Most of those who say so easily that this is our way out do not, I am convinced, understand that fundamental changes of attitude, new disciplines, revised legal structures, unaccustomed limitations on activity, are all necessary if we are to plan. This amounts, in fact, to the abandonment, finally, of laissez faire. It amounts, practically, to the abolition of "business" (p. 76).

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Those who talk most about this sort of change are not contemplating sacrifices; they are expecting gains. But it would certainly be one of the characteristics of any planned economy that the few who fare so well as things are now would be required to give up nearly all the exclusive perquisites they have come to consider theirs of right and that these should be in some sense socialized (p. 76).

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We might have had some such form of organization as the German cartel system if we had not set out so determinedly 40 years and more ago to enforce competition (p. 77).

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Profits, in the sense in which we use the term, belongs to a speculative age, one in which huge gambles are taken, and in which the rewards for success may be outstanding. When we speak of them as motives, we do not mean that the hope of making 4 percent induces us to undertake an operation; we mean that we hope for some fabulous storybook success. These vast gambling operations are closer to the spirit of American business even yet, with all the hard lessons we have had, than are the contrasting ideas which have to do with constructive restraint and social control (p. 80).

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There is no doubt that the hope of great gains induces enterprise of a sort; and if these are disestablished, a certain kind of enterprise will disappear. The question is whether we cannot well afford to dispense with it. It seems credible that we can. Industries now mature can be seen to operate without it; and new ones might be created and might grow from sheer workmanlike proclivities and without the hope of speculative gains (p. 81).

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The universal confidence in profits, still unshaken in the Western World, is quite likely to hinder measurably the advance of planning.

A central group of experts charged with the duty of planning the country's economic life, but existing as a suggestive or consultative body only, without power, has been advocated by numerous persons and organizations (p. 82).

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The deadliest and most subtle enemy of speculative profit-making which could be devised would be an implemented scheme for planning production. For such a scheme would quiet conflict and inject into economic affairs an order and regularity which no large speculation could survive (p. 83).

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Strange as it may seem—directly antithetical to the interests of business and unlikely to be allowed freedom of speech, to say nothing of action—it seems altogether likely that we shall set up, and soon, such a consultative body. When the Chamber of Commerce of the United States is brought to consent, realization cannot be far off. It seems to me quite possible to argue that, in spite of its innocuous nature, the day on which it comes into existence will be a dangerous one for business, just as the founding day of the League of Nations was a dangerous one for nationalism. There may be a long and lingering death, but it must be regarded as inevitable (p. 84).

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* * * Planning is a process of predicting and making it come true, not merely a matter of advising voluntary groups (p. 85).

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It is necessary to realize quite finally that everything will be changed if the linking of industry can finally be brought to completion in a "plan." It was a reluctant and half-blind step which led one executive after another to complete the serialization of his machines. And even then he was sometimes astonished at the results. This new undertaking is vaster; it requires a new and complicated technology which is not yet wholly invented; and it follows not from one executive's decision, but from a thousand preliminary consents, abdications, and acceptances of responsibility (p. 88).

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The setting up of even an emasculated and ineffective central coordinating body in Washington will form a focus about which recognition may gradually gather (p. 88).

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For we have a century and more of development to undo. The institutions of laissez faire have become so much a part of the fabric of modern life that the untangling and removing of their tissues will be almost like dispensing with civilization itself. We shall all of us be made unhappy in one way or another, for things we love as well as things that are only privileges will have to go. The protective vine makes the ruined wall seem beautiful; we dislike abandoning it for something different. But we shall have to see, no doubt, a wholesale sacrifice of such things, like it as little as we may.

The first series of changes will have to do with statutes, with constitutions, and with government. The intention of eighteenth- and nineteenth-century law was to install and protect the principle of conflict; this, if we begin to plan, we shall be changing once for all, and it will require the laying of rough, unholy hands on many a sacred precedent, doubtless calling on an enlarged and nationalized police power for enforcement. We shall also have to give up a distinction of great consequence and very dear to many a legalistic heart, but economically quite absurd, between private and public or quasi-public employments. There is no private business, if by that we mean one of no consequence to anyone but its proprietors; and so none exempt from compulsion to serve a planned public interest. Furthermore, we shall have to progress sufficiently far in elementary realism to recognize that only the Federal area, and often not even that, is large enough to be coextensive with modern industry; and that consequently the States are wholly ineffective instruments for control. All three of these wholesale changes are required by even a limited acceptance of the planning idea (pp. 88 and 89).

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It is equally true that planning in any social sense cannot leave out of its calculations any industry or group of industries and still remain planning.

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It will be required, furthermore, in any successful attempt to plan, that the agency which imposes its disinterested will on industry, must equal, in the area of its jurisdiction, the spread of the industry. Planning will necessarily become a function of the Federal Government; either that or the planning agency will supersede that Government, which is why, of course, such a scheme will eventually be assimilated to the State, rather than possess some of its powers without its responsibilities.

The next series of changes will have to do with industry itself. It has already been suggested that business will logically be required to disappear. This is not an overstatement for the sake of emphasis; it is literally meant. The essence of business is its free venture for profits in an unregulated economy. Planning implies guidance of capital uses; this would limit entrance into or expansion of operations. Planning also implies adjustment of production to consumption; and there is no way of accomplishing this except through a control of prices and of profit margins (p. 89).

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The traditional incentives, hope of money-making and fear of money loss, will be weakened, and a kind of civil-service loyalty and fervor will need to grow gradually into acceptance. New industries will not just happen, as the automobile industry did; they will have to be foreseen, to be argued for, to seem probably desirable features of the whole economy before they can be entered upon (p. 90).

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We shall not, we never do, proceed to the changes here suggested all at once. Little by little, however, we may be driven the whole length of this road; once the first step is taken, which we seem about to take, that road will begin to suggest itself as the way to a civilized industry. For it will become more and more clear, as thinking and discussion centers on industrial and economic rather than business problems, that not very much is to be gained until the last step has been taken. What seems to be indicated now is years of gradual modification, accompanied by agonies and recriminations, without much visible gain; then suddenly, as it was with the serialization of machines, the last link will almost imperceptibly find its place and suddenly we shall discover that we have a new world, as, some years ago, we suddenly discovered that we had unconsciously created a new industry (p. 90).

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It has been by a series of seeming miracles that we have acquired the technique of control and the industrial basis for economic planning. The still further, perhaps greater, miracle of discipline is needed (p. 91).

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It is, in other words, a logical impossibility to have a planned economy and to have business operating its industries, just as it is also impossible to have one within our present constitutional and statutory structure. Modifications in both, so serious as to mean destruction and rebeginning, are required (p. 92).

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Consequently, we begin with small unnoticed changes and end by not being able to resist vast and spectacular ones—at which time our systems of theory tumble unwept into the grave along with the outworn techniques they accompanied. When this kind of thing follows a relatively unimpeded course there is rapid industrial change, such as once happened in England; when politicians, theorists, and vested interests resist too strenuously, there is a revolution on the French model. How rapidly the pressures rise to explosive proportions depends both upon the visibility of a better future and upon the hardships of the present.

There is no denying that the contemporary situation in the United States has explosive possibilities. The future is becoming visible in Russia; the present is bitterly in contrast; politicians, theorists, and vested interests seem to conspire ideally for the provocation to violence of a long-patient people. No one can pretend to know how the release of this pressure is likely to come. Perhaps our statesmen will give way or be more or less gently removed from duty; perhaps our Constitution and statutes will be revised; perhaps our vested interests will submit to control without too violent resistance. It is difficult to believe that any of these will happen; it seems just as incredible that we may have a revolution. Yet the new kind of economic machinery we have in prospect cannot function in our present economy. The contemporary situation is one in which all the choices are hard; yet one of them has to be made (p. 92).

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The prospect of a planned economy is so congenial to every hope and belief that I have.

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

Mr. DICKINSON. I yield to my colleague.

Mr. MURPHY. I was wondering whether the Senator had found Tugwell's name among those listed as members of the board of governors of the New York Stock Exchange, the National Electric Light Association, the Hamilton Club, the Union League Club, the Securities Exchange.

Mr. DICKINSON. I might say to the junior Senator from Iowa that I have no access to those lists, and they have not been furnished me. I am not on the public-utilities list. I have no connection with the public utilities. I never have had any connection with the public utilities, and the theory that any one who is opposed to Tugwell is hooked up with some interest is only an unwarranted insinuation. As a matter of fact, there can be a conscientious conviction here as to whither our Government is trending. I think that conviction is one which is now being studied by the sane and thinking people of the United States. I believe that the trend is in the wrong direction, so far as the particular group of men I have discussed are concerned, and Tugwell is among them. I believe he is one of the most influential of them, and therefore I do not believe that he should be confirmed.

Mr. MURPHY. Mr. President, I would not wish to impute to the Senator any association with those interests, but I should like to point out the significance of the fact that Mr. Tugwell's association is not with them.

Mr. DICKINSON. Mr. President, I would not want to be compelled to make a recital of all of the things in the United States to which he does not belong. He is well known, of course, and popular, but I think his membership and listing are probably limited.

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

Mr. DICKINSON. I yield.

Mr. McKELLAR. Is the Senator a member of the Committee on Agriculture and Forestry of the Senate?

Mr. DICKINSON. I am not.

Mr. McKELLAR. Does the Senator understand that Mr. Tugwell went before that committee, composed of both Democrats and Republicans, and that after the committee heard him, and after they heard the testimony brought in, and after they heard the arguments, only 2 members of the 19 on that committee voted against Mr. Tugwell's confirmation?

Mr. DICKINSON. I understand that very thoroughly.

Mr. McKELLAR. Does the Senator understand that six out of the seven Republicans on the committee impliedly gave their approval to his confirmation?

Mr. DICKINSON. I understand that very thoroughly, and that does not change my views at all. The members of the Committee on Agriculture and Forestry are entitled to their views. I reserve the right to have my own views, and I expect to express them. It is my privilege as a Senator from Iowa to do that.

I find that Mr. Tugwell claims that he is a great friend of the farmer, and that before the Women's National Democratic Club, in the March meeting in 1931, he showed himself to be the absolute friend of the farmer. Let me quote from him:

Such an abundant life implies the enjoyment of the good things of life in security and contentment, and the cultivation, through such enjoyment, of the good things of the spirit; reflection, philosophy, conversation, and leisure.

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I am frank to admit that I am partial to the European tradition of open-air cafes and beer gardens, where decent men and women can drink quietly in the open air under the eyes of their neighbors and where the two sexes can exert on each other the discipline of each other's presence.

He goes on to say that he is a believer in the old philosophy of wine, women, and song. The paragraph which I particularly desire to quote, however, is as follows:

My interest in the subject, is partly due to the fact that wine and beer are made from agricultural produce and that their consumption cannot only serve the broader purposes of the new deal in making for a calmer and happier type of existence, but will help the American farmer to find a better market for his produce.

There is absolute evidence of the sincerity of Mr. Tugwell to the farming interests of this country.

Now I wish to quote from his book, Industry's Coming of Age. Professor Tugwell shows clearly that he is in favor of the control of capital, expenditure, and also of price control. He says especially in this volume:

There are two obvious functions which some public body will always have to perform if social results are to be got. One is the matter of capital dispersal and allocation; the other is that of price control.

Perhaps it can be made to seem wrong to squander wealth, and perhaps it can be made to seem supremely important to produce it. But neither in our popular morality, with its roots in a past age and its controls devised for a medieval economy; in religion, which clings to outworn ethics, irrelevant for the present; nor in public-school education, which is dominated by the two, does there seem to be a sufficient promise. But it is through some social agencies as these that controls will have to come.

In other words, there is a direct indication that he not only believed that the Government must control industry, but he also believed that it must control the crafts. So it is not only agriculture which must be controlled; it is also industry.

I am not critical of Dr. Tugwell for changing his mind; I am not critical of Dr. Tugwell for adjusting his views to meet the situation of the time, but I am convinced that in 1931 Dr. Tugwell was of the same opinion that many other people were—that the Constitution was a barrier to many of the reforms he was supporting and advocating. Since that time we have had a change in conditions.

I believe that he, at least, partially had forgotten the fact that he said in this book that the N.R.A. and the A.A.A. did not meet with his view of social and economic planning. But when he came before the committee, with the development from the time that he wrote this book, which was probably in 1933, because it was copyrighted early in 1934, he had seen this adjustment, and therefore I am not critical of his views. I am critical of him wherever he attempted absolutely to reverse his program, and in that way change the principle for which he had previously stood.

I desire to read an editorial appearing in the Washington Post on the question of constitutionality, and a comment on his testimony:

On the subject of the Constitution, Dr. Tugwell now points out that he has taken the oath to uphold it without any mental reservation.

No one expects Dr. Tugwell or any of those who hold the type of view I have been discussing here, to repudiate the Constitution. I do not believe that as yet they have advanced to that stage. In other words, he has to take an oath that he will support the Constitution, and therefore his answer was as I would expect his answer to be when he was asked if he believed in the Constitution.

Earlier he wrote that one illustration of "an emotional attachment to the instruments of social life" is "the unreasoning, almost hysterical, attachments of certain Americans to the Constitution."

Personally, I believe that the Constitution protects our liberty. I do not believe that it is an abridgment of our liberty under any circumstances whatsoever. It will be

found, according to the statement of John Marshall, that when we go out beyond the scope that has heretofore been considered within the limits of the Constitution we always tread on dangerous ground. I believe we are now treading on dangerous ground.

I read further from the Washington Post editorial:

If Dr. Tugwell has today no reservations on the subject of the general adequacy of the Constitution, how can he sincerely call implicit acceptance of this instrument by others unreasoning to the point of hysteria?

On the subject of economic planning, Dr. Tugwell tells the Senate that "I believe in the kind of planning we are doing now, but not in a planned economy, which is best defined by reference to the Russian system." Elsewhere he writes that "the experiments commenced in 1933 in the United States are worth-while beginnings. They are not economic planning, but they afford new opportunities for working out plans."

What is merely a desirable beginning to this official on one day is glibly made to appear the ultimate goal on another occasion.

On the subject of the consistency of constitutional provisions with the ideal of planning, Dr. Tugwell says on the stand that there would be such inconsistency "if we are going to have a planned economy. * * * But I don't favor it." At another place and time his view was that: "The challenge of Russia to America does not lie in the merits of the Soviet system, although they may prove to be considerable. The challenge lies rather in the idea of planning, of purposeful, intelligent control over economic affairs. This, it seems, we must accept as a guide to our economic life to replace the decadent notions of a laissez faire philosophy."

I desire to refer to another editorial, one from the Kansas City Star of June 4, 1934:

The report in Kansas City last week of certain aspects of the Soviet industrial system from an American engineer, Zara Witkin, who has returned from his work in Russia, may not give the whole of the picture. Indeed, the Soviet Union is so vast a country that no individual's view of conditions there can be taken as conclusive. But it is illuminating to find Mr. Witkin's criticisms have to do with the general scheme of a national economy planned by a central government.

That is the phase of it that I want to bring to the attention of the Senate.

Mr. Witkin speaks of "unparalleled mismanagement and disturbing lack of initiative" in the Soviet Union. One trouble, he says, is that "government is so centralized that every engineer is afraid to make any decision on a matter of construction until he hears from someone above him. The countless delays that arise from such a situation make any sustained cooperative effort impossible."

These are among the necessary defects of a system under which a central authority tries to conduct a nation's business.

To my mind the indictment of the N.R.A., the indictment of the A.A.A., the indictment of practically every phase of the new-deal legislation we have had here, is the fact that we have a centralized bureaucracy in Washington, D.C., with our interests hundreds and thousands of miles away, with no possibility of having a determination of a crucial matter in time to save the situation.

I wish to refer to the hog-and-corn contracts in Iowa. We have had a tremendous drought. In many fields the oats were dried and blown out, and under ordinary circumstances when a field reached the point where it could not produce the farmer would be in there with his plow and he would be ploughing it up to put in corn, but we find that he contracted with the Government to reduce his corn acreage and he was already planting the limit. Therefore he either had to ignore his contract or get permission from Washington to avoid his contract. In other words, in my opinion, with 120,000,000 people, with our diversity of agriculture and diversity in industry, it is not possible to have business controlled by one central bureau in Washington and to have it work efficiently. Not only that, but the interests of one section may be adverse to the interests of another. That is the criticism and the reason why the N.R.A. cannot succeed.

To quote further from this editorial:

The same difficulties are indicated by one of the most sympathetic of American observers of the Soviet Union, Sherwood Eddy. In his latest book he classifies a paralyzing and ineffective bureaucracy as one of the major evils of the Russian system. "It falls like a blight on initiative everywhere." The main cause is the "overcentralized power of the state and party" which is essential to national planning.

Certainly the break-down in agricultural planning and in the transportation facilities last year that resulted in several million deaths from starvation in Russia—the estimates run from three to six million—would indicate that national planning has its drawbacks.

Isn't it just possible that Prof. Rexford G. Tugwell spoke too soon when he wrote in his latest book: "For many years the technical task of devising plans to regulate our complex economic interests was too difficult to attempt. But today we know that this is no longer true, for Russia has shown that planning is practicable."

I am of the opinion that we will have exactly the same experience as Soviet Russia if we attempt to carry this program into effect.

In the Dry Goods Merchants Trade Journal I find this quotation, talking about young people going to school:

These young people are headed for some awful headaches and heartaches if they have drilled into them the theories of many such professors—that while we are reasonably sure to have a return to the boom times of 1929 between now and the early 1940's, yet the period just after that is, so it is said, threatening in the extreme, due in no small measure to the teachings of the Tugwell type of professor, instilled into the minds of young men and women who attended college during the years 1921 to 1932; that by 1942–44 these young people will be running our affairs and the theories of the radical types of these professors will be tried out by the generation then in control, the generation taught by these theorists.

Here I wish again to refer to the land theory. I was interested in the Philadelphia speech delivered by Mr. Tugwell, and I find that in the land theory promulgated by him we first start in to rent land—that is now admitted—and then we start in to purchase marginal land—that is in the offing—then the next theory of land control is always to have the Government own and control all land. That means absolute production control all along the line. I do not believe that the Government ought to go into those phases of land control. I quote from Mr. Tugwell's speech as follows:

We are now engaged in a drastic program of controlling the output of agricultural products for the emergency. This in itself means that we are trying to control the entire utilization of all our agricultural land.

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

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

Mr. DICKINSON. I yield.

Mr. TYDINGS. Would the Senator be in favor of relief being borne entirely by the States and local communities rather than by the Federal Government?

Mr. DICKINSON. Insofar as they are able to provide relief, I would.

Mr. TYDINGS. Suppose they are not able to do so?

Mr. DICKINSON. Then I think the only thing for the Government to do is to contribute to the State, through its chief authority, the Governor of the State, such amount as may be necessary and leave the matter of distribution both in counties and other localities entirely in the hands of the State authorities. I am still more in favor of State rights than many of my good Democratic friends.

Mr. TYDINGS. The Senator is not opposed to bureaucracy to relieve distress where bureaucracy is necessary?

Mr. DICKINSON. There is no bureaucracy in what I have said.

Mr. TYDINGS. Well, the centralization of power in the Federal Government is what I am talking about.

Mr. DICKINSON. Not at all. My suggestion is merely for a contribution out of the Federal Treasury; there is no bureaucratic control about it at all.

Mr. TYDINGS. I cannot see the distinction between the Federal Government overriding the State laws and the States being controlled from Washington.

Mr. DICKINSON. Mr. President, I hope the Senator will not take my time. It is almost exhausted. Continuing the quotation:

There are other methods already in use by which governmental agencies control the use of lands for other purposes—police regulations in towns, and zoning ordinances or laws in cities and suburbs, and even local or regional planning boards.

One way to control agricultural output is to restrict directly the use of the land.

That is exactly what we are doing. That is the cotton bill; it is going to be the corn bill. The effort all along the

line is to restrict the use of land, and, in my judgment, we will never cultivate in the farming population of this country either a desire or a capacity to take care of themselves if we adopt such a theory.

Continuing the quotation:

Either of these involves maintaining more men and more land than are really needed. What is done is merely to keep a part of each field or each farm out of use. It seems to me obvious that this cannot be the characteristic feature of a permanent policy. There is no recognition in it of the basic conditions which ought to determine the use of the land. It adjusts supply to the moment's market, but it neither conserves the land nor makes provision for permanently bettering farmers' lives.

In other words, he is of the opinion that we must not only control the land but we must go in and supervise the use of the land. If Senators desire a real exhibit of 100 percent socialization of land, I call attention to the testimony of Dr. Morgan, of the Tennessee Valley Authority, which was given before the committee just a few days ago and which will shortly be in print, where, in my judgment, he shows that they must not only go in and determine the usage of land but they must go in and absolutely control society in its occupancy of the land, including education, social conditions, the church, every phase all along the line.

There is another man connected with this Department who says that profits must be eliminated. I now quote from a statement of Jerome N. Frank, of December 1933. On page 2 he says:

The majority of the American people are still devoted to the profit system. They still believe that there is substantial worth in using the desire for individual profit as one of the important incentives in getting done the necessary work of the world. Although the profit system, as it has worked recently, seems to have worked poorly, most Americans believe that, properly controlled, it can work well. As long as the majority of the American people continue to cherish that system, it would be impossible, even if it were considered desirable, to abandon it completely in favor of another system. To do so would be to fly in the face of our current folk ways. The course of the wise statesman today is clear, if he wishes to avert complete break-down. He will seek, so far as possible, to eliminate the evil aspects of the profit system. He will give that system a fair trial.

In other words, it appears from his statement that, sooner or later, we are to reach the point where we are no longer to have anything to do with the profit system.

Recently Byron Price, a Washington correspondent, in an article of June 12, 1934, had this to say with reference to the present trend about which I have been talking:

Directly or by implication, the professors are indicted on several counts:

1. Radicalism, destructive of American institutions.
2. Ignorance, leading, to experiments which experience has shown worthless.
3. Extravagance, involving reckless spending of public funds.
4. Tyranny, directed at curtailment of individual liberty, private initiative, freedom of speech.

I think he has summed up in those four points the actual criticism of present-day trends that is well worth while for all of us to keep in mind.

Under date of June 24, 1933, Mr. Tugwell made a speech at Rochester, N.Y., from which I quote as follows:

Upon general social and economic problems, upon fit relations of government to industry, upon the respective functions of the several divisions of government in connection with these relationships, it is the line of least resistance for most of us to affect the attitude of the theorist. And this is true whether or not the consequences appear to be promising for or threatening to our social and economic existence. It is merely a usual process of thought. Our loyalties and affections are apt to attach themselves to instruments rather than to functions. In this instance we are apt to regard a form or a document more highly than the values such a thing produces. We become adulating and uncritical. Only crises calls in question our attribution of virtues. We then see suddenly that values attach to these things because they are valuable and not because they simply exist.

In other words, he says that it takes a crisis to cause us to rise up against the conditions which exist or against such an instrument as the Constitution or against a custom or a habit. To me that is at least an insinuation that he believes in such reform as is not permitted under our system but which he thinks is imperative in order to work out the present-day problems. I continue the quotation:

The new administration is compelled to reckon with these attitudes of people. In this connection I shall refer to and shall dwell upon two major lines of action which have been taken. I shall attempt to evaluate their constitutional and economic validity; I shall attempt to sustain them against more orthodox theories of government, laws, and economics. What I can say here and now must be merely the sketch for something which ought to have been longer considered, made more revealing by the inclusion of ramifying implications. There has not been time yet for that. If, however, I can furnish some clues to the rebuilding of a theoretical structure, I may have done something toward closing the gap between theory and reality. There will be sufficient ingenuity, and above all, adequate time, for other minds to follow these directions.

In other words, he believes that it is his job to work out some program and that is the reason why he wrote this book [indicating]. I will say that those chapters in the fore part of the book set forth a condition which does exist, and no one attempts to deny it, but when it comes to the remedies at the end of the book, then I think they do not fit the disease.

I ask that a further quotation from the speech be inserted in the RECORD at this point.

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

The matter referred to is as follows:

[From Dr. Tugwell's speech at Rochester, June 24, 1933]

And certainly the Constitution was never designed to impose upon one era the obsolete economic dogma which may have been glorified under it in an earlier one. Today and for tomorrow our problem is that of our national economic maintenance for the public welfare by governmental intervention—any theory of government, law, or economics to the contrary notwithstanding. Hence the National Recovery Act and the Agricultural Adjustment Act of the administration.

I shall not turn to a consideration of the measures enacted in the last special session of the Congress vesting in the President broad powers for the administration and execution of laws enacted by the Congress. Reference may be made for illustrative purposes to the powers granted to the President under the Economy Act and under the appendage to the Agricultural Act which is popularly known as the "inflation amendment." Of what may even the theorist of government law or economics complain? Has the theory of a republican form of government explicit in the Constitution been violated by the new Democratic President and Congress? * * * These questions naturally arise; they command respect for they concern our faith in the organization and function of our National Government. But must faiths, political more than economic, be preserved at all events—that is, in disregard of the obviously necessary requirements of the public welfare? May our faiths in checks and balances yield to necessity, or even to expediency? If these faiths and this necessity for more expeditious governmental action are to clash, must we sacrifice efficiency or shall we establish a new faith?

Mr. DICKINSON. Now, as to the question of the necessity of this program and as to whether we are proceeding in the best way, I want to quote again from the Dry Goods Merchants' Trade Journal, of June 1934:

* * * that latest figures from England are very interesting, pointing the way to our early trend probabilities. Without alphabetical and theoretical stimulation(?) England's business is forging ahead rapidly; their business index is almost back to the 1929 level; employment index back almost to 1929; their stock market is within a few points of the 1929 highs; wholesale prices are about to the highest level of 1931 but far below the price levels of 1929—a very favorable situation. Let us hope that President Roosevelt is watching the above trends in England and clamps down on the numerous theorists and petty politicians in his official and semiofficial family of advisers.

Mr. President, in conclusion, I ask permission to insert in the RECORD an editorial entitled "So this is 'Progress'" from the Murphysboro Independent of Murphysboro, Ill.

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

The editorial referred to is as follows:

[Murphysboro (Ill.) Independent]

SO THIS IS PROGRESS

How Joseph and Pharaoh handled a crop surplus:

"Let Pharaoh do this and let him appoint officers over the land.

"And let them gather all the food of those good years that come and lay up corn under the hand of Pharaoh, and let them keep food in the cities.

"And that food shall be for store to the land against the 7 years of famine which shall be in the land of Egypt; that the land perish not through the famine. * * *

"And the 7 years of dearth began to come according as Joseph had said; and the dearth was in all lands but in all the land of Egypt there was bread."

How the "brain trust" handles a crop surplus:

"And let us get rid of this oppressive surplus of wealth so that all may be richer. Let us plow under one row of cotton in three. Let us pay the farmers of the fields for the wheat they do not cultivate or plant. Let us pay them for the hogs they do not raise. Let us kill the young pigs and the young calves. Let us plow the growing wheat under, and let the fields lie fallow, for truly we have more food supplies than we need and they have lost their value.

"And so it was done. And the 'brain trust' sent men out into the land and told the farmers how much cotton they could plant. And they killed the young pigs and they plowed the wheat under in the fields. And they paid the farmers for being idle instead of for working, for with a surplus of food supplies idleness became a virtue instead of a vice, and thrift and industry became a vice instead of a virtue. And they levied a tax to pay for all this and collected it from the farmers and others.

"And the wheat crop 1 year was the smallest it had been within the memory of that generation.

"And the next year came the drought and the hot winds and the dust storms.

"And there was famine in the land.

"And the people turned to the 'brain trust' and said: 'Where is the good wheat you made us plow under? Where is the good pork you made us throw on the refuse heaps?' And the 'brain trust' said unto the people: 'You are but guinea pigs on whom we experiment in the cause of progress. What matters if you starve provided we learn something about social experiments? If you have no bread, then eat cake.'

"And the people were wroth and turned upon the 'brain trust' and drove them from the city, but there was famine in the land."

GO LEFT!

Mr. LONG. Mr. President, I had not expected to say a word about this nomination, and what I shall say will probably be as much amiss as was in some respects the investigation conducted regarding it. I simply wish to say, however, that whenever this administration has gone to the left I have voted with it, and whenever it has gone to the right I have voted against it.

I voted against the administration's plan for the banks when it left the little banks out; that is, I voted to include the little banks.

I voted against the administration when it advocated the economy bill, because it was a trend toward conservatism and away from liberalism.

I voted against the N.R.A. because I believed it would be operated for monopoly, as it contained a provision that brushed aside the antitrust laws.

I voted against the administration when I supported the remonetizing of silver.

I voted against the administration when I supported higher income taxes and higher inheritance taxes than were advocated by its measures.

I voted against the administration when I supported the plank to guarantee to farmers the cost of production.

I likewise voted against the administration when I supported the 30-hour week; and I likewise voted against the administration's recommendations to mellow those provisions.

On the contrary, when the administration has gone liberal, or toward the left, I have just as consistently voted with it.

I voted with the administration for expanding the currency; that is, for a bill which gave the President power to do that.

I voted with the administration for the home loan bill.

I voted with the administration for farm relief.

I voted with the administration for the guaranteeing of bank deposits. In fact, I was one of the few who made the fight until the administration forces were brought around to that view.

I voted with the administration to submit to the people the repeal of the eighteenth amendment.

I voted with the administration for the control of crime.

I voted for the Johnson bill to prohibit injunctions against State commissions in connection with public-utility orders.

I voted with the administration for the Muscle Shoals bill, for the truth in securities bill, and for the bill to regulate stock exchanges.

I cite some 10 examples in which I have gone against the administration's reactionary endorsements and 10 instances in which I have voted with the administration's liberal pronouncements.

In the matter of the confirmation of appointments and in my expressions with regard to those advising the administration I have taken an identical view. I was grieved when Eugene Meyer was retained by the administration to head the Federal Reserve for a short while. On the contrary, I was indeed happy to see a liberal man like the late Senator Blaine put on the Reconstruction Finance Corporation.

I regretted that Mr. Ballantine was allowed to linger around the Treasury Department, because he was distinctly of the reactionary type and to the right, but I was very happy when a man representing contrary views like Mr. J. F. T. O'Connor was made Comptroller of the Currency.

Likewise, I was not in sympathy with men of such reactionary tendencies as Mr. Woodin, Mr. Aitchison, and Mr. Baruch, all of whom I opposed; but on the contrary, looking to the left, I was happy for the naming such men as Brookhart, Moley, Governor Black, and members of the Federal Deposit Insurance Corporation, whom I felt to represent distinctly a more liberal view.

The record which I have made in voting along these lines apparently has been pretty well regarded as satisfactory to those holding the liberal views. All the veterans' and soldiers' organizations regard my record as 100 percent perfect, so far as I have learned. All the farm organizations regard my record as 100 percent perfect, so far as I have learned. All the labor organizations regard my record as 100 percent satisfactory, so far as I have learned. All the little banks of the United States regard my record as 100 percent satisfactory, so far as I have learned. So do all liberal leaders of whom I have knowledge.

We have come now to an appointment which is not being discussed entirely upon the merits of the appointee. There has been invoked, whether it has been done purposely or whether it has crept in by its own moving force, quite a discussion as to whether the liberal or radical views of the appointee qualify him or tend to make him unfit to sit in the Cabinet or to occupy a position somewhat similar to that.

I am very sorry Mr. Tugwell did not explain his views, as he might have expressed them in a very few words—that he meant what he said then, that his words applied in 1931 and that they applied in 1934.

This is where I have some misgivings: I hate to have it assumed that we have corrected the condition which was the cause of the political revolution of 1932. Our candidate for President of the United States, when he was a candidate, said this, and I quote from his speech of September 23, 1932.

Just as freedom to farm has ceased, so also the opportunity in business has narrowed. * * * Recently a careful study was made of the concentration of business in the United States.

It showed that our economic life was dominated by some six hundred and odd corporations, who controlled two-thirds of American industry. Ten million small business men divided the other third.

More striking still, it appeared that, if the process of concentration goes on at the same rate, at the end of another century we shall have all American industry controlled by a dozen corporations and run by perhaps a hundred men.

Put plainly, we are steering a steady course toward economic oligarchy if we are not there already.

Our President pledged his party by a declaration for the redistribution of wealth. That was followed by Mr. Tugwell's declaration for the redistribution of wealth, and by suggestions by such men as Dr. Moley, who said he favored the redistribution of wealth. Secretary of the Interior Ickes, in a signed magazine article published in the New York Times less than 2 weeks ago, stated that the administration is steering a course for the redistribution of wealth. But, unfortunately, we are not steering straight along that course. I quote from an article by Mr. Lawrence Dennis, published in the American Mercury of May 1934, in which he said:

I am reliably informed by an economist who keeps tab on the latest corporate developments that the concentration of control in some 200 large corporations has increased from 45 percent of all industrial capital in 1930 to 55 percent in 1933.

Taken alone those figures might be somewhat disputed, but I have in my hand an extract from an article which appeared in the Philadelphia Record, this study made by an administration organ, in which it was said:

The rich get richer—President's program stumbling because there has been no redistribution of wealth.

This is from the Philadelphia Record, and, in part, reads as follows:

The rich are getting richer and the poor are getting poorer.

That was the case in the boom days of Coolidge. It also was the case of the depression days of Hoover.

And it still is the case in the recovery days of Roosevelt.

Let those shuddering Tories who moan about administration radicalism observe these figures from the Treasury.

Taxes paid by corporations increased from $62,801,192 for the March payment of 1933 to $92,200,858 for the March payment this year.

Taxes paid by persons with incomes of more than $5,000 jumped from $88,599,235 last year to $109,766,752 this year.

And taxes on incomes under $5,000 dropped from $14,974,689 to $12,936,734.

Concentration of wealth goes on at a more rapid pace under the "new deal" than before.

So, Mr. President, my regret is that the views which have been expressed by Dr. Tugwell and Mr. Moley and those expressed by Mr. Roosevelt and by Mr. Ickes have not been carried out, due to the fact that one day they have gone toward the left and the next day they have gone toward the right. I applaud the statements of the administration when they say to the banks, "Lend your money to the people", and then again I grieve over the instructions given by the bank examiners that homes and farms are not sound collateral upon which the banks may make loans.

I do not have any particular fault to find with someone who is arguing that the Constitution has to be changed.

If it takes a change in the Constitution of the United States, but I do not think it does, to break down this condition by which 1 percent of the people own more of the wealth of the country than the other 99 percent of the people put together, then I am in favor of that change in the Constitution of the United States. So was Jefferson, so was Samuel Adams, and so were the men who drafted that immortal document. It is carried out in the express Declaration of the Independence that whenever the Government fails to provide life, liberty, and happiness, or at least the pursuit of happiness, then it has failed and the Constitution should be changed in such a way as may be necessary to carry out the purpose of government.

Dr. Tugwell's appointment is generally regarded as being toward the left. I would not administer the purposes he has expressed as he has done. I believe that I have advocated a more certain and direct way. Neither would I administer the purposes the President has in mind as he is doing. But so long as the trend is toward the left—for the decentralization of wealth, for the spreading of the blessings of life among the masses—so long as the trend is toward the liberal and away from the right and the reactionary I shall have to vote for any confirmation or legislation.

Mr. ROBINSON of Indiana. Mr. President, I never like to object to the confirmation of nominations sent here by the Chief Executive, regardless of the party to which he may belong. His party is responsible for the conduct of the Government, and he is given the authority, as well as the responsibility, by the people of the country. Because of that fact I believe he ought to have counsellors and advisers around him in whom he has confidence.

The record will show, therefore, that very rarely have I opposed the confirmation of those nominated by the Chief Executive, and only when I felt that I had good cause for taking such action. This is one of those cases.

I am not even personally acquainted with Professor Tugwell. So far as I know, he is a very estimable young man. He is well educated, and I see no objection to that. I should think it would be to his advantage. I am, however, tremendously influenced by the views he himself has expressed with reference to the system of government under which we live, and the direction in which he would turn the Government from the course we have followed for more than a century.

Mr. President, I understand Dr. Tugwell has since repudiated some of the statements he made originally less than 3 years ago; but at that time he frankly stated that constitutions would have to go. I should like to read just what he said before the American Economic Association in December 1931 along that line:

We have a century and more of development to undo. The institutions of laissez faire have become so much a part of the fabric of modern life that the untangling and removing of their tissues will be almost like dispensing with civilization itself. We shall all of us be made unhappy in one way or another; for things we love, as well as things that are only privileges, will have to go. But we shall have to see, no doubt, a wholesale sacrifice of such things, like it as little as we may.

And again:

The first series of changes will have to do with statutes, with constitutions, and with government. We shall be changing once for all, and it will require the laying of rough, unholy hands on many a sacred precedent, doubtless calling on an enlarged and nationalized police power for enforcement.

The next series of changes will have to do with industry itself. It has already been suggested that business will logically be required to disappear. This is not an overstatement for the sake of emphasis; it is literally meant.

Furthermore, we shall have to progress sufficiently far in elementary realism to recognize that only the Federal area, and often not even that, is large enough to be coextensive with modern industry; and that consequently the States are wholly ineffective instruments for control.

Mr. President, those are the words of Professor Tugwell himself. If they mean anything at all, they mean that Professor Tugwell would abolish the Constitution of the United States. He says a century and more of development must be undone. Those means by which we have become great, notwithstanding the sackcloth and ashes in which we find ourselves today, nevertheless we are still the greatest nation on the face of the earth—all these instruments of development must be done away with, says Dr. Tugwell. Constitutions must go. That, of course, means the Constitution of the United States as well as the constitutions of the various States. State lines must be obliterated entirely, completely effaced. The State will become merely a memory.

If Dr. Tugwell's words mean anything, they mean just that.

Mr. President, Dr. Tugwell unquestionably occupies a commanding influence in this administration. Many people believe he is the closest adviser of the President. Many people believe he has greater influence with the Chief Executive than any other single man or even group of men. If that be true, it seems to me if the Senate of the United States believes in the traditions that have brought us to our present greatness, if the Senate of the United States believes in the Constitution of the United States, if the Senate of the United States believes in the things in which the American people believe with their whole heart and soul, then the Senate of the United States ought not to give a vote of confidence to this man to give him even more influence with the Government than he has at the present time.

Suppose he had his way, and he could abolish the Constitution of the United States; what, then, would be the situation in this country, Mr. President? I may say that this is not an idle dream, in the minds of many people. Great numbers of Americans today believe the Constitution is in a fair way to be abolished. Liberties have been taken with it that no administration ever undertook before, and the Congress of the United States really has aided and abetted it. In any event, it has sat by and permitted the inroads on the Constitution to take place.

If Mr. Tugwell has his way, and the Constitution is finally abolished, then what is our status? Then we have a complete dictatorship. Eliminate the Constitution of the United States from our system of government, and we have an executive dictatorship. There is no other plan; and this administration then would be forced to seize the powers of dictatorship, whether it desired to do so or not, in order that there might be law and order in the country.

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

Mr. ROBINSON of Indiana. No; I cannot yield to the Senator now. I have only 15 minutes. I should like very much to yield.

The PRESIDING OFFICER (Mr. McGILL in the chair). The Senator declines to yield.

Mr. ROBINSON of Indiana. So, Mr. President, that is the end that Dr. Tugwell would reach—the elimination of the Constitution of the United States. It must go; and when it is gone, we have no balance; we have nothing but chaos. There must be a system of government; there must be a system of law and order, all of which is prescribed today by the Constitution. Abolish the Constitution, and what have we left? Someone must exercise authority. Whom would it be? A dictator—an executive dictator. There is no other way out.

Mr. President, the history of dictatorships all over the world has been that the average man suffers most and the man farthest down. It is not the man with money; it is not the man of great wealth. A million dollars can always take care of itself, whether we have a dictatorship, an oligarchy, a republic, or a monarchy. But the man farthest down, the average man, who needs protection on the part of his government, is the man who invariably suffers most when a dictator rules.

Consequently, Mr. President, I think I would be derelict in my duty, indeed, utterly negligent, if I did not vote against the confirmation of a man for an office of greater power, higher title, whose views are in the direction of the abolishment of constitutions, which could only mean the erection of dictatorships.

Dr. Tugwell made other statements at the time to which I have referred. He said:

> There is no private business, if by that we mean one of no consequence to anyone but its proprietors; and so none exempt from compulsion to serve a planned public interest.

Again:

> The essence of business is its free venture for profits in an unregulated economy. Planning implies guidance of capital uses; this would limit entrance into or expansion of operations. Planning also implies adjustment of production to consumption; and there is no way of accomplishing this except through a control of prices and of profit margins.

Again:

> It is, in other words, a logical impossibility to have a planned economy and to have businesses operating its industries, just as it is also impossible to have one within our present constitutional and statutory structure. Modifications in both, so serious as to mean destruction and rebeginning, are required.

Then he referred again to the abolishing of business, and said:

> This amounts, in fact, to the abandonment, finally, of laissez faire. It amounts, practically, to the abolition of "business."
>
> * * * * * * *
>
> The next series of changes will have to do with industry itself. It has already been suggested that business will logically be required to disappear. This is not an overstatement for the sake of emphasis; it is literally meant.

So Dr. Tugwell would eliminate business and the business man. In other words, he subscribes thoroughly to the Russian system. That is Russian communism, and to that system I am convinced the great majority of the American people are opposed. I think that if it were left to the people of the country today, so thoroughly do they distrust Dr. Tugwell that there would be no question in the world about his confirmation. It would certainly be refused.

Not only that, but, from his own statement, he would eliminate the farmer. Let me read from an article published in Labor, a national weekly newspaper published in Washington, D.C., the issue of January 9, 1934:

> "'We are preparing', Tugwell declared, 'a land program not merely for the benefit of those who hold title to it, but for the greater welfare of all the citizens of the country.'"
>
> The Government, Tugwell insists, cannot go on forever paying farmers not to plant, and the alternative, he says, is to buy excess land and retire it until there is demand for its cultivation.
>
> One of the startling statements by Tugwell is that we can raise all the food we need with half of our present farmers, or only about 12½ percent of our working population. * * *
>
> "'We envisage', says Tugwell, 'a commercial agriculture made up of the most efficient farmers operating the best of our lands, with the remaining land being put to other uses and the unneeded farmers devoting their time to other occupations.'"

In other words, by his own statement, he would take farms away from the owners, he would undertake to say, himself, which are efficient farmers and which are inefficient, and all those placed in the category of inefficiency would be deprived of their farms. That is his own statement The unneeded farmers, said he, would have to devote their time to other occupations.

Mr. President, with 12,000,000 men walking the streets looking for jobs, what other occupations would Mr. Tugwell place farmers in? Where is he to get jobs for the farmers from whom he proposes to take their land?

These, it seems to me, are vital reasons why a man of this sort should not aspire to higher position in the Government, and it is rather surprising to some who think, at any rate as I do, that the President of the United States would even seek to give this man greater authority and greater power.

The PRESIDING OFFICER. The time of the Senator from Indiana has expired.

Mr. CUTTING. Mr. President, I am sure that the Senator from Indiana would not willingly misquote anyone, and therefore I think it rather unfortunate that he should base his opposition to the confirmation of Dr. Tugwell on a speech which he evidently has not read in its entirety, because if the Senator from Indiana had done so, it would be perfectly apparent to him that, according to Mr. Tugwell, the abandonment of constitutions and statutes and the other terrible things mentioned would happen only in case a country should adopt the system of national planning which Mr. Tugwell, in the first part of his speech, had adequately defined, a system of national planning along the lines of the Russian system.

I am perfectly willing to concede that terms like "national planning" and "planned economy" are rather vague terms, and, from passages quoted from various speeches and various books, it is apparent that Mr. Tugwell has at times used identical words with a somewhat different meaning. That is perhaps an inconsistency; but if so, it is purely a verbal one and does not, in my judgment, affect the merits of the question before us.

In the hearing, if we can dignify the proceeding of Monday by such a term, Mr. Tugwell was subjected to a cross-examination on particular words and particular sentences drawn from various speeches, which I do not believe anyone could possibly have gone through without involving himself in occasional technical inconsistencies. That, to my mind, is all that can be said against the position he took on Monday before the committee.

The only other argument that has been presented to us is the argument of the Senator from Virginia [Mr. BYRD], who is opposed to certain amendments to the Agricultural Adjustment Act which, after considerable discussion, were reported favorably by the Committee on Agriculture and Forestry.

According to the Senator from Virginia, Mr. Tugwell admitted in a letter to him that he had previously violated the law and that these amendments were necessary in order to enable the Department of Agriculture to do what they had previously been doing without warrant of law.

Under the limitation of 15 minutes, I have not sufficient time to read the letter in full, but I shall quote a few sentences from it to show that it means exactly the reverse of the interpretation given it by the Senator from Virginia. Said Dr. Tugwell in the letter:

> We have worked out marketing agreements which are benefiting producers of fluid milk, rice, peanuts, tree fruits, oranges, tobacco, and many other products. The progress of these operations is always subject to attack in the courts, and there have been several occasions when they were delayed for considerable periods pending the outcome of the court decisions. The orange-control work was the one to date which has been most seriously held up. The decisions of the courts, when finally obtained, have been generally favorable in all cases so far, so that it appears that what we are doing is in conformity with the policy laid down by Congress as set forth by the law and is so generally understood by the courts. If, however, Congress were to definitely spell out the powers under the act, as suggested in the amendments already proposed, that

would give farmers still greater confidence in the successful carrying through of the operations which we have already undertaken.

It was with that idea in mind that I stated at the press conference that we regarded the amendments not as widening our powers but rather as clarifying what the act already authorized us to do. It was also in that connection that I stated that certain of the amendments simply permitted us to do what we are already doing.

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

Mr. CUTTING. I yield.

Mr. ROBINSON of Arkansas. With the indulgence of the Senator for a moment, I may say that I have made an analysis of the amendments to the Agricultural Adjustment Act, to which reference has been made by the Senator from New Mexico and the Senator from Virginia, as they were reported by the Senator from South Carolina, and I find that in almost every instance the Senator from South Carolina in his report on the bill justifies the proposed amendments on the ground that they make clear the authority of the Secretary under the existing law and make clear the meaning of certain provisions of the law.

In other words, the criticism which has been made by the Senator from Virginia [Mr. BYRD] and other Senators of Mr. Tugwell's statement that they were largely clarifying amendments, is not supported by the report of the committee, which is that with the exception of certain of the amendments plainly constituting helpful changes in existing law they are to make clear the present provisions.

Mr. CUTTING. Mr. President, I am glad to have that contribution from the distinguished Senator from Arkansas [Mr. ROBINSON].

I should not wish, however, to take any position myself as to whether those amendments are properly described by the word "clarifying." I am inclined to think that perhaps the word was used in rather a broad sense, and that these amendments do add to the powers contained in the original act. But that is simply a question of opinion on which any two Senators might differ, and it is certainly fair to say that the contention which Mr. Tugwell has made about these amendments is in exact conformity with the statements made by his chief, the Secretary of Agriculture.

I think there is no doubt in the mind of anyone here that that interpretation is also held by the President of the United States, and that Dr. Tugwell, whether as Under Secretary or as Assistant Secretary, is not in a position where he could possibly take any stand with regard to questions of policy without the consent and approval of his superior officers.

It certainly is not an objection to the confirmation of a man that he is carrying out to the best of his ability the policy laid down for him by those whom he is serving, and that it seems to me is all that can be made out of the argument of the Senator from Virginia [Mr. BYRD].

I want it clearly understood for my own part, Mr. President, that my support of this nomination does not necessarily imply any agreement with the views of Dr. Tugwell on those amendments or on any other subject. I reserve the right to vote against those amendments or other proposals of the Department of Agriculture whenever I feel that my duty leads me that way. Nor do I wish to endorse all the policies which Dr. Tugwell has laid down. I specifically disagree with the policy of crop reduction, and insofar as that represents the views of Dr. Tugwell I am in opposition to him.

But those are not the questions with which we have to deal when we come to the confirmation of an appointee. There is no question in the world about Dr. Tugwell's ability, about his character, or his honesty of purpose, or his capacity, and insofar as opposition is based on the policies which he is advocating, that opposition in my judgment would be much more effective and much more creditable to the opponents if they would proceed to attribute those policies to those truly responsible, to persons higher up, whom they are actually attacking under cover of Dr. Tugwell. Of course, Mr. President, we all of us have a right to oppose any policy laid down by anybody, no matter how highly placed, but I think that as Senators it is more in consonance with the dignity of our position to make the attack openly and state our position plainly, and not to make it under cover of a vote against the nomination of a subordinate official whose personal character we are unable to criticize.

Mr. FESS. Mr. President, before the hearings were conducted by the Committee on Agriculture and Forestry I had planned to go rather extensively into the philosophy of the nominee. For 2 weeks I have been endeavoring, as time permitted me, to reread his utterances. I read them carefully and intended to point out and comment upon the items with which I do not agree. But last night when I had the opportunity to speak it was so late, and every one was so tired, that I preferred not to go on, and I yielded to the limitation of debate because of the desire to have expedition. I recognize that such action would forbid my giving an analysis of the theories of Dr. Tugwell as he has expressed them in several publications.

The best thing he was written is The Industrial Discipline, and if anyone will read the chapter on the subject, Government and Industry he will get a very concise view of Dr. Tugwell's philosophy, with which I do not agree.

In that particular treatise he deals extensively with the social will; then with regulation and control—meaning Government control; then the Government's responsibility in the matter of industry. I especially wish that every thoughtful Senator—and they are all thoughtful—would read his discussion of the allocation of capital; how much capital should be permitted to go into industry, how much should be permitted in this particular branch of industry and in that particular branch, and just where the responsibility is to permit capital to go into industry.

Then the discussion continues with regard to the movement toward integration, leading to a gradual elimination of State lines and the country becoming gradually one unit. He discusses the objections to that, which will have to be overcome. He says that those who favor the old philosophy of laissez faire, those who defend State lines and, lastly, the vested interests, will make it difficult to integrate the whole United States.

Then follows a rather exhaustive discussion of price control, and so on.

It is not necessary, Mr. President, now that committee hearings have been had, to make any comment upon this new theory. There are two reasons why I do not want to do so. One is that the subject has been fairly well covered by other Senators who have spoken, and it is not at all of any value to repeat what they have stated. The other reason, and certainly that is a commanding reason, is the statement of Dr. Tugwell, that what was said to be his statement was merely the statement of the reporter; that it did not represent his views. It matters not, Mr. President, how much his apologists here on the floor try to make out that there is no contradiction between what he wrote and what he now says he did not believe; nevertheless, there can be one conclusion on that matter.

Mr. President, if Dr. Tugwell believes what he stated here I would not in a time of crisis vote to give him administrative authority. After he has stated what he did, the fact that he says now that he did not mean it, that it is not so, and it does not represent his views, would indicate that there is such a lack of mental integrity that I could not support the confirmation of his nomination.

So far as I know, no nominee has come up for nomination whose nomination I have not supported, because it is my theory, and it is my practice to follow that theory, that the President ought to be supported in the execution of the laws with which he is entrusted and I do not think it is either wise or commendable, unless there is some distinctly good reason for it, to refuse to confirm someone whom the President would like to appoint to administer the law. So it has been my unbroken practice not to contest the confirmation of Presidential nominations. However, after the hearings in this case, which I have taken all yesterday and last night and some time this morning to read, there is sufficient objection in my mind to prevent my going along

with those who will vote for the confirmation of Dr. Tugwell's nomination.

I am not going to be influenced in any way by any utterances on this floor by anyone as to what my motive is in voting for or against this nomination. Those who charge that there is purely a political motive would certainly not make such a charge against certain Senators who have spoken and who will vote against the nominee, and the statement that we are trying to attak someone above under the guise of attacking someone below has no foundation, so far as I am concerned.

Mr. President, if the people were as well acquainted with the general attitude of college professors as I am they would not be surprised at the ease with which statements made on occasions to public audiences may be retracted when the responsibility comes of putting into operation the philosophy enunciated.

A college professor is in the business of teaching. His business is not to give information. His business is to discipline the mind of his pupils. That is the field of his activity. Therefore the greatest opportunity for instilling that discipline is afforded by the inexact sciences and not by the exact sciences. We do not find dreamers teaching mathematics; we find them teaching sociology, ethics, and sciences, sciences that admit of possibilities in various directions. The chief means of strengthening the minds of young men and women is to have them engage in a line of investigation to which there is no end, to which there is no fixed limit. It is not necessary that it should be an investigation where finality may be achieved. It is the continual deferring of finality which affords the greater opportunity, in that the strengthening process comes from pursuit rather than possession. The college professor is not instructing his pupils in order that they may attain finality. He instructs them in order to give them power to think, and ability to think comes from the exercise of the thinking processes. Consequently, all kinds of theories, good and bad, are announced. There is no responsibility as to whether or not they are sound. That is not even a first consideration. A principle that is unsound in the classroom offers just as much opportunity to strengthen the mind by pursuit as one that is sound, and even more so, because the distance to which the mind goes is greater than in the case of a fixed principle.

That is the reason, Mr. President, why so few of the professional men in the universities ever keep their feet on the ground. There is no criticism to be indulged against these promoters of theories so long as the theories are being used merely as bases for the development of power to think. So long as those who enunciate them are kept at their own lasts within the limit of the classrooms they will be rendering a splendid service, because they are not teaching dogma; they are not in the attitude of doctrinaires, and are not attempting to produce the conviction. Universities are not for that purpose; universities are seminaries of ideas.

The ideas may be sound or they may be unsound, but that is not of concern; so long as the theory is limited in its influence upon those who are being taught, no particular harm follows; but when an individual whose mind is filled with vagaries, who has no certainty but only theory, is called to a position of responsibility where he may inaugurate some of his theoretical ideas and put them into actual practice, then the possibilities become very serious. That is our problem here.

I recognize that when the President of the United States announced the new deal, without specifying what it would be, it was quite natural for him to bring to his aid those in whom he had confidence. In order that he might be informed on money and financial matters, he brought one group of experts; and so we have the Warrens and the Rogerses. In connection with the consideration of agriculture, he brought another group, and so we have the Tugwells and others; and in the consideration of questions involving what ought to be done toward the rehabilitation and regimentation of industry, he brought another group of young men. The President is not to be faulted for that; but when bringing a college professor to indicate what ought to be done as to agriculture, there ought to have been a sharp differentiation between the mere theorist whose function was teaching, without reference to whether what he taught as a theory was true or not—his function being to train the mind of the pupil—and the man who stands upon principles which are well accepted and which have been worked out in actual practice.

Mr. President, at a time such as this we are apt to seize upon theories that are untried. Depressions are not the time to try experiments, although they afford a fertile opportunity for every sort of nostrum that can be offered. As in the case of socialism, so long as there is prosperity within our midst, socialism cannot grow, but as soon as depression comes, socialism finds its field. That is what we now see.

The PRESIDING OFFICER. The time of the Senator from Ohio has expired.

MESSAGE FROM THE HOUSE

As in legislative session,

A message from the House of Representatives, by Mr. Chaffee, one of its clerks, announced that the House had passed the following bill and joint resolution, in which it requested the concurrence of the Senate:

H.R. 9620. An act to improve housing conditions; to provide employment; to provide for the insurance of mortgages; to insure the savings in savings and loan associations and similar institutions; to amend the Federal Home Loan Bank Act, Home Owners' Loan Act of 1933, the Federal Reserve Act, and the Farm Credit Act of 1933; and for other purposes; and

H.J.Res. 365. Joint resolution to amend the Settlement of War Claims Act of 1928, as amended.

REXFORD G. TUGWELL

The Senate resumed the consideration of the nomination of Rexford G. Tugwell to be Under Secretary of Agriculture.

Mr. BANKHEAD. Mr. President, I do not hope to make any substantial contribution to this debate. The question has been well covered, and I think every Member of the Senate probably has decided how his vote will be cast. Senators are anxious to vote and to proceed with the transaction of other business. I think everyone familiar with the situation here understands that when the votes shall be counted Dr. Tugwell will have from 20 to 30 majority and his nomination will be confirmed. It is likely that nothing which may now be said will change a single vote. I am therefore reluctant to take any time.

However, there is one phase of the situation as to which, as a member of the Committee on Agriculture and Forestry, I believe I should make a statement in fairness and in justice both to Dr. Tugwell and to other representatives of the Department of Agriculture.

The Senator from Virginia [Mr. BYRD] has repeatedly stated—he has stated it on the floor and in public speeches—that one of his objections to the confirmation of Dr. Tugwell was a public statement by him in which he designated proposed amendments to the Agricultural Adjustment Act as "clarifying amendments." The implication has been drawn that by reason of the use of the word "clarifying" Dr. Tugwell has sought to impose upon members of the Committee on Agriculture and upon the Members of Congress, because, under the construction of the Senator from Virginia, the amendments are more than "clarifying."

That seems to be a most technical and narrow construction of the English language and a hypercritical criticism of the use of terms, and while frankly I think there is more in the proposed amendments than mere clarification, it seems to me indeed strange that a Member of the Senate should base his criticism and his objection to the confirmation of a nomination to high office upon that ground.

Mr. BYRD. Mr. President——

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

Mr. BANKHEAD. I yield.

Mr. BYRD. I know the Senator from Alabama does not want to do me an injustice.

Mr. BANKHEAD. I certainly do not.

Mr. BYRD. All I said was that Dr. Tugwell had given out a public interview in which he stated that—

> The amendments would permit us to continue to do what we are already doing, and if we should get a setback in court we would have to stop doing certain things under certain circumstances.

Mr. BANKHEAD. Of course the Senator said that, but that is not all he said.

Mr. BYRD. I said that the officials of the Department of Agriculture had said the amendments were clarifying, and in the interview of Dr. Tugwell to which I referred he had said that the amendments "would permit us to do what we are already doing." I say if that is true, then he is exceeding the authority given him by Congress.

Mr. BANKHEAD. The Senator has made no charge against Dr. Tugwell for the use of the word "clarifying." Is that correct?

Mr. BYRD. If the Senator will read the RECORD of last Saturday, he will see that I said then that by reason of Dr. Tugwell's reply to my letter, in which he said "we are merely continuing to do what we have already done", he was exceeding his authority, and therefore I could not vote for his confirmation.

Mr. BANKHEAD. That is one ground the Senator has interposed, but I have asked directly if he made any charge against him for using the word "clarifying" in a misleading sense.

Mr. BYRD. I say that not only Dr. Tugwell but Chester Davis, and other officials of the Department, have stated the amendments are merely clarifying, when as a matter of fact they are not clarifying.

Mr. BANKHEAD. That is what I wanted brought out. The Senator admits it.

Mr. BYRD. I cannot permit the Senator from Alabama to place me in a false position before the Senate.

Mr. BANKHEAD. I have no desire to do so.

Mr. BYRD. My statement with respect to the matter is in the RECORD of last Saturday when I published the reply of Dr. Tugwell to the letter I had written him.

Mr. BANKHEAD. There is no occasion on earth to draw any implications of deception or misleading conduct against Dr. Tugwell on account of the use of the word "clarifying." If my memory serves me aright, such an implication has been drawn. The word "clarifying" was brought into the case by Secretary Wallace in his first statement before the committee, in which he said:

> The amendments propose to clarify and make more explicit the powers already exercised in behalf of the farmers under this act.

The same statement was made by Mr. Chester Davis and the same statement was made by the attorney for the Department long before Dr. Tugwell made any declaration upon the subject as carried in the newspapers, which since that time has been the basis of the criticism against Dr. Tugwell.

Mr. CUTTING. Mr. President——

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

Mr. BANKHEAD. I yield.

Mr. CUTTING. In order to substantiate what the Senator has said, may I invite his attention to the following quotation from what the Senator from Virginia [Mr. BYRD] said on Friday last:

> This question that I am discussing involves the good faith of Dr. Tugwell and the Secretary of Agriculture in saying to the people of this land that they are asking for clarifying amendments, when in fact these amendments confer great additional authority upon the Secretary of Agriculture.

Mr. BANKHEAD. I thank the Senator.

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

Mr. BANKHEAD. I cannot yield. My time is so limited.

Mr. BYRD. Will the Senator from New Mexico read what I said subsequent to that statement?

Mr. BANKHEAD. I decline to yield further.

The PRESIDING OFFICER. The Senator from Alabama declines to yield.

Mr. BANKHEAD. Mr. President, the suggestion having been made that someone connected with the Department has misused the word and misinformed or misled Members of Congress is not justified by the conduct of the officials of the Department of Agriculture. Secretary Wallace, Mr. Davis, and the attorney for the Department came before the committee. The committee held open public hearings for 4 days. We then went into executive session, and my recollection is we were in executive session 2 days more, with officials of the Department attending the meetings, explaining from time to time when called upon for information about the reasons for particular amendments. Every word in the proposed amendments was given careful attention by the committee, and full deliberation and full discussion was had, with perfect frankness on the part of the officials of the Department of Agriculture.

Mr. HATCH. Mr. President——

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

Mr. BANKHEAD. I yield.

Mr. HATCH. The Senator from Alabama will recall that the committee first prepared an amendment to the Agricultural Adjustment Act. The amendment which the committee had prepared was discussed with Mr. Davis and the attorney from the Department. They explained to us the full purport of the amendment which they had prepared, and what would be the effect of the amendment we offered, which was limited. No one in the committee was misled at all.

Mr. BANKHEAD. Not in any sense of the word.

Mr. HATCH. After that explanation the committee dropped further consideration of the amendment which the committee had drafted, and adopted the amendment which had been prepared by the Department of Agriculture.

Mr. BANKHEAD. That is correct, and that was done after full explanation and discussion with the representatives of the Department.

Mr. President, in the first place, Dr. Tugwell never came before the committee. I do not know why the matter has been brought into the discussion. So far as the committee is concerned, he had nothing to do with the preparation or advocacy of the proposed Agricultural Adjustment Act amendments. How that matter got into the discussion of the case I am unable to understand, upon any basis of fairness or justice to Dr. Tugwell, even from the standpoint of those who are critical of the proposed amendments.

It has been said that one ground of objection to Dr. Tugwell is the fact that he proposed to continue doing things under the Agricultural Adjustment Act which he knew the Department was not justified in doing under that act. I deny any such statement. Dr. Tugwell made no such statement. There is nothing in the record in this case upon which such an inference can fairly be based.

On the contrary, when charged by the Senator from Virginia [Mr. BYRD] with proposing to continue doing such things which the Department was not authorized under the law to do, Dr. Tugwell, in the open hearing, as shown by the printed record of the hearing, said they believed they were justified in doing everything that had been done; that they believed the Congress so understood when the original act was passed, and that the chief reason now for desiring the amendments was because certain lawyers had raised questions which involved the power of the Department to do things which they had done. But Dr. Tugwell proceeded to point out that in the five cases which had gone to the courts and which had been fully argued by counsel and decided by the courts, every one of the five decisions was favorable to the exercise of the power which the Department of Agriculture had sought to exercise.

Mr. President, I submit it is a far-fetched conclusion to assert that because questions had been raised and because, out of an abundance of caution and prudence, the Department desired to eliminate with certainty the arguments and objections which had been made against the

exercise of these powers. I submit that does not justify any reasonable or fair ground for voting against the confirmation of Dr. Tugwell. If Secretary Wallace or Mr. Davis or the attorney for the Department came here for confirmation, the confirmation of his nomination might well be opposed because forsooth he was acting under advice that his actions were justified under the law.

Here is the same man whom the Senate confirmed a little more than a year ago by unanimous vote to perform the same duties he will perform if confirmed upon this occasion.

Mr. CLARK. Mr. President——

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

Mr. BANKHEAD. I yield.

Mr. CLARK. The Senator has just admitted tacitly that the only purpose in the creation of this office is to increase Dr. Tugwell's salary.

Mr. BANKHEAD. I have made no such admission, none whatever, directly or tacitly, and the Senator ought to know it.

Mr. CLARK. The Senator said Dr. Tugwell, if confirmed, would perform exactly the same functions he is now performing. Therefore, the only difference that can possibly be found in the situation is that the purpose is to bring about an increase of salary for Dr. Tugwell, and that, too, in these times when the compensation of World War veterans——

Mr. BANKHEAD. Mr. President, my time is so limited that I cannot have it taken up with an argument like that, which does not need an answer. It answers itself.

Mr. CLARK. Of course, the Senator cannot answer it. That is the reason why he will not yield.

Mr. BANKHEAD. If the Senator will give me 2 minutes more time, I will answer it.

Mr. CLARK. I shall be glad to take the floor at the conclusion of the Senator's remarks and yield him 2 minutes.

Mr. BANKHEAD. All right; I thank the Senator. I will do it then. I shall be glad to do it.

Mr. President, in the first place, I am glad Dr. Tugwell is to get a promotion and an increase in his salary, because I believe his faithful, conscientious, efficient services in the Department of Agriculture, giving his time, giving his talents, giving the benefit of his long training and study in agricultural questions, deserve consideration of that character where it is consistent with the public interest and within reasonableness to do what is proposed to be done. But, Mr. President, since the inauguration of Mr. Roosevelt the activities of the Department of Agriculture have been increased probably more than those of any other department of the Government. True and faithful to his declarations and his philosophy that our recovery must be based upon the rescue of agriculture in this country, President Roosevelt has, by the legislation proposed by him and enacted by Congress, set on foot numerous agencies to endeavor, at least, to bring benefits and advantages to all classes of agriculture in this country.

The PRESIDING OFFICER. The time of the Senator from Alabama has expired.

Mr. BANKHEAD. Give me 2 minutes.

Mr. CLARK. Mr. President, of course the Senator from Alabama did not comply with the terms of my request by yielding to me to finish my statement; but I shall be very glad to yield to him to conclude this very eloquent defense of Dr. Tugwell in my time.

The PRESIDING OFFICER. The Senator from Missouri is recognized in his own right.

Mr. CLARK. I yield to the Senator from Alabama.

Mr. BANKHEAD. I am proceeding now, I will say, in good faith to answer the Senator's question as to why this office was created.

Mr. CLARK. The Senator did not permit me to conclude my question, but cut me off by a refusal to yield further. Now, if the Senator wishes to conclude his eloquent defense I shall be glad to permit him to do so in my time.

Mr. BANKHEAD. I thank my good friend from Missouri very much.

Mr. President, while it is entirely immaterial, since it is now written into the law, I am proceeding to explain the reasons for the creation of this office. Dr. Tugwell stated that he was not consulted about it. Dr. Tugwell stated that he was not even informed that he was to be appointed; but the Secretary of Agriculture came before the committee and pointed out what I was describing when my time expired, namely, the very great increase in the activities of the Department of Agriculture.

I am not now discussing whether the expansion of the Department's activities was wise or unwise. I am dealing with the facts, with the administration of the agencies that have been set up, and under which a bona fide effort is being made, at least, to benefit agriculture in this country. It was pointed out that every other department of the Government had more Assistants than the great Department of Agriculture, with more employees, with more activities, with more far-flung responsibilities than almost all the other departments combined. Even the Department of Labor had more than two Assistant Secretaries, I believe. Some departments have three and four, and perhaps five. Here was this great Department standing as it stood back in the early days, when agriculture was given no substantial recognition in this country, with one assistant alone, with only two persons—the Secretary and the Assistant Secretary—authorized to sign official papers relative to the activities of that great Department.

Mr. CLARK. Mr. President, I think the Senator has used the 2 minutes which I promised to give him.

Mr. BANKHEAD. I do not blame the Senator for wanting to cut me off.

Mr. CLARK. The Senator did not permit me to state my question. The Senator, I think, has unwittingly not only answered my question but corroborated my remarks with which I interrupted his speech.

The only purpose of this species of legislation, as it appears from the Senator's own statement, is to increase the salary of Dr. Tugwell. If it had been necessary for the Department of Agriculture to have further Assistant Secretaries, a proposition to that effect might have been sent in in ordinary course, and might have been acted on in the usual way by the Congress. That was not done, because that would not have increased the salary of Dr. Tugwell. The creation of the offices of additional Assistant Secretaries of Agriculture would have left Dr. Tugwell drawing exactly the same salary he was already drawing as Assistant Secretary of Agriculture.

A recommendation for the creation of the office of Under Secretary was made and referred, under the rules of the Senate, to the proper committee having jurisdiction over it—the committee of which the Senator from Alabama [Mr. BANKHEAD] is a distinguished member, and the Senator from Nebraska [Mr. NORRIS], and the Senator from New Mexico [Mr. CUTTING], and other Senators who have spoken today on behalf of this nominee. Before the committee had even had a chance to act on the matter, surreptitiously, and in violation of the rules of the Senate, it was brought in here and slipped over when it was known that if any notice had been given, if even a reference to the subject had been made to the chairman of the committee having jurisdiction of the subject matter, a point of order would have been made against the amendment.

Mr. RUSSELL. Mr. President——

The PRESIDING OFFICER. Does the Senator from Missouri yield to the Senator from Georgia?

Mr. CLARK. I gladly yield to the Senator from Georgia.

Mr. RUSSELL. The Senator from Missouri states that the amendment was brought in here surreptitiously and in violation of the rules of the Senate. The Senator from Missouri is a very able parliamentarian. For a long time he served as the distinguished Parliamentarian of the House of Representatives. Does the Senator from Missouri think

this amendment was adopted in violation of the rules of the Senate?

Mr. CLARK. I say that when the Committee on Appropriations go outside their jurisdiction, and by committee action authorize the chairman of the subcommittee to offer an amendment in this body which is known to every member of the committee to be subject to a point of order, they are violating the rules of the Senate unless they make public announcement of the fact before the amendment is offered. I not only say that but I adhere to it.

Mr. RUSSELL. But there was no violation of the rules of the Senate. Under the rules of the Senate, any amendment can be offered to an appropriation bill; but it is subject to a point of order, which can be made by any individual Member of the Senate.

Mr. CLARK. Of course, that is perfectly true. I say to the Senator, however, that in my judgment, it is exceedingly bad practice for the Committee on Appropriations to transgress on the legislative jurisdiction of other committees, and to bring in propositions and offer them here as committee amendments without notice to the Senate.

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

Mr. CLARK. I yield to the Senator from Arkansas.

Mr. ROBINSON of Arkansas. The Senator from Georgia [Mr. RUSSELL] on another occasion explained fully the history of the amendment creating the office of Under Secretary of Agriculture. In my judgment there is no justification for the implication and the assertion which the Senator from Missouri has made that the amendment was brought in here and "slipped over." It was proposed by the Senator from Georgia. No objection was made to it. It was voted in by the Senate just as hundreds, aye, thousands of other amendments have been adopted to various general appropriation bills.

We pass measures here every day by unanimous consent. Yesterday we passed 330 bills and resolutions by unanimous consent. Any Senator could have objected to the consideration of any bill that was passed; and I think it is an injustice to the committee to have the statement made that anything was "slipped over."

Mr. CLARK. Mr. President, I cannot permit the Senator to make a speech in my time. My time is very limited.

Mr. ROBINSON of Arkansas. I thank the Senator for yielding.

Mr. CLARK. I am just as familiar as the Senator from Arkansas is with the fact that anything can be done in the Senate by unanimous consent. On the other hand, I submit that bringing in a substantive proposition of this sort, which raped the jurisdiction of the Committee on Agriculture and Forestry, and putting it on an appropriation bill without any notice, was, I think, a violation of correct parliamentary practice.

Mr. CONNALLY. Mr. President——

Mr. CLARK. Now I desire to make some remarks. I shall be glad to yield to the Senator if I have time before my time expires.

I simply desire to say that when the roll is called I intend to vote against the confirmation of Dr. Tugwell. I intend to do that not because of any examination of the numerous published books, magazine articles, syndicated newspaper articles, or other authorized interviews with Dr. Tugwell, because, unlike the Senator from North Carolina [Mr. BAILEY] and the Senator from Virginia [Mr. BYRD], I have not taken the trouble to read through them. As a matter of fact, the only one of Dr. Tugwell's published articles or speeches that I have taken the trouble to read through was the one inserted in the RECORD the other day at the suggestion of the Senator from Oklahoma [Mr. GORE]; and I am perfectly frank to say that that speech was so involved that when I got through reading it I did not know what he was talking about. [Laughter.] It is entirely possible that that speech may have meant what he apparently said he meant. It may have meant what the Senator from North Carolina thought he meant, what the Senator from Virginia thought he meant, what I thought he meant; but it was also sufficiently involved and sufficiently erudite that it might possibly honestly be subject to the construction which Dr. Tugwell later put on it in his testimony before the Committee on Agriculture and Forestry, which on its surface appeared to be a recanting of the doctrine expressed in his speech.

I intend to vote against Dr. Tugwell's confirmation, Mr. President, on an entirely different ground.

I agree with what has been said here by the Senator from Nebraska [Mr. NORRIS] and other Senators to the effect that in the Senate's action on nominations by the President the President must necessarily and properly be given a very wide latitude. I adhere entirely to that proposition. On the other hand, I also adhere to the view that when the framers of the Constitution included in the Constitution the provision that nominations for certain offices should be made by and with the advice and consent of the Senate, they did not intend that to be a meaningless phrase; they meant that the Senate, in proper cases, should exercise some independent view of the matter.

Therefore, Mr. President, I adhere to the view that where a man is proposed for a most important office whose expressed policies and indicated course of action are such that a Senator sworn on his own oath believes them to be dangerous or inimical to the welfare of the United States, it is his duty under his oath of office to oppose him.

That was the view taken by the Senator from Nebraska [Mr. NORRIS], the Senator from New Mexico [Mr. CUTTING], and the other Senators when they opposed the confirmation of Mr. Chief Justice Hughes for the Chief Justiceship of the Supreme Court of the United States. In that case, as in this, no question was raised as to the character of the nominee; no question was raised as to the ability of the nominee; and no question was raised as to the good faith of the nominee. Senators did not believe that the course of conduct which the nominee had theretofore indicated was such as to justify them in voting for his confirmation, and they therefore voted against it.

Such is my position as to Dr. Tugwell. I have no personal animus whatever against Dr. Tugwell. I have said frankly that I have not read the numerous books and magazine articles for which he is being criticized, but I did have a personal experience with Dr. Tugwell, not as a matter of theory, when he was expressing himself before a scientific body or an economic body of some sort, but, in the exercise of his official duty as Assistant Secretary of Agriculture, I heard Dr. Tugwell enunciate a doctrine which, to my mind, under our present Constitution and under our present laws, showed him to be a dangerous public official.

I had occasion, a few days after the present administration came into office, to escort to the Department of Agriculture a group of constituents of mine who were protesting against a rate which had been put into effect 2 days before the late Secretary Hyde left office, a rate having to do with charges to be made by a stockyard in the Middle West; a rate which men whom I had known and in whom I had confidence for more than 30 years alleged to be confiscatory; a rate which, it was alleged, had been put into effect by Secretary Hyde 2 days before he left office out of pure revenge for certain action these people had taken in the course of the last political campaign.

It was not my business to try the case for my constituents. I may say that the complainants involved not only the old-line members of the livestock exchange at East St. Louis but also the largest farm cooperative in my State, one of the largest farm cooperatives in the United States. As I have said, it was not part of my business to try the case for them. It was part of my business to see that they got a day in court if it was possible for them to have it.

I took them to the Department. That was the first time I ever met Dr. Tugwell, and it was the only time I ever had any conversation with him. In the course of the proceeding the attorney for the protestants remarked that in the whole course of the hearing it had been absolutely impossible for them to find out even the elements which were to enter into fixing this rate, which involved their business

and financial life. They said that every time they would try to develop, by proper questions, even the elements that were to go into fixing the rate, a bureaucratic solicitor from the Department of Agriculture would object, and an examiner appointed by the Department of Agriculture would sustain the objection on the ground that it involved a Department secret. That seemed, to my view, a very severe attack on the whole proceeding, and, to my utter amazement, Dr. Tugwell said—and, as I say, this was the first and last conversation I ever had with him—

> I cannot see that in a system of national planning either the capital investment or the cost of operation has anything to do with fixing a rate.

I said:

> Mr. Secretary, it seems to me that if you were engaged in any sort of business, particularly a business like this, whether as an old-line operator or as the representative of a cooperative, the amount it was necessary for you to invest to carry on the business and the necessary cost of the operation of rendering the service which you were supposed to render would have a great deal to do with the price at which you could afford to perform this service.

He said:

> I still cannot see that in a system of national planning either the capital investment or the cost of operation has anything to do with it.

Mr. President, in the case of a man who is invested with this tremendous power, under our system, I hold that to be subversive of the Constitution of the United States and of the statute under which he is operating. Therefore I shall vote against the confirmation.

Mr. RUSSELL obtained the floor.

Mr. LONG. Mr. President, inasmuch as at least 10 minutes of the time of the Senator from Missouri was taken up by other Senators, I ask unanimous consent that the Senator from Missouri be given at least 5 more minutes.

Mr. CLARK. Mr. President, I have concluded my remarks. I have nothing further to say.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Haltigan, one of its clerks, announced that the House had passed without amendment the following bills of the Senate:

S. 852. An act to amend section 24 of the Trading with the Enemy Act, as amended;

S. 1735. An act to amend an act approved May 14, 1926 (44 Stat. 555), entitled "An act authorizing the Chippewa Indians of Minnesota to submit claims to the Court of Claims";

S. 3147. An act to amend the act approved June 28, 1932 (47 Stat.L. 337); and

S. 3723. An act to amend the Mineral Lands Leasing Act of 1920 with reference to oil- or gas-prospecting permits and leases.

The message also announced that the House had agreed to the amendments of the Senate to the bill (H.R. 8912) to amend section 35 of the Criminal Code of the United States.

The message further announced that the House had passed the bill (S. 2248) to protect trade and commerce against interference by violence, threats, coercion, or intimidation, with amendments, in which it requested the concurrence of the Senate.

REXFORD G. TUGWELL

The Senate resumed the consideration of the nomination of Rexford G. Tugwell to be Under Secretary of Agriculture.

Mr. RUSSELL. Mr. President, the Senator from Missouri charges upon the floor of the Senate that the amendment creating the office of Under Secretary of Agriculture, the nominee for which is now under consideration, was enacted into law through surreptitious means. That statement, and the implications therein contained, are wholly without foundation and wholly untrue, as will be borne out by the records of the Senate, which are printed not only for the benefit of the Members of the Senate but for the benefit of the people of the United States generally.

The CONGRESSIONAL RECORD for March 14 of this year will show that this amendment was offered on the floor of the Senate when the Senate was regularly convened in session. The Members of the Senate not engaged in other duties were present in their places, and the amendment was adopted, and no point was raised against it.

Mr. President, it comes with ill grace for one who is a boasted parliamentarian to come in at this late date, 2 or 3 months after this action of the Senate, and complain that he had no notice as to the amendment, when he boasts of his parliamentary prowess and rises continually on the floor of the Senate to urge points of order.

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

Mr. RUSSELL. I yield.

Mr. CLARK. The Senator from Missouri asserts that he has never uttered any boast, either publicly or privately, of being a dictator or a parliamentary expert.

Mr. RUSSELL. The Senator has offered more parliamentary points of order since he has been a Member of this body than all of the other Senators combined.

Mr. CLARK. Mr. President, that is not true; but I will say that I could offer a parliamentary point of order at this time if I cared to do so.

Mr. RUSSELL. Yes. The Senator from Missouri was not in his place, where he belonged, to offer a point of order at the time the amendment was pending, but he comes in 3 months later and says he did not know what the other Members of the Senate were doing, and did not find out about it until the name of Dr. Tugwell came before the Senate.

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

Mr. RUSSELL. I yield.

Mr. CLARK. I am perfectly willing to submit to the judgment of the Members of this body as to whether I have not been in my place three times as much as has the Senator from Georgia.

Mr. RUSSELL. The Senator from Georgia does not come in and whine when he cannot vote on matters. If I have been compelled to go to the various Departments of the Government to present the views of my constituents or to handle matters for them when matters have been voted on here on which I desired to register my views, I did not blame the Senate for not standing still and waiting for me to get here.

The Senator from Missouri contends that he had no notice that this amendment would be offered. Does the Senator think that the Committee on Appropriations should have sent him an engraved or embossed notice that it was going to have the Senate vote on March 14 on an amendment?

Mr. CLARK. Does the Senator contend that the Committee on Appropriations had any jurisdiction of this subject matter?

Mr. RUSSELL. I contend that the Committee on Appropriations as well as the Senate took jurisdiction of it.

Mr. CLARK. And raped the Committee on Agriculture and Forestry. That is exactly my contention.

Mr. RUSSELL. Mr. President, the amendment was adopted, and appeared in the CONGRESSIONAL RECORD. I realize that perhaps the Senator from Missouri could not have been in his place; but the Senator from Missouri knows, and knows far better than I do, that under the rules of the Senate at any time within 2 days thereafter a motion could have been made to reconsider the vote by which the amendment was agreed to.

There is no question but that Members of the Senate who cannot be here have the RECORDS of this body available for their information. We have one copy of the CONGRESSIONAL RECORD placed upon our desks, which we find when we arrive in the Senate. We find one at our front doors in the morning, and still another in our offices; and if the Senator from Missouri was not on the floor, he could have read the RECORD, and he would have found printed the amendment; and had he raised any question as to the fact that he could not be present and had been deprived of being heard upon the amendment, he could have made a motion for reconsideration of the vote. As the Senator in charge of the bill, I would have interposed no objection.

I cared nothing about the amendment when it was offered. The Senator says he had no notice. This was a farm bill, providing funds for the Department of Agriculture. The Senator from Missouri comes from a great agricultural State. The hearings before the Senate committee were printed and available for his information, full from end to end of discussion relative to the creation of this new office in the Department of Agriculture, available to any Member of the Senate; and if the Senator had desired to read the hearings, he could have seen that the matter was fully discussed by the Secretary of Agriculture and by other witnesses.

I have absolutely no apologies to make for the amendment. It was adopted under the rules of the Senate by the Senate itself, and I was no more enthusiastic about it than were some Members who now complain.

The hearings will show that I had pointed out to the subcommittee, and also to the Secretary of Agriculture, that the amendment was subject to a point of order, that any member of the Senate who desired to kill it could do so by one single objection, and that after that was pointed out to the subcommittee, they recommended it to the full committee, the full committee instructed me to offer the amendment on the floor, I did so, and it was agreed to.

Then the Senator from Missouri comes in and attempts to take the untenable position that he opposes the nomination of Dr. Tugwell because of the manner in which that amendment was adopted.

Mr. President, I hold no brief for Dr. Tugwell, but I do say that any opposition to the confirmation of any man appointed by the President of the United States should be based upon more tenable ground than the manner in which the amendment was adopted by the Senate. Surely Dr. Tugwell was not here to cast a spell over the Senate and the Senator from Missouri when the amendment was adopted.

Mr. President, on the subcommittee dealing with this question was the Senator from Alabama [Mr. BANKHEAD], who was a member of the Committee on Agriculture; the distinguished senior Senator from Montana [Mr. WHEELER] was a member of that committee by virtue of his rank upon the Committee on Agriculture and Forestry; the minority leader, the Senator from Oregon [Mr. MCNARY], a former Chairman of the Committee on Agriculture and Forestry was also a member of the subcommittee as was the distinguished Senator from South Carolina [Mr. SMITH]. Therefore the Committee on Agriculture had the representation of at least four members on the subcommittee and two members on the conference committee which worked out details of the bill with the Members of the House. I do not think Senators should come in here 2 or 3 months later and say "I did not have the vaguest idea that this office was to be created", when we find in the CONGRESSIONAL RECORD, on page 577, that the matter was debated at great length on the floor of the House, and that the leader of the minority in the House, the Representative from New York, objected to the Senate amendment there because he said Dr. Tugwell would be appointed. It was still not too late then, if anyone followed the proceedings of Congress, to have used the proper parliamentary methods and brought the matter back before the Senate.

Therefore, Mr. President, I resent the statement that there was anything surreptitious or underhanded or out of order about it. As chairman of the subcommittee which handled this matter, which reported this amendment, I refuse to assume responsibility for the negligence of the Senator from Missouri when he comes in 3 months later and discovers what the body of which he is a Member has done in the creation of this office.

So much for that. On the pending question I shall vote for the confirmation of Dr. Tugwell. I do so, Mr. President, because in my judgment no reason has been presented here which would debar him from discharging the duties of Under Secretary of Agriculture. His name was submitted by the President of the United States. If any of these dire predictions which the Senators have made upon this floor should come to pass I have enough confidence in the President of the United States to believe that Dr. Tugwell's position with the Government would be terminated immediately and that another would be appointed to fill his place.

Mr. HATFIELD. Mr. President, it is not my purpose to detain the Senate for long. On May 30, 1933, soon after the publication of the book by Dr. Tugwell, The Industrial Discipline and the Governmental Arts, I discussed the subject matter of that text in a speech on the floor of the Senate. I made certain forecasts at that time. I supplemented those remarks several days later on June 10, and from what has transpired since that time down to the present justifies my observations, Mr. President, that our Government, from the point of view of continued delegation of absolute authority to a chief executive, has been placed on a parity with the Governments of Germany, Italy, or even Russia.

Mr. President, if we are to compare the transformation that has taken place in our Government since March 9, 1933, resulting in the overthrow of the democracy that was enthroned under the principles of Thomas Jefferson, it would compare favorably, so far as dictatorial control is concerned, with the Hitler form of government in Germany, the Mussolini government in Italy, or, still better, the Russian form of government by Lenin.

We have all but been completely Russianized. We are at the present time in the Mensheviki period of the "revolution" with Dr. Tugwell as the prophet.

Under the authority already granted or usurped, the stage has been set for the reign of the Bolsheviks. No further act of Congress would be needed to be completely on a par with the Soviets, excepting the federalizing of all our schools and the closing of the churches.

When I cast my vote upon this nomination, after 5 years of service in this body, it will be, with one exception, the first negative vote I have cast against the confirmation of any nomination sent to the Senate by either the former President or the present Chief Executive.

Mr. President, I stayed in the hearings of the committee only for a brief period of time, due to the crowded condition of the room and because of the many Senators on the committee and Senators who were not members of the committee who desired to interrogate Dr. Tugwell. I did not undertake to ask him any questions.

How chameleon-like was the transformation of the witness, Dr. Tugwell, in his devotion to the fundamental laws of our land as compared with Dr. Tugwell, the author, in dealing with our Constitution. The position that he took as a witness as compared with the position that he took in his texts, together with what has taken place in this Government in conformity with his ideas and principles, justifies the position that I took a year ago and that I take today, and when my name is called I must vote "nay" against the confirmation of his appointment.

Mr. NEELY. Mr. President, if the doctrine preached by some of those who oppose Dr. Tugwell's confirmation should generally prevail in this Chamber, only a crawfish or a lightning bug could ever hope for senatorial approval. The first is a simon-pure reactionary which travels backward habitually, heedless of necessity and regardless of destination. The second systematically illuminates that which is past and revels in the darkness of the future. It is aptly described in the following doggerel:

The lightning bug is a wondrous sight,
But you'd think it has no mind,
It pumps around in the darkest night
With its headlight on behind.

Mr. President, fortunately for the country the Senate has not adopted and will never apply the crawfish or lightning-bug standard of qualification to a Roosevelt appointee.

We have today learned that Dr. Tugwell has committed the unpardonable sins of denouncing the doctrine of laissez faire and declaring that business which is founded upon that reactionary doctrine should be modified or destroyed. Because Dr. Tugwell opposes the theory that there shall be no governmental interference with commercial, industrial,

or financial affairs, he is denounced as a dangerous radical who would tear the Constitution to tatters. Once more we hear the familiar cry of the worshippers of the past that the Bolshevik wolf is coming and that poor old Uncle Sam is about to be devoured. But false alarms have ceased to terrify the Senate. And who is here so benighted as to declare that he is in favor of the business practices of the wicked days of old, the practices that impoverished a province to enrich a prince; that glorified a single master by making a thousand slaves; that enthroned plutocracy and made millions as poor as Lazarus?

Who is here that will say by his vote this afternoon that he wants to go back to the dark days of the Hoover disaster and the laissez faire theories which prevailed throughout this country during that most blighting period in the history of the Nation? If such be present, he should vote against Dr. Tugwell, who is not only a great humanitarian but an outstanding artificer of the new deal, the deal which under the direction of one of the greatest of Presidents has in 15 months banished starvation, employed millions of the idle, rehabilitated business, and restored happiness and confidence to a distressed and discouraged people.

Those who vote against Dr. Tugwell because he discards the old formulas of disaster and believes in experimentation in behalf of progress and preaches a new gospel of success will but supply an additional but wholly unnecessary proof of the fact that history repeats itself as certainly as the day follows the night. Four hundred years before Christ, Socrates preached a new gospel for humanity, and his ignorant envious neighbors poisoned him and thus rewarded him for his inestimable service to the world.

Later, the greatest of all political philosophers appeared on earth, taught the doctrine of service and sacrifice, demonstrated the virtue of our doing unto others as we would have others do unto us, and pointed the way to happiness on Earth below and endless bliss in Heaven above. For His service He was nailed to the cross and a spear was thrust into His side.

More than fourteen hundred years later a great Italian decided that he ought to discover a new world. Columbus braved all the dangers of uncharted seas and all the horrors of superstition and gave us the greatest country beneath the stars. As a result of his discovery we have the United States of America. But Columbus, as a reward for his service, was confined in a dungeon and loaded with chains.

Mr. CONNALLY. Will the Senator yield?

Mr. NEELY. Certainly.

Mr. CONNALLY. I think the Senator ought to include old Galileo because he made it possible for Columbus to safely sail over the sea.

Mr. NEELY. Mr. President, Galileo and hosts of other great discoverers and inventors, from the twilight hour of creation's morning to the present moment, have been crucified for helping to make the world a better place in which to live. The man who accumulates hundreds of millions rides in a yacht, maintains mansions in both hemispheres, and dodges his taxes is exalted, while the benefactor is humiliated and persecuted, and the unfortunate who steals a loaf of bread to satisfy his hunger is sent to jail. The people of the United States are tired of that kind of government. Thank God, Dr. Tugwell does not endorse it.

Mr. President, in reaction, and retreat, and not in experimentation, in an awful crisis like that which has jeopardized the civilization of the world for the last 4 years, is the real menace to mankind and human happiness. From the Garden of Eden to the Garden of Gethsemane, from Calvary's crimsoned cross to the bloody banks of the Somme and the Marne, not reaction, not retreat, not cowardice, but progress and courage clothed with the sunlight and armed with the sword of truth have fascinated the eyes, charmed the ears, and delighted the hearts of the children of men.

Mr. President, I refuse to vote for another crucifixion. I refuse to participate in compelling one of the President's most useful friends to drink a bowl of hemlock. I refuse to help bind a Columbus of the new deal with chains.

I shall vote against the crucifixion, against the hemlock and the chains, and for Dr. Tugwell's confirmation. My act in so doing will be to me in future years—

> A rainbow to the storms of life!
> The evening beam that smiles the clouds away,
> And tints tomorrow with prophetic ray.

The PRESIDING OFFICER. The question is, Will the Senate advise and consent to the nomination of Rexford Guy Tugwell to be Under Secretary of Agriculture?

Mr. ROBINSON of Arkansas. Let us have the yeas and nays.

The yeas and nays were ordered, and the legislative clerk proceeded to call the roll.

Mr. BYRD (when Mr. GLASS' name was called). My colleague the senior Senator from Virginia [Mr. GLASS] is unavoidably detained from the Chamber. I am authorized to say that were he present he would vote in the negative.

Mr. FESS (when Mr. MCNARY's name was called). The senior Senator from Oregon [Mr. MCNARY] is unavoidably detained from the Senate. He has a general pair with the junior Senator from Nevada [Mr. MCCARRAN]. I am not advised how either of these Senators would vote were they present.

Mr. METCALF (when his name was called). I have a general pair with the senior Senator from Maryland [Mr. TYDINGS]. As he is not present, I must withhold my vote. Were I allowed to vote, I should vote "nay." I am advised that if present the Senator from Maryland [Mr. TYDINGS] would vote "yea."

Mr. REYNOLDS (when his name was called). I have a special pair with the senior Senator from Virginia [Mr. GLASS], who is necessarily absent. I am informed that if he were present he would vote in the negative. Were I permitted to vote, I should vote in the affirmative.

Mr. ROBINSON of Arkansas (when his name was called). I have a general pair with the senior Senator from Pennsylvania [Mr. REED] who is detained by illness. I transfer that pair to the junior Senator from Florida [Mr. TRAMMELL] and vote "yea." I am advised that if present the Senator from Pennsylvania [Mr. REED] would vote "nay."

Mr. WALCOTT (when his name was called). I have a pair with the junior Senator from California [Mr. MCADOO] who is detained by illness. Not knowing how he would vote, I withhold my vote. If permitted to vote, I should vote "nay."

The roll call was concluded.

Mr. LEWIS. I announce that I am informed and authorized to state to the Senate that the Senator from Indiana [Mr. VAN NUYS] has a general pair with the Senator from New Hampshire [Mr. KEYES]. I am not advised how either of these Senators would vote.

I am authorized likewise to announce the pair between the Senator from Massachusetts [Mr. WALSH] and the Senator from Vermont [Mr. AUSTIN]. I am authorized to add that were the Senator from Massachusetts [Mr. WALSH] present he would vote "yea", and were the Senator from Vermont present he would vote "nay."

I announce that the Senator from Maryland [Mr. TYDINGS] was suddenly called from the Chamber on official business; that the Senator from Nevada [Mr. MCCARRAN] is detained on public business; that the Senator from Florida [Mr. TRAMMELL] is necessarily detained from the Chamber; that the Senator from Oklahoma [Mr. THOMAS] was called to the department on official business; that the Senator from Massachusetts [Mr. COOLIDGE] is necessarily detained.

Mr. ROBINSON of Arkansas. Mr. President, I am advised that if present the Senator from Oklahoma [Mr. THOMAS] would vote "yea." I also desire to announce that the Senator from Massachusetts [Mr. WALSH] is absent attending the Democratic preprimary convention in Massachusetts.

Mr. HEBERT. The senior Senator from Pennsylvania [Mr. REED] is absent from the Senate on account of illness. His pair has been stated. If the Senator from Pennsylvania were present he would vote "nay."

The result was announced—yeas 53, nays 24, as follows:

YEAS—53

Adams	Costigan	La Follette	Pittman
Ashurst	Couzens	Lewis	Pope
Bachman	Cutting	Logan	Robinson, Ark.
Bankhead	Dieterich	Lonergan	Russell
Barkley	Duffy	Long	Sheppard
Black	Erickson	McGill	Shipstead
Bone	Fletcher	McKellar	Stephens
Brown	Frazier	Murphy	Thomas, Utah
Bulkley	George	Neely	Thompson
Bulow	Harrison	Norbeck	Wagner
Byrnes	Hatch	Norris	Wheeler
Capper	Hayden	Nye	
Connally	Johnson	O'Mahoney	
Copeland	King	Overton	

NAYS—24

Bailey	Dill	Hastings	Schall
Barbour	Fess	Hatfield	Smith
Byrd	Gibson	Hebert	Steiwer
Carey	Goldsborough	Kean	Townsend
Clark	Gore	Patterson	Vandenberg
Dickinson	Hale	Robinson, Ind.	White

NOT VOTING—19

Austin	Glass	Metcalf	Tydings
Borah	Keyes	Reed	Van Nuys
Caraway	McAdoo	Reynolds	Walcott
Coolidge	McCarran	Thomas, Okla.	Walsh
Davis	McNary	Trammell	

So, the nomination of Rexford G. Tugwell was confirmed.

Mr. ROBINSON of Arkansas. Mr. President, in view of the delay that has occurred in disposing of the nomination of Mr. Tugwell, I ask unanimous consent that the President be notified of the action of the Senate.

The PRESIDING OFFICER. Without objection, that order will be made.

EXECUTIVE REPORTS OF COMMITTEES

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, reported favorably the nominations of sundry postmasters.

Mr. ASHURST, from the Committee on the Judiciary, reported favorably the nomination of Felthan Watson, of Missouri, to be district attorney, United States Court for China, to succeed George Sellett.

Mr. LOGAN, from the Committee on the Judiciary, reported favorably the nomination of Edwin G. Moon, of Iowa, to be United States attorney, southern district of Iowa, to succeed Robert W. Colflesh, resigned.

Mr. McCARRAN, from the Committee on the Judiciary, reported favorably the nomination of Charles H. Cox, of Georgia, to be United States marshal, northern district of Georgia, to succeed Louis H. Crawford, whose term will expire June 24, 1934.

The PRESIDING OFFICER (Mr. McGILL in the chair). The reports will be placed on the calendar.

Mr. ROBINSON of Arkansas. I now ask that the Senate proceed with the call of the Executive Calendar.

TREATIES

The Chief Clerk proceeded to read Executive D, Seventy-third Congress, second session, a treaty of friendship, commerce, and consular rights between the United States and the Republic of Finland, signed at Washington, February 13, 1934.

Mr. ROBINSON of Arkansas. Mr. President, there are a number of treaties on the calendar, and it is desired by the Senator from Nevada [Mr. PITTMAN], the Chairman of the Committee on Foreign Relations, and other members of the committee, that an arrangement be effected for their consideration.

I ask unanimous consent that when the Senate concludes its labors today it take a recess until 10 o'clock tomorrow, and that the Senate then proceed to the consideration of the treaties in open executive session.

Mr. FESS. Mr. President, I talked with the Senator from Arkansas about this matter a little earlier in the day. I have just been reminded that the Republicans are to have a conference at 10 o'clock tomorrow on a matter which the Senator knows about, and which I had overlooked.

Mr. ROBINSON of Arkansas. In view of the statement of the Senator from Ohio, I will modify the request so that the Senate shall meet at 11 instead of 10 o'clock, and make no other change in the proposal.

The PRESIDING OFFICER. Is there objection to the unanimous-consent request of the Senator from Arkansas as modified? The Chair hears none, and the agreement is entered into.

DIPLOMATIC AND FOREIGN SERVICE

The Chief Clerk read the nomination of Clinton E. MacEachran, of Massachusetts, to be Foreign Service officer of class 4, a consul, and a secretary in the Diplomatic Service.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

POST OFFICE DEPARTMENT—SMITH W. PURDUM

The Chief Clerk read the nomination of Smith W. Purdum, of Maryland, to be Fourth Assistant Postmaster General.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

Mr. O'MAHONEY. Mr. President, in connection with the confirmation of the nomination of Smith W. Purdum to be Fourth Assistant Postmaster General, I desire to make the observation that this is only the seventh time in a period of 50 years in which a man who has grown up in the Postal Service has been honored by a nomination to a distinguished position of this character.

It has seemed to me that the fact is at least worthy of mention on this floor, because the Post Office Service throughout the history of the Government, has spanned this country and has enlisted the work and services of thousands of loyal men and women. I think it only a proper recognition of the work they have been doing that the Postmaster General and the President have accorded Mr. Purdum this honor.

It may be of interest to make note of the instances in which this has been done in the past.

In 1925, Mr. Robert S. Regar was promoted from the position of Chief Clerk of the Department to that of Third Assistant Postmaster General.

In 1916 Mr. John C. Koons was promoted from the position of chief inspector to that of First Assistant Postmaster General.

In 1908 Mr. Joseph Stewart was promoted from a position as head of the railway-adjustment division to the position of Second Assistant Postmaster General.

In the same year Mr. Charles P. Grandfield, then chief clerk to the First Assistant Postmaster General, was himself made the First Assistant Postmaster General.

In 1889 Mr. Edwin C. Madden was made Third Assistant Postmaster General.

In 1883 Mr. Henry Lyman, then chief clerk in the office of the Second Assistant Postmaster General, was made Second Assistant Postmaster General.

Mr. Purdum was one of the four inspectors in the Postal Service who, at the outset of this administration, were made deputies to the four Assistant Postmasters General.

Mr. Vincent C. Burke was made deputy to the first assistant, Mr. Jesse M. Donaldson was made deputy to the second assistant, Mr. Roy M. North was made deputy to the third assistant, and Mr. Purdum was appointed deputy to the fourth assistant.

Each of these four gentlemen, cooperating with his chief and with the Postmaster General, and with Mr. K. P. Aldrich as Chief Inspector, has given the Post Office Department a most excellent administration, and it seemed to me only proper that some recognition of that fact should be made here upon the floor.

Mr. Purdum has made a remarkable record in the Post Office service.

Beginning as railway mail clerk at the age of 21, he has progressed steadily through the various grades in the Department. During the World War he was post-office inspector, in charge of the Washington, D.C., division and rendered notable service.

The bureau of which he now becomes the head has changed the entire Post Office plant. In the past, curiously enough, post-office buildings were always under the care of the Treasury Department. It was not until President Roosevelt, by Executive order, made the transfer that the Post Office Department took over the custody of its own buildings. That work is under the jurisdiction of the Fourth Assistant.

I wish to congratulate the President and the Postmaster General on the elevation of Mr. Purdum. It is an example which I hope will be followed many times in the future. It affords me pleasure and gratification to give testimony here to the high regard I have for the experts of the Postal Service.

THE JUDICIARY

The Chief Clerk read the nomination of George Murray Hulbert to be United States district judge, southern district of New York.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

The Chief Clerk read the nomination of Harlan W. Rippey to be United States district judge, western district of New York.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

Mr. WAGNER. Mr. President, I ask unanimous consent that the President be notified at once of the confirmation of Mr. Hulbert and Mr. Rippey.

The PRESIDING OFFICER. Without objection, that order will be entered, and the President will be immediately notified.

HAWAII

The Chief Clerk read the nomination of James L. Coke, of Hawaii, to be chief justice of the Supreme Court, Territory of Hawaii.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

The Chief Clerk read the nomination of James J. Banks, of Hawaii, to be associate justice of the Supreme Court, Territory of Hawaii.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

The Chief Clerk read the nomination of Harold E. Stafford, of Hawaii, to be circuit judge, first circuit, Territory of Hawaii.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

The Chief Clerk read the nomination of James Wesley Thompson, of Hawaii, to be circuit judge, third circuit, Territory of Hawaii.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

The Chief Clerk read the nomination of Delbert E. Metzger, of Hawaii, to be circuit judge, fourth circuit, Territory of Hawaii.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

The Chief Clerk read the nomination of Miss Carrick H. Buck to be circuit judge, fifth circuit, Territory of Hawaii.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

The Chief Clerk read the nomination of Seba C. Huber to be United States district judge, district of Hawaii.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

The Chief Clerk read the nomination of Otto F. Heine to be United States marshal, district of Hawaii.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

POSTMASTERS

The Chief Clerk read sundry nominations of postmasters.

Mr. McKELLAR. I ask that the postmaster nominations be confirmed en bloc.

The PRESIDING OFFICER. Without objection, the postmaster nominations are confirmed en bloc.

THE ARMY

The Chief Clerk read sundry nominations for appointments and promotions in the Army.

Mr. SHEPPARD. I ask unanimous consent that the Army nominations be confirmed en bloc.

The PRESIDING OFFICER. Without objection, the Army nominations are confirmed en bloc.

Mr. ROBINSON of Arkansas. Mr. President, I move that the Senate resume the consideration of legislative business.

The motion was agreed to.

PHILIPPINE INDEPENDENCE

The VICE PRESIDENT laid before the Senate a letter from the Acting Secretary of War, transmitting copy of a resolution adopted by the Municipal Council of Piddig, Province of Ilocos Norte, P.I., expressing its gratitude for enactment of Public Law No. 127, Seventy-third Congress, known as the "New Philippine Independence Act", which, with the accompanying paper, was ordered to lie on the table.

CLAIM OF WESTERN UNION TELEGRAPH CO. AGAINST UNITED STATES

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

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate resolutions adopted by the General Court of the Commonwealth of Massachusetts, favoring the passage of Senate bill 3231, providing a retirement system for railroad employees, which were ordered to lie on the table.

(See resolutions printed in full when presented by Mr. WALSH on the 13th instant, p. 11252, CONGRESSIONAL RECORD.)

The VICE PRESIDENT also laid before the Senate numerous telegrams in the nature of petitions from sundry citizens and organizations of the States of Colorado, Kansas, Nebraska, and North Dakota, praying for the prompt passage of Senate bill 3231, providing a retirement system for railroad employees, which were ordered to lie on the table.

He also laid before the Senate a telegram in the nature of a petition from the Tax and Rent Payers Association, Charles L. Fluck, chairman, of Philadelphia, Pa., praying that "Congress shall not adjourn until the Wagner bill—the original bill, not amended—shall be enacted into law, 'if it takes all summer'", which was ordered to lie on the table.

He also laid before the Senate a telegram in the nature of a memorial from the board of directors of the Radio Manufacturers' Association, Chicago, Ill., remonstrating against the passage of Senate bill 2926, the so-called "labor disputes bill", which was ordered to lie on the table.

He also laid before the Senate letters in the nature of memorials from Frank Springer and officers of the Ferd Staffel Co., Alamo Bag & Burlap Co., and Southwestern Jacket Manufacturing Co., all of San Antonio, Tex., remonstrating against the passage of Senate bill 2926, the so-called "labor disputes bill", and also proposed amendment of the Agricultural Adjustment Act, which were ordered to lie on the table.

Mr. COPELAND presented the memorial of Betsy Ross Council, No. 88, Daughters of America, Woodside, Long Island, N.Y., remonstrating against the passage of legislation loosening immigration restrictions, especially with reference to the immigration of German Jews, which was referred to the Committee on Immigration.

He also presented a resolution adopted by the Parliament of the Community Councils of the city of New York, N.Y., favoring Government ownership of the manufacture of armaments, or, as an alternative, governmental control of the manufacture thereof, which was referred to the Special Committee on Investigation of the Munitions Industry.

He also presented a resolution adopted by the Master Plumbers, Gas and Steam Fitters and Sheet Metal Workers

Association, of Newburgh, N.Y., favoring the prompt enactment of legislation providing for home construction and repair, which was ordered to lie on the table.

REGULATION OF TRAFFIC IN FOOD AND DRUGS

Mr. BARBOUR. Mr. President, I ask unanimous consent to have printed in full in the RECORD and to lie on the table a resolution adopted by the Associated Manufacturers of Toilet Articles with reference to Senate bill 2800.

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

Whereas the Senate Committee on Commerce has reported S. 2800, which is a bill relating to the regulation of food, drugs, and cosmetics and is now on the Senate Calendar; and

Whereas said bill in section 4 states that a drug shall be deemed to be adulterated (a) "If it is dangerous to health under the conditions of use prescribed in the labeling thereof"; and

Whereas said bill, in section 5, provides that a cosmetic shall be deemed to be adulterated (a) "If it bears or contains any poisonous or deleterious substance in such quantity as may render it injurious to the user under the conditions of use prescribed in the labeling thereof, or under such conditions of use as are customary or usual"; and

Whereas every legitimate purpose of the bill will be served by protecting the public from dangerous cosmetics through provision that they shall be deemed to be adulterated if dangerous to health; and

Whereas the proposed definition in section 5 may be construed to prohibit as adulterated any cosmetic which when applied to the skin may in some circumstances in the case of some people hypersensitive to the ingredients result in irritation or injury no matter how innocuous the substance may be; and

Whereas the reported definition would inevitably give rise to large numbers of civil claims and administrative complaints absolutely without foundation, based on the definition and its interpretation by claims attorneys to the effect that any user who can possibly assert a casual relation between some alleged injury and the use of a particular cosmetic is entitled, not only to maintain a civil action for damages, but to cause as well criminal proceedings to be instituted against the manufacturer, and make demand upon the Secretary of Agriculture that the product be suppressed; thus opening up a field where the possibilities of blackmail and nuisance actions would be unlimited and legitimate industries exposed to wholly needless and unjustified expense and litigation; and

Whereas cosmetics, since they are used only externally, do not require a more drastic definition of what is adulterated as is the case with drugs which are used both externally and internally, and

Whereas the definition of an adulterated cosmetic as drafted is unjust and unnecessary to the protection of health, and places in the hands of the administrative authority the arbitrary bureaucratic power of prohibiting the manufacture and sale in interstate commerce of cosmetics which are in fact in no way dangerous or injurious: Therefore be it

Resolved, That the Associated Manufacturers of Toilet Articles respectfully petitions the Senate of the United States to substitute for the definition of an adulterated cosmetic, the same language as that used in defining what constitutes an adulterated drug, and that for the further protection of the public, section 5 of said act be amended to read as follows:

"A cosmetic shall be deemed to be adulterated: (a) If it is dangerous to health under the conditions of use prescribed in the labeling thereof, or if no conditions of use are thus prescribed, then under such conditions of use as are customary or usual."

And that the secretary of this association be directed to take steps to bring this resolution to the attention of the United States Senate and have it presented to that honorable body as a petition and memorial.

A. W. WELSH, *Secretary*.

REPORTS OF COMMITTEES

Mr. BLACK, from the Committee on the Judiciary, to which was referred the bill (H.R. 5668) authorizing the relief of the McNeill-Allman Construction Co., Inc., of W. E. McNeill, Lee Allman, and John Allman, stockholders of the McNeill-Allman Construction Co., Inc., and W. E. McNeill, dissolution agent of McNeill-Allman Construction Co., to sue in the United States Court of Claims, reported it without amendment and submitted a report (No. 1419) thereon.

Mr. HEBERT, from the Committee on the Judiciary, to which was referred the bill (H.R. 9547) to amend section 766 of the Revised Statutes, as amended, reported it without amendment and submitted a report (No. 1426) thereon.

Mr. ASHURST, from the Committee on the Judiciary, to which was referred the bill (H.R. 9476) to empower certain members of the Division of Investigation of the Department of Justice to make arrests in certain cases, and for other purposes, reported it with an amendment and submitted a report (No. 1434) thereon.

Mr. REYNOLDS, from the Committee on the District of Columbia, to which was referred the bill (H.R. 7906) to license race tracks in the District of Columbia and provide for their regulation, reported it with amendments and submitted a report (No. 1425) thereon.

Mr. KING, from the Committee on the District of Columbia, to which was referred the bill (H.R. 9178) to regulate the business of life insurance in the District of Columbia, reported it without amendment and submitted a report (No. 1420) thereon.

He also, from the Committee on Indian Affairs, to which was referred the bill (S. 3582) to reserve 80 acres on the public domain for the use and benefit of the Kanosh Band of Indians in the State of Utah, reported it without amendment and submitted a report (No. 1424) thereon.

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

S. 3033. An act to reserve certain public-domain lands in Nevada and Oregon as a grazing reserve for Indians of Fort McDermitt, Nev. (Rept. No. 1429);

S. 3587. An act to provide funds for cooperation with public-school districts in Glacier County, Mont., in the improvement and extension of school buildings to be available to both Indian and white children (Rept. No. 1421);

S. 3728. An act for the relief of the heirs of Louise Cullooyah and Michel Kizer, deceased (Rept. No. 1430);

S. 3758. An act for the relief of Robert D. Baldwin (Rept. No. 1431); and

S. 3759. An act for the relief of Charles E. Dagenett (Rept. No. 1432).

Mr. WHEELER also, from the Committee on Indian Affairs, to which was referred the bill (S. 3351) to authorize the Secretary of the Interior to turn over to a water-users' association or unit thereof, or other proper organization, the operation of the several units of the irrigation project on the Blackfeet Indian Reservation, Mont., and for other purposes, reported it with an amendment and submitted a report (No. 1422) thereon.

He also, from the same committee, to which was referred the bill (S. 2978) to amend the act of March 3, 1927, amending section 1 of the act of May 26, 1926, entitled "An act to amend sections 1, 5, 6, 8, and 18 of an act approved June 4, 1920, entitled 'An act to provide for the allotment of lands of the Crow Tribe, for the distribution of tribal funds, and for other purposes'", reported it with amendments and submitted a report (No. 1433) thereon.

Mr. BULOW, from the Committee on Indian Affairs, to which was referred the bill (H.R. 8662) to modify the operation of the Indian liquor laws on lands which were formerly Indian lands, reported it without amendment and submitted a report (No. 1423) thereon.

Mr. HATCH, from the Committee on Indian Affairs, to which was referred the bill (S. 3694) to permit relinquishments and reconveyances of privately owned and State school lands for the benefit of the Indians of the Acoma Pueblo, N.Mex., reported it without amendment and submitted a report (No. 1435) thereon.

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

S. 3647. An act authorizing the Sistersville Bridge board of trustees to construct, maintain, and operate a toll bridge across the Ohio River at Sistersville, Tyler County, W.Va. (Rept. No. 1427); and

S. 3756. An act authorizing the Brookewell Bridge Co. to construct, maintain, and operate a toll bridge across the Ohio River at or near Wellsburg, W.Va. (Rept. No. 1428).

Mr. FLETCHER, from the Committee on Banking and Currency, to which was referred the bill (S. 3785) to amend the Reconstruction Finance Corporation Act so as to extend the provisions thereof to private corporations to aid in constructing and maintaining facilities for the marketing, storing, warehousing, and/or processing of forest products, reported it without amendment.

PRINTING OF RECONNAISSANCE SURVEY OF INTER-AMERICAN HIGHWAY

Mr. HAYDEN. From the Committee on Printing I report an original resolution, for which I ask present consideration.

There being no objection, the resolution (S.Res. 271) was considered and agreed to, as follows:

Resolved, That the Report by the Bureau of Public Roads, United States Department of Agriculture, of a Reconnaissance Survey of the Proposed Inter-American Highway from the Republic of Panama to the United States be printed as a public document with illustrations.

ENROLLED BILLS AND JOINT RESOLUTIONS PRESENTED

Mrs. CARAWAY, from the Committee on Enrolled Bills, reported that on today, June 14, 1934, that committee presented to the President of the United States the following enrolled bills and joint resolutions:

S. 2138. An act for the relief of Charles J. Webb Sons Co., Inc.;

S. 3025. An act 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;

S. 3285. An act to provide for the regulation of interstate and foreign communications by wire or radio, and for other purposes;

S. 3443. An act to provide for the creation of the Pioneer National Monument in the State of Kentucky, and for other purposes;

S.J.Res. 93. Joint resolution authorizing the creation of a Federal memorial commission to consider and formulate plans for the construction, on the western bank of the Mississippi River, at or near the site of old St. Louis, Mo., of a permanent memorial to the men who made possible the territorial expansion of the United States, particularly President Thomas Jefferson and his aids, Livingston and Monroe, who negotiated the Louisiana Purchase, and to the great explorers, Lewis and Clark, and the hardy hunters, trappers, frontiersmen, and pioneers, and others who contributed to the territorial expansion and development of the United States of America; and

S.J.Res. 121. Joint resolution authorizing the President to return the mace of the Parliament of Upper Canada to the Canadian Government.

BILLS AND JOINT RESOLUTION INTRODUCED

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

By Mr. TYDINGS:

A bill (S. 3791) to authorize the Governor of the Territory of Hawaii to remove certain officers and members of boards without the advice and consent of the Senate of said Territory; to the Committee on Territories and Insular Affairs; and

By Mr. DILL:

A bill (S. 3792) for the relief of Rumsey & Co., Inc.; to the Committee on Claims.

By Mr. COPELAND:

A bill (S. 3793) to amend the act entitled "An act to provide for the appointment of an additional judge of the District Court of the United States for the Western District of New York", approved March 3, 1927; to the Committee on the Judiciary.

(Mr. FLETCHER introduced Senate bill no. 3794, which appears under a separate heading.)

By Mr. COPELAND, Mr. VANDENBERG, and Mr. MURPHY:

A bill (S. 3795) to regulate commerce in firearms; to the Committee on Commerce.

By Mr. HARRISON:

A joint resolution (S.J.Res. 141) to protect the revenue by requiring information concerning the disposition of substances used in the manufacture of distilled spirits; to the Committee on Finance.

FINANCING OF HOME CONSTRUCTION AND REPAIR

Mr. FLETCHER introduced a bill (S. 3794) to encourage improvement in housing standards and conditions, to provide a system of mutual mortgage insurance, and for other purposes, which was read twice by its title and referred to the Committee on Banking and Currency.

Mr. FLETCHER, subsequently, from the Committee on Banking and Currency, to which was referred the bill (S. 3794) to encourage improvement in housing standards and conditions, to provide a system of mutual mortgage insurance, and for other purposes, reported it without amendment.

HOUSE BILLS REFERRED

The following bills were severally read twice by their titles and referred as indicated below:

H.R. 9741. An act to provide for the taxation of manufacturers, importers, and dealers in certain firearms and machine guns, to tax the sale or other disposal of such weapons, and to restrict importation and regulate interstate transportation thereof; to the Committee on Finance.

H.R. 9904. An act to amend section 5 of Public Act No. 2, of the Seventy-second Congress, as amended; to the Committee on Banking and Currency.

RAILROAD EMPLOYEES' RETIREMENT SYSTEM—AMENDMENT

Mr. McCARRAN submitted an amendment intended to be proposed by him to the bill (S. 3231) to provide a retirement system for railroad employees, to provide unemployment relief, and for other purposes, which was ordered to lie on the table and to be printed.

AMENDMENT OF AGRICULTURAL ADJUSTMENT ACT—AMENDMENT

Mr. BANKHEAD submitted an amendment in the nature of a substitute intended to be proposed by him to the bill (S. 3326) to amend the Agricultural Adjustment Act, and for other purposes, which was ordered to lie on the table and to be printed.

AMENDMENTS TO DEFICIENCY AND EMERGENCY APPROPRIATION BILL

Mr. LA FOLLETTE submitted an amendment intended to be proposed by him to House bill 9830, the deficiency and emergency appropriation bill, which was ordered to lie on the table and to be printed, as follows:

On page 103, after line 4, to insert the following:

SEC. 2. There is hereby appropriated, out of any money in the Treasury not otherwise appropriated, the sum of $8,625,000,000, in addition to other sums appropriated by this act, for the purpose of carrying forward the program of public works inaugurated under the provisions of the National Industrial Recovery Act, approved June 16, 1933. Such sum shall be allocated within the following limitations:

(1) Not less than $1,250,000,000 of such amount shall be allocated for the elimination of hazards to highway traffic under the provisions of section 204 (a) (1) of such act.

(2) Not less than $1,500,000,000 of such amount shall be allocated for new building construction; of which not to exceed $100,000,000 shall be allocated for construction of Federal buildings and for such purposes sections 305 and 306 of the Emergency Relief and Construction Act of 1932, as amended, shall apply; and not less than $825,000,000 shall be allocated for loans and grants to finance building construction as provided in section 202 of the National Industrial Recovery Act, as amended.

(3) Not less than $20,000,000 of such amount shall be allocated for coast and geodetic and geological surveys as provided in section 202 (b) of the National Industrial Recovery Act, as amended.

(4) Not less than $4,855,000,000 of such amount shall be allocated and made available for expenditure on non-Federal projects, exclusive of projects included under the foregoing allocations.

(5) Not less than $1,000,000,000 of such amount shall be allocated and made available for expenditure by the Emergency Housing Corporation.

SEC. 3. Section 201 (d) of the National Industrial Recovery Act is amended by striking out "two years" and inserting in lieu thereof "three years."

SEC. 4. (a) Clause (a) of section 202 of the National Industrial Recovery Act is amended by adding at the end thereof a comma and the following: "and school buildings when included within plans and surveys made or approved by the United States Commissioner of Education."

(b) Clause (b) of section 202 of such act is amended by inserting after "(b)" the following: "coast and geodetic and geological surveys,".

(c) So much of section 202 of such act as reads "the construction of naval vessels within the terms and/or limits established by the London Naval Treaty of 1930 and of aircraft required therefor" is repealed.

(d) So much of clause (2) of section 203 (a) of such act as reads "but no such grant shall be in excess of 30 percent of the cost of the labor and materials employed upon such project" is repealed.

(e) Section 203 of such act is amended by adding at the end thereof the following new subsection:

"(e) It is hereby declared to be the policy of the Congress that this title shall be liberally construed, insofar as the requirements of security for loans made is concerned, to the end that the public-works program contemplated hereby shall be expedited to the fullest extent possible."

(f) Section 204 (a) (1) of such act is amended by inserting after the words "relocation of highways to eliminate railroad crossings" a comma and the following: "track elevation and depression through cities."

SEC. 5. The amendments made by section 4 of this title to the National Industrial Recovery Act shall not be construed to limit the expenditure of funds heretofore obligated under such act.

SEC. 6. The provisions of section 210 of the National Industrial Recovery Act shall apply with respect to the amounts herein authorized for additional expenditures under such act.

SEC. 7. The Emergency Housing Corporation is authorized to proceed with the acquisition of property, by eminent domain or otherwise, and the construction, reconstruction, alteration, or repair of low-cost housing and slum-clearance projects, as authorized under the National Industrial Recovery Act, as amended.

On page 103, line 5, strike out the figure "2" and insert in lieu thereof the figure "8."

Mr. HAYDEN submitted an amendment intended to be proposed by him to House bill 9830, the deficiency and emergency appropriation bill, which was ordered to lie on the table and to be printed, as follows:

On page 91, to strike out the proviso in lines 13 to 20, inclusive, and in lieu thereof to insert the following: "and which sum is a part of $200,000,000 authorized to be appropriated by section 1 of H.R. 8781 as finally enacted by the Senate and House of Representatives."

RECEIVERS APPOINTED BY COURTS—RECONSIDERATION AND PASSAGE OF A BILL

Mr. GORE. Mr. President, yesterday I lodged a motion to reconsider Order of Business 1464, being House bill 8544, making receivers appointed by any United States courts and authorized to conduct any business or conducting any business subject to taxes levied by the State the same as if such business were conducted by private individuals or corporations. I desire to offer the amendment, which I send to the desk, when the motion to reconsider is considered by the Senate. I have conferred with the Chairman of the Judiciary Committee and both members of the subcommittee who considered the bill, and the amendment is acceptable to them. They are for it.

The VICE PRESIDENT. Does the Senator desire to have the motion to reconsider brought up at this time?

Mr. GORE. Yes, sir. I lodged the motion yesterday.

The VICE PRESIDENT. Without objection, the vote whereby the bill was ordered to a third reading and passed will be reconsidered.

Mr. BLACK. What is the bill?

Mr. GORE. It relates to the taxation of property in the hands of a Federal receiver.

Mr. BLACK. Very well.

Mr. GORE. I now ask that the bill may be considered so that I may offer the amendment.

The VICE PRESIDENT. Is there objection?

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

The VICE PRESIDENT. The amendment offered by the Senator from Oklahoma will be stated.

The LEGISLATIVE CLERK. On page 2, line 2, after the word "corporation", it is proposed to insert a colon and the following proviso:

Provided, however, That nothing in this act contained shall be construed to prohibit or prejudice the collection of any such taxes which accrued prior to the approval of this act, in the event that the United States court having final jurisdiction of the subject matter under existing law should adjudge and decide that the imposition of such taxes was a valid exercise of the taxing power by the State or States, or by the civil subdivisions of the State or States imposing the same.

The amendment was agreed to.

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

The bill was read the third time and passed.

SECURITY FOR DEPOSITS OF PUBLIC MONEYS

Mr. DIETERICH. Mr. President, I ask unanimous consent to present an amendment to the bill (S. 3748) to amend certain sections of the Banking Act of 1933 and the Federal Reserve Act, and for other purposes, and to have it printed and lie on the table.

In connection with that I ask unanimous consent to have printed in the CONGRESSIONAL RECORD a letter from the Secretary of the Treasury to the Speaker of the House of Representatives pertaining to the amendment.

The VICE PRESIDENT. Without objection, the amendment will be printed and lie on the table, and the publication will be made as requested by the Senator.

The letter referred to is as follows:

APRIL 27, 1934.

Hon. HENRY T. RAINEY,
The Speaker House of Representatives.

MY DEAR MR. SPEAKER: I have the honor to forward herewith a draft of a bill to amend section 5153 of the Revised Statutes, designed to clarify the situation with respect to the giving of security by national banks for deposits of public moneys.

This matter has been the subject of an exhaustive study, and the enactment of the proposed legislation is recommended by the Comptroller of the Currency. I am forwarding herewith a copy of excerpts from a memorandum forwarded to me by him.

If you deem it advisable, it will be appreciated if these proposals can be submitted for consideration through the appropriate channels.

Respectfully yours,

H. MORGENTHAU, Jr.,
Secretary of the Treasury.

Attached hereto is text of proposed amendment to section 5153 of the Revised Statutes, as amended (U.S.C., title 12, sec. 90), which amendment relates to the designation of depositaries of public money by the Secretary of the Treasury and the giving of security by national banking associations for deposits of public money of the United States and for various other types of deposits made by public officials, consisting of money for which they are accountable under the law by virtue of their official capacity. The essential respects in which this amendment changes the present law is in that it eliminates doubt under recent decisions as to the power of national banks to give security for the protection of deposits of public money belonging to various Government agencies or of money deposited thereby where they are accountable for such money by reason of the official capacity in which held.

The amendment operates with similar effect as to deposits by officers, agents, or employees of the States, Territories, or insular possessions or any public instrumentality or agency thereof, where the depositing official is charged with the custody of and is accountable for such money by virtue of his official position. Provision is made that security heretofore given for the various types of deposits referred to shall be deemed validly given except where heretofore determined to be in violation of the act of June 25, 1930.

There is urgent necessity for the prompt enactment of the legislation, due to recent decisions of the Supreme Court of the United States, particularly two decisions rendered February 5, 1934, in *City of Marion, Ill.*, v. *Sneeden, Receiver*, and *Texas & Pacific Railway Co.* v. *Pottorff, Receiver*, in which the Court took the position that national banks have no implied power to give security for deposits of public money, notwithstanding the fact that for more than 60 years national banks have been giving such security with the approval of the Comptroller of the Currency, in conformance to the views expressed by the Attorney General of the United States in 30 Ops. Atty. Gen. 341, to the effect that the section being amended "is more reasonably construed as a recognition of the existence of the power on the part of national banks to give security for deposits than as a grant by implication or authority to give security for Government deposits alone." A large number of national banks have been placed in the hands of receivers in the past 3 years. Almost all of these banks held deposits of public money for which security had been pledged. Millions of dollars in such deposits belonging to the Philippine Islands, the United States Shipping Board Emergency Fleet Corporation, United States Housing Corporation, and similar entities were on deposit in these banks under a contract, whereby the bank had pledged collateral security therefor. These pledges were considered valid by this office and these agencies permitted to avoid loss of such deposits through realization upon the collateral held. Unless curative legislation is enacted to cover this situation, it may be the duty of this office as a matter of law to require these various agencies to restore these funds to the receivers of the various banks in which they were on deposit. Creditors of some of the banks are insisting upon such action being taken at this time. If such restoration must be made, then in most cases a substantial loss will be suffered by the depositing unit, which loss will in many instances ultimately fall upon the Treasury. The situation is also urgent from the standpoint of the going national bank, inasmuch as the various depositing units are now on notice as to the possible lack of power in the banks to give security for their deposits, with the result that these banks are threatened with the withdrawal of hundreds of millions of dollars, which no doubt will be deposited in State banks which do under the State law possess power to give collateral security therefor.

The same situation exists with respect to deposits of funds by the States and their various agencies. Generally speaking, there has been a preference given national banks by the depositing officials thereof. The State Treasurer of Illinois within the past 10 days has indicated he feels that he must withdraw approximately $54,000,000 from the national banks in Illinois, $26,000,000 of which is in two Chicago banks. The legal representatives of various drainage and irrigation districts in California have indicated that unless the law is clarified, they must withdraw some $50,000,000 from national banks in California. When one considers the total amount of such deposits in national banks all over the United States which may thus be suddenly withdrawn, and the consequent forced liquidation of assets which may be required of such banks in order to meet such withdrawals with resulting ill effect upon market conditions, it becomes imperative to avoid such result by having appropriate legislation promptly enacted eliminating the difficulty.

I accordingly recommend that appropriate action be taken to have this amendment enacted into law.

PUBLIC WORKS ADMINISTRATION LOANS TO THE DISTRICT

Mr. KING. Mr. President, a few days ago the Senate passed the bill (S. 3404) authorizing loans from the Federal Emergency Administration of Public Works for the construction of certain municipal buildings in the District of Columbia, and for other purposes.

The bill provides for certain public works within the District of Columbia. The measure went to the House of Representatives. In the House a number of amendments were submitted to the bill, the principal amendment being to reduce the appropriation from $20,000,000 to $10,000,000 plus. I ask the Chair to lay before the Senate the amendments of the House.

The VICE PRESIDENT laid before the Senate the amendments of the House of Representatives to the bill (S. 3404) authorizing loans from the Federal Emergency Administration of Public Works for the construction of certain municipal buildings in the District of Columbia, and for other purposes, which were, on page 1, line 8, to strike out "$20,000,000" and insert "$10,750,000"; on page 1, line 9, to strike out "heretofore"; on page 2, line 2, to strike out all after "plant," down to and including "1408)),," in line 6; on page 2, line 8, to strike out all after "Virginia," down to and including "schools," in line 12; on pages 2 and 3, to strike out all of section 2; on page 3, line 3, to strike out "3" and insert "2"; on page 3, line 4, to strike out all after "thereof" down to and including "2)," in line 5; on page 3, line 24, to strike out "4" and insert "3"; on page 5, line 5, after "1936." to insert "Until 70 percent or so much of said sum authorized by section 1 of this act as may be expended as therein provided shall be reimbursed to the Federal Emergency Administration of Public Works, with interest as provided in this section, 10 cents of the tax levied and collected upon each $100 of the assessed valuation of all real and tangible personal property subject to taxation in the District of Columbia shall be deposited in the Treasury of the United States to the credit of a special account for such reimbursement to the Federal Emergency Administration of Public Works and shall not be available for any other purpose. The Commissioners may, in their discretion, anticipate from said special account the payments required by this act."; and on page 5, line 6, to strike out "5" and insert "4".

Mr. KING. Mr. President, as it passed the Senate the bill was meritorious and entirely just. It would have enabled the District of Columbia to inaugurate certain improvements which are indispensable, among them being the removal of pollution from the Potomac River, the construction of certain schoolhouses, a tubercular hospital, and so forth. I regret to say that the House felt disinclined to approve the bill as it passed the Senate. After considerable debate the Rules Committee finally submitted a special rule under the terms of which the appropriation was limited to $10,000,000 plus. With that amendment and in that manner the bill passed the House.

I have conferred with the District Commissioners, with Members of the House, with the Park and Planning Commission, and under all the circumstances it is felt by those concerned that there is no value in prolonging the discussion of the controversy. Therefore, I am instructed by the Committee on the District of Columbia of the Senate to move that the Senate concur in the amendments of the House.

The VICE PRESIDENT. The question is on the motion of the Senator from Utah that the Senate concur in the amendments of the House.

The motion was agreed to.

REPORT OF COMMITTEE ON CRIME INVESTIGATION

Mr. COPELAND. Mr. President, I ask unanimous consent to insert in the RECORD the report of the committee investigating crime conditions in the United States.

There being no objections, the report (No. 1440) was ordered to be printed in the RECORD, as follows:

JUNE 14, 1934.

Mr. President, it will be recalled that on January 11, 1934, as chairman of the subcommittee of the Committee on Commerce, popularly known as the "committee on racketeering", I introduced for the committee some 13 bills for consideration by the Congress. The activities of this subcommittee were continued by Senate Resolution 196, which passed the Senate on April 20, 1934. This resolution somewhat changed the activities of the committee, authorizing it to investigate criminal practices and crimes, so that it is now known as the "committee on crime and criminal practices."

Since my report on January 11, there have been introduced some 29 additional bills all designed to close gaps in existing Federal laws and to render more difficult the activities of predatory criminal gangs of the Kelly and Dillinger types. Of these bills 11 have become law. I regret that others have not been passed, but for one reason or another on the eve of adjournment some remain pigeonholed in the several committees of the Senate or the House, while a few remain on the calendar of Senate or House.

The following are the bills that have become laws:

[PUBLIC, NO. 230, 73D CONG.]

An act (S. 2080) to provide punishment for killing or assaulting Federal officers

Be it enacted, etc., That whoever shall kill, as defined in sections 273 and 274 of the Criminal Code, any United States marshal or deputy United States marshal, special agent of the Division of Investigation of the Department of Justice, post-office inspector, Secret Service operative, any officer or enlisted man of the Coast Guard, any employee of any United States penal or correctional institution, any officer of the customs or of the internal revenue, any immigrant inspector or any immigration-patrol inspector, while engaged in the performance of his official duties, or on account of the performance of his official duties, shall be punished as provided under section 275 of the Criminal Code.

SEC. 2. Whoever shall forcibly resist, oppose, impede, intimidate, or interfere with any person designated in section 1 hereof while engaged in the performance of his official duties, or shall assault him on account of the performance of his official duties, shall be fined not more than $5,000, or imprisoned not more than 3 years, or both; and whoever, in the commission of any of the acts described in this section, shall use a deadly or dangerous weapon shall be fined not more than $10,000, or imprisoned not more than 10 years, or both.

Approved, May 18, 1934.

S. 2248

An act to protect trade and commerce against interference by violence, threats, coercion, or intimidation

Be it enacted, etc., That the term "trade and commerce", as used herein, shall include trade or commerce between any States, with foreign nations, in the District of Columbia, in any Territory of the United States, between any such Territory or the District of Columbia and any State or other Territory, and all other trade or commerce over which the United States has constitutional jurisdiction.

"That the term 'trade or commerce', as used herein, is defined to mean trade or commerce between any States, with foreign nations, in the District of Columbia, in any Territory of the United States, between any such Territory or the District of Columbia and any State or other Territory, and all other trade or commerce over which the United States has constitutional jurisdiction.

"SEC. 2. Any person who, in connection with or in relation to any act in any way or in any degree affecting trade or commerce or any article or commodity moving or about to move in trade or commerce—

"(a) Obtains or attempts to obtain, by the use of or attempt to use or threat to use force, violence, or coercion, the payment of money or other valuable considerations, or the purchase or rental of property or protective services, not including, however, the payment of wages by a bona fide employer to a bona fide employee; or

"(b) Obtains the property of another, with his consent, induced by wrongful use of force or fear, or under color of official right; or

"(c) Commits or threatens to commit an act of physical violence or physical injury to a person or property in furtherance of a plan or purpose to violate sections (b) or (c) herein; or

"(d) Conspires or acts concertedly with any other person or persons to commit any of the foregoing acts; shall, upon con-

viction thereof, be guilty of a felony and shall be punished by imprisonment of from 1 to 10 years, or by a fine of $10,000, or both.

"SEC. 3. (a) As used in this act the term 'wrongful' means in violation of the criminal laws of the United States or of any State or Territory.

"(b) The terms 'property', 'money', or 'valuable considerations' used herein shall not be deemed to include wages paid by a bona fide employer to a bona fide employee.

"SEC. 4. Prosecutions under this act shall be commenced only upon the express direction of the Attorney General of the United States.

"SEC. 5. If any provisions 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. 6. Any person charged with violating this act may be prosecuted in any district in which any part of the offense has been committed by him or by his actual associates participating with him in the offense or by his fellow conspirators: *Provided*, That no court of the United States shall construe or apply any of the provisions of this act in such manner as to impair, diminish, or in any manner affect the rights of bona fide labor organizations in lawfully carrying out the legitimate objects thereof, as such rights are expressed in existing statutes of the United States."

[PUBLIC, NO. 231, 73D CONG.]

An act (S. 2249) applying the powers of the Federal Government, under the commerce clause of the Constitution, to extortion by means of telephone, telegraph, radio, oral message, or otherwise

Be it enacted, etc., That whoever, with intent to extort from any person, firm, association, or corporation any money or other thing of value, shall transmit in interstate commerce, by any means whatsoever, any threat (1) to injure the person, property, or reputation of any person, or the reputation of a deceased person, or (2) to kidnap any person, or (3) to accuse any person of a crime, or (4) containing any demand or request for a ransom or reward for the release of any kidnaped person, shall upon conviction be fined not more than $5,000 or imprisoned not more than 20 years, or both: *Provided*, That the term "interstate commerce" shall include communication from one State, Territory, or the District of Columbia, to another State, Territory, or the District of Columbia: *Provided further*, That nothing herein shall amend or repeal section 338a, title 18, United States Code (47 Stat. 649).

Approved, May 18, 1934.

[PUBLIC, NO. 232, 73D CONG.]

An act (S. 2252) to amend the act forbidding the transportation of kidnaped persons in interstate commerce

Be it enacted, etc., That the act of June 22, 1932 (U.S.C., ch. 271, title 18, sec. 408a), be, and the same is hereby, amended to read as follows:

"Whoever shall knowingly transport or cause to be transported, or aid or abet in transporting, in interstate or foreign commerce, any person who shall have been unlawfully seized, confined, inveigled, decoyed, kidnaped, abducted, or carried away by any means whatsoever and held for ransom or reward or otherwise, except, in the case of a minor, by a parent thereof, shall, upon conviction, be punished (1) by death if the verdict of the jury shall so recommend, provided that the sentence of death shall not be imposed by the court if, prior to its imposition, the kidnaped person has been liberated unharmed, or (2) if the death penalty shall not apply nor be imposed the convicted person shall be punished by imprisonment in the penitentiary for such term of years as the court in its discretion shall determine: *Provided*, That the failure to release such person within 7 days after he shall have been unlawfully seized, confined, inveigled, decoyed, kidnaped, abducted, or carried away shall create a presumption that such person has been transported in interstate or foreign commerce, but such presumption shall not be conclusive.

"SEC. 2. The term 'interstate or foreign commerce', as used herein, shall include transportation from one State, Territory, or the District of Columbia to another State, Territory, or the District of Columbia, or to a foreign country, or from a foreign country to any State, Territory, or the District of Columbia.

"SEC. 3. If two or more persons enter into an agreement, confederation, or conspiracy to violate the provisions of the foregoing act and do any overt act toward carrying out such unlawful agreement, confederation, or conspiracy, such person or persons shall be punished in like manner as hereinbefore provided by this act."

Approved, May 18, 1934.

[PUBLIC, NO. 233, 73D CONG.]

An act (S. 2253) making it unlawful for any person to flee from one State to another for the purpose of avoiding prosecution or the giving of testimony in certain cases

Be it enacted, etc., That it shall be unlawful for any person to move or travel in interstate or foreign commerce from any State, Territory, or possession of the United States, or the District of Columbia, with intent either (1) to avoid prosecution for murder, kidnaping, burglary, robbery, mayhem, rape, assault with a dangerous weapon, or extortion accompanied by threats of violence, or attempt to commit any of the foregoing, under the laws of the place from which he flees, or (2) to avoid giving testimony in any criminal proceedings in such place in which the commission of a felony is charged. Any person who violates the provision of this act shall, upon conviction thereof, be punished by a fine of not more than $5,000 or by imprisonment for not longer than 5 years, or by both such fine and imprisonment. Violations of this act may be prosecuted only in the Federal judicial district in which the original crime was alleged to have been committed.

Approved, May 18, 1934.

[PUBLIC, NO. 217, 73D CONG.]

An act (S. 2460) to limit the operation of statutes of limitations in certain cases

Be it enacted, etc., That whenever an indictment is found defective or insufficient for any cause, after the period prescribed by the applicable statute of limitations has expired, a new indictment may be returned at any time during the next succeeding term of court following such finding, during which a grand jury thereof shall be in session.

SEC. 2. Whenever an indictment is found defective or insufficient for any cause, before the period prescribed by the applicable statute of limitations has expired, and such period will expire before the end of the next regular term of the court to which such indictment was returned, a new indictment may be returned not later than the end of the next succeeding term of such court, regular or special, following the term at which such indictment was found defective or insufficient, during which a grand jury thereof shall be in session.

SEC. 3. In the event of reindictment under the provisions of this act the defense of the statute of limitations shall not prevail against the new indictment, any provision of law to the contrary notwithstanding.

SEC. 4. The provisions of this act shall not apply to any indictment against which the statute of limitations has run at the date of approval hereof.

Approved, May 10, 1934.

[PUBLIC, NO. 234, 73D CONG.]

An act (S.2575) to define certain crimes against the United States in connection with the administration of Federal penal and correctional institutions and to fix the punishment therefor

Be it enacted, etc., That any person employed at any Federal penal or correctional institution as an officer or employee of the United States, or any other person who instigates, connives at, willfully attempts to cause, assist in, or who conspires with any other person or persons to cause any mutiny, riot, or escape at such penal or correctional institution; or any such officer or employee or any other person who, without the knowledge or consent of the warden or superintendent of such institution, conveys or causes to be conveyed into such institution, or from place to place within such institution, or aids or assists therein, or who therein, any tool, device, or substance designed to cut, abrade, or destroy the materials, or any part thereof, of which any building or buildings of such institution are constructed, or any other substance or thing designed to injure or destroy any building or buildings, or any part thereof, of such institution; or who conveys or causes to be conveyed into such institution, or from place to place within such institutions, or aids or assists therein, or who conspires with any other person or persons to convey or cause to be conveyed into such institution, or from place to place within such institution, any firearm, weapon, explosive, or any lethal or poisonous gas, or any other substance or thing designed to kill, injure, or disable any officer, agent, employee, or inmate thereof, shall be punished by imprisonment for a period of not more than 10 years.

SEC. 2. All acts and parts of acts in conflict herewith are hereby repealed.

Approved, May 18, 1934.

[PUBLIC, NO. 235, 73D CONG.]

An act (S. 2841) to provide punishment for certain offenses committed against banks organized or operating under laws of the United States or any member of the Federal Reserve System

Be it enacted, etc., That as used in this act the term "bank" includes any member bank of the Federal Reserve System, and any bank, banking association, trust company, savings bank, or other banking institution organized or operating under the laws of the United States.

SEC. 2. (a) Whoever, by force and violence, or by putting in fear, feloniously takes, or feloniously attempts to take, from the person or presence of another any property or money or any other thing of value belonging to, or in the care, custody, control, management, or possession of, any bank shall be fined not more than $5,000 or imprisoned not more than 20 years, or both.

(b) Whoever, in committing, or in attempting to commit, any offense defined in subsection (a) of this section, assaults any person, or puts in jeopardy the life of any person by the use of a dangerous weapon or device, shall be fined not less than $1,000 nor more than $10,000 or imprisoned not less than 5 years nor more than 25 years, or both.

SEC. 3. Whoever, in committing any offense defined in this act, or in avoiding or attempting to avoid apprehension for the commission of such offense, or in freeing himself or attempting to free himself from arrest or confinement for such offense, kills any person, or forces any person to accompany him without the consent of such person, shall be punished by imprisonment for not less than 10 years, or by death if the verdict of the jury shall so direct.

SEC. 4. Jurisdiction over any offense defined by this act shall not be reserved exclusively to courts of the United States.

Approved, May 18, 1934.

[PUBLIC, NO. 246, 73D CONG.]

An act (S. 2845) to extend the provisions of the National Motor Vehicle Theft Act to other stolen property

Be it enacted, etc., That this act may be cited as the "National Stolen Property Act."

SEC. 2. That when used in this act—

(a) The term "interstate or foreign commerce" shall mean transportation from one State, Territory, or the District of Columbia to another State, Territory, or the District of Columbia, or to a foreign country, or from a foreign country to any State, Territory, or the District of Columbia.

(b) The term "securities" shall include any note, stock certificate, bond, debenture, check, draft, warrant, traveler's check, letter of credit, warehouse receipt, negotiable bill of lading, evidence of indebtedness, certificate of interest or participation in any profit-sharing agreement, collateral-trust certificate, preorganization certificate or subscription, transferable share, investment contract, voting-trust certificate; certificate of interest in property, tangible or intangible; instrument or document or writing evidencing ownership of goods, wares, and merchandise; or transferring or assigning any right, title, or interest in or to goods, wares, and merchandise, or, in general, any instrument commonly known as a "security", or any certificate of interest or participation in, temporary or interim certificate for, receipt for, warrant, or right to subscribe to or purchase any of the foregoing, or any forged, counterfeited, or spurious representation of any of the foregoing.

(c) The term "money" shall mean the legal tender of the United States or of any foreign country, or any counterfeit thereof.

SEC. 3. Whoever shall transport or cause to be transported in interstate or foreign commerce any goods, wares, or merchandise, securities, or money, of the value of $5,000 or more theretofore stolen or taken feloniously by fraud or with intent to steal or purloin, knowing the same to have been so stolen or taken, shall be punished by a fine of not more than $10,000 or by imprisonment for not more than 10 years, or both.

SEC. 4. Whoever shall receive, conceal, store, barter, sell, or dispose of any goods, wares, or merchandise, securities, or money, of the value of $5,000 or more, or whoever shall pledge or accept as security for a loan any goods, wares, or merchandise, or securities of the value of $500 or more which, while moving in or constituting a part of interstate or foreign commerce, has been stolen or taken feloniously by fraud or with intent to steal or purloin, knowing the same to have been stolen or taken, shall be punished by a fine of not more than $10,000 or by imprisonment of not more than 10 years, or both.

SEC. 5. In the event that a defendant is charged in the same indictment with two or more violations of this act, then the aggregate value of all goods, wares, and merchandise, securities, and money referred to in such indictment shall constitute the value thereof for the purposes of sections 3 and 4 hereof.

SEC. 6. Any person violating this act may be punished in any district into or through which such goods, wares, or merchandise, or such securities or money, have been transported or removed.

SEC. 7. Nothing herein shall be construed to repeal, modify, or amend any part of the act of October 29, 1919 (ch. 89), cited as the "National Motor Vehicle Theft Act."

Approved, May 22, 1934.

[PUBLIC, NO. 324, 73D CONG.]

A bill (S. 3041) to effectuate the purpose of certain statutes concerning rates of pay for labor, by making it unlawful to prevent anyone from receiving the compensation contracted for thereunder, and for other purposes

Be it enacted, etc., That whoever shall induce any person employed in the construction, prosecution, or completion of any public building, public work, or building or work financed in whole or in part by loans or grants from the United States, or in the repair thereof to give up any part of the compensation to which he is entitled under his contract of employment, by force, intimidation, threat of procuring dismissal from such employment, or by any other manner whatsoever, shall be fined not more than $5,000, or imprisoned not more than 5 years, or both.

SEC. 2. To aid in the enforcement of the above section, the Secretary of the Treasury and the Secretary of the Interior jointly shall make reasonable regulations for contractors or subcontractors on any such building or work, including a provision that each contractor and subcontractor shall furnish weekly a sworn affidavit with respect to the wages paid each employee during the preceding week.

Approved, June 13, 1934.

[PUBLIC, NO. 293, 73D CONG.]

An act (H.R. 7353) granting the consent of Congress to any two or more States to enter into agreements or compacts for cooperative effort and mutual assistance in the prevention of crime, and for other purposes

Be it enacted, etc., That the consent of Congress is hereby given to any two or more States to enter into agreements or compacts for cooperative effort and mutual assistance in the prevention of crime and in the enforcement of their respective criminal laws and policies, and to establish such agencies, joint or otherwise, as they may deem desirable for making effective such agreements and compacts.

SEC. 2. The right to alter, amend, or repeal this act is hereby expressly reserved.

Approved, June 6, 1934.

Below are given the short title and the status of the pending bills:

S. 1978 (Rept. No. 710). A bill to assure to persons within the jurisdiction of every State the equal protection of the laws, and to punish the crime of lynching.

This bill, as indicated by the short title, is intended in the main to prevent lynching and mob violence. It is pending on the Senate Calendar, No. 750.

S. 2246. A bill to amend the Packers and Stockyards Act. Passed the Senate on June 13, 1934.

This bill is intended to add title V to the Packers and Stockyards Act, to regulate the handling of live poultry. The type of racketeering that this bill would prevent is one of the most prevalent, and in many instances has increased the price of poultry to the consumer as much as 8 cents a pound. It is pending before the House Committee on Agriculture.

S. 2254. A bill to amend section 1014 of the Revised Statutes of the United States.

This bill is designed to abolish the writ of habeas corpus in cases where the writ has been granted to test the validity of a warrant of removal or detention thereunder and after a complete hearing the petitioner has been remanded to custody for removal on said warrant. This is considered to be a very desirable and far-reaching piece of legislation. The bill is pending before the Senate Committee on the Judiciary.

S. 2255. A bill to regulate the defense of alibi in criminal cases.

This bill makes it discretionary for the court on the interposition of the defense of alibi to grant a recess in order to enable the prosecution to inquire into the merits of the alibi defense. It has passed the Senate and is now pending before the House Committee on the Judiciary.

S. 2257. A bill to authorize the consolidation of investigative agencies.

This bill authorizes the President, by Executive order, to consolidate the several penal and investigative agencies of the Federal Government. This matter has been discussed for a number of years, and it is believed that some consolidation of these investigative agencies should be made. It is pending before the Senate Committee on the Judiciary.

S. 2782. A bill to protect and preserve fingerprint records in the possession of bureaus of identification or investigation.

The purposes of this legislation are as indicated in the short title. It is pending before the Senate Committee on the Judiciary.

S. 2838. A bill to establish a confidential relationship between guidance workers and pupils or patients.

One of the major problems resulting from the investigation of this committee is to correct juvenile delinquency. This bill is intended to make records kept in the schools regarding antisocial conduct of pupils privileged and to grant the educational personnel who keep these records the privileged status which is now enjoyed by doctors, lawyers, and clergymen. Legislation which, in the opinion of the committee, should be passed. It is pending before the Senate Committee on the Judiciary.

S. 2840. A bill to provide for the taxation of manufacturers, importers, and dealers in small firearms and machine guns.

This bill is designed to regulate and restrict the use of firearms by the imposition of an excise tax levied on manufacturers, importers, and dealers. The bill is pending before the Senate Committee on the Judiciary.

S. 2842. A bill to make husband or wife of defendant a competent witness in all criminal prosecutions.

This bill is designed, as indicated in the short title, to make husband or wife competent to testify to any statement made during the existence of the marriage relationship admitted confidential at common law. The bill is pending before the Senate Committee on the Judiciary.

S. 2844. A bill to tax the sale or other disposal of firearms and machine guns by importers, manufacturers, and others, and to restrain the importation thereof.

Designed to regulate the transportation in interstate and foreign commerce of firearms, including machine guns, by internal-revenue tax. The bill is pending before the Senate Committee on the Judiciary.

S. 3068. A bill to provide deportation of aliens upon conviction of a felony.

This bill is intended to make mandatory the deportation of aliens upon conviction of a crime involving punishment of imprisonment for a term exceeding 1 year. This is a far-reaching piece of legislation and should be passed. The bill is pending before the Senate in modified form, S. 3771, as reported by the Committee on Immigration.

S. 3069. A bill relative to coercion of witnesses.

This bill provides a penalty for making the testimony of any person unavailable in any court or before any jury by writing or using any other means of coercion or intimidation. The bill is pending before the Senate Committee on the Judiciary.

S. 3070. A bill making it a felony to willfully fail to appear after having been admitted to bail.

This bill makes it a felony for any person who has been admitted to bail in connection with a charge of an offense punishable by death or imprisonment for a term exceeding 1 year to willfully fail to appear. The bill is pending before the Senate Committee on the Judiciary.

S. 3071. A bill to prevent the promotion of frauds through interstate communication.

This bill provides fine or imprisonment for any person who shall communicate or attempt to communicate any message by any method whatsoever for the purpose of promoting fraud. It is pending before the Senate Committee on the Judiciary.

S. 3073 and 3074. Bills to amend sections 1015 and 1016 of the Revised Statutes.

These bills make it mandatory on the judge or other persons authorized to take bail to inquire into the source of money or security offered for such bail, and if it shall appear that any money or security so offered shall be the proceeds of certain crimes of violence to refuse to grant such bail. They are pending before the Senate Committee on the Judiciary.

S. 3075. A bill to permit the appointment of special agents of the Division of Investigation as State officers. Report No. 1123.

This legislation is intended to increase Federal jurisdiction within the several States by the appointment of special agents in the Division of Investigation on the nomination of the Governors of the several States. Such special agents so named to also possess the police power of the State from which they are nominated on the employment of the Attorney General. These particular special agents would have jurisdiction both Federal and State. The unsuccessful attempts to secure the arrest of Dillinger is evidence of the desirability of such legislation. It passed the Senate on June 13, 1934; now pending before the House Judiciary Committee.

S. 3076. A bill to prohibit the transportation in interstate or foreign commerce and carriage through the mails of certain gambling devices, and for other purposes.

This bill is intended to make it unlawful to transport within the limits of the jurisdiction of the United States certain gambling devices, including slot machines. The committee in its investigation obtained a catalog of 80 pages known as the "Secret Blue Book." Every device offered for sale in this catalog is controlled in some mechanical or electrical way giving the innocent victim no chance whatever and making gambling a sure thing for the professional gambler. This piece of legislation should be enacted. The bill is pending before the Senate Committee on Interstate Commerce.

S. 3476. A bill to prohibit the making, passing, or negotiation of spurious checks or other financial paper purporting to be payable by institutions in other States.

This bill is aimed at the transportation and negotiation of spurious paper in interstate and foreign commerce. Spurious paper is drawn on both real and fictitious banks. It is usually negotiated in a widely separated locality from the place in which it is drawn. The unfortunate thing in this type of fraud is the fact that the banks are not the losers but the innocent merchant who receives and cashes the spurious paper is the victim when the same is presented to his bank in the nature of a deposit. The bill is pending before the Senate Committee on the Judiciary.

S. 3556. A bill prohibiting the transportation in interstate or foreign commerce of plates, dies, forms, or tools intended to be used in the reproduction of any security or financial paper.

This bill is designed to stop the transportation in interstate or foreign commerce of plates, dies, forms, or tools intended to be used in the making of counterfeit securities or financial paper. The hearings of this committee indicated that professionals engaged in the transportation of spurious money, stocks, and securities carry with them plates or dies which are of small bulk and readily transported. Printing presses are available now in almost any community, and it is frequently more convenient and advisable to transport the means of producing counterfeits rather than to transport a large bulk of counterfeit paper. The methods of reproduction and engraving adopted by the modern counterfeiter have followed the development of the legitimate printer's art. It is believed that this legislation is meritorious and should be passed. The bill is pending before the Senate Committee on the Judiciary.

S. 3623. A bill authorizing the introduction in evidence in criminal cases of testimony taken at a preliminary hearing, and for other purposes.

In many criminal cases when brought to trial the testimony of important witnesses is not available owing to the fact that the witnesses are dead, have become intimidated, or are kept away from the trial by the willful acts of the accused. This bill is believed to be a substantial reinstatement of the common law and it is believed that as such it will be held not to contravene the Constitution. It is the common practice of gangsters who are indicted and held for trial to kill or intimidate witnesses intended to be used by the prosecution. If this legislation is enacted it will have a far-reaching effect in criminal trials, particularly where the accused is tried for crimes of violence. It is believed that this legislation should be passed. The bill is pending before the Senate Committee on the Judiciary.

S. 3680. A bill to provide for the taxation of manufacturers, importers, and dealers in small firearms and machine guns, to tax the sale or other disposal of such weapons, and to restrict importation and regulate interstate transportation thereof.

The purposes of this legislation are as indicated in the short title. It is pending before the Senate Committee on Commerce.

To the same end, a new and revised firearms bill was introduced today. It is known as "S. 3795."

One of the achievements of this committee, I think, is what we have accomplished in the study of juvenile delinquency. Anyhow, we are convinced that this is America's most pressing social problem.

Extensive hearings were held, and educators, social workers, penologists, and police officials contributed richly to the symposium. At the proper time the committee will describe the individual activities of various persons who have contributed to our efforts.

As a result of our work the Congress has written into the District of Columbia appropriation bill provisions for character education in the schools in Washington. Plans for that activity are being formulated, and we hope that out of this experiment will be found another means of guarding against juvenile delinquency and adult crime. We expect to make another report covering this particular subject.

It is the feeling of the committee that our hearings are well worth study. We call particular attention to the digest of the hearings, which has been widely distributed because of the calls made for it.

Needless to say, our work is far from complete. We have other measures under contemplation, and the program of legislation which we have already proposed has not yet been enacted into law. It is our expectation that our hearings will continue at the beginning of the next session. Further efforts will be made to deal with crimes of violence, kidnaping, racketeering, so far as they may be reached through legal procedure.

G.A.R. ENCAMPMENT, ROCHESTER, N.Y.

Mr. REYNOLDS. Mr. President, I wish to enter a motion to reconsider the vote by which the bill (H.R. 9145) to authorize the attendance of the Marine Band at the National Encampment of the Grand Army of the Republic to be held at Rochester, N.Y., August 14, 15, and 16, 1934, and at the National Convention of the Disabled American Veterans of the World War, to be held at Colorado Springs, Colo., during the first week in July, was passed yesterday during my absence from the city. It relates to an appropriation of $3,700 for the expenses of the Marine Band to go to Rochester, N.Y., to the annual convention of the Union soldiers.

I wish, with reference to that particular matter, to attach an amendment authorizing a like appropriation of $3,700 to pay the expenses of the Marine Band from Washington to my home city of Asheville, N.C., for the purpose of attending the annual convention of the Thirtieth Division, an overseas outfit composed of men from my State of North Carolina and her sister States of South Carolina and Tennessee.

I might add in that connection that Asheville is located almost in the heart of the Great Smoky Mountain National Park which will soon be opened generally to the public. For various and sundry reasons the people of North Carolina are particularly interested in having with them on that occasion the Marine Band.

Mr. NORRIS. Mr. President, the Senator does not intend to seek action on the motion now, does he?

Mr. REYNOLDS. No; I should like merely an opportunity to enter the motion.

The VICE PRESIDENT. The Chair will suggest to the Senator from North Carolina, in view of the situation, that he ask as in legislative session that he may enter the motion to reconsider the vote by which the bill was passed, and then call up the motion at some future time.

Mr. REYNOLDS. Very well; I submit that request.

The VICE PRESIDENT. Is there objection to the request of the Senator from North Carolina, as in legislative session, that he may enter a motion to reconsider the vote by which House bill 9145 was passed? The Chair hears none, and the motion is entered.

ECONOMIC CONDITIONS—ADDRESS BY BAINBRIDGE COLBY

Mr. BYRD. Mr. President, I ask unanimous consent to have printed in the RECORD an address on economic conditions delivered by the Honorable Bainbridge Colby, former Secretary of State, before the Economic Club in New York City on May 24, 1934.

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

It is not surprising that Mr. Mills should see in much of current legislation and administration a retrogressive tendency, a reverting to the past, even the remote past, and to viewpoints long regarded as definitely left behind in the evolution of the race.

There is a very respectable body of philosophical thinking which does not regard the inherent tendency of life as upward and onward—in other words, as progressive.

On the contrary, this school of thought holds that the proclivity of the race toward deterioration is constant, and that the

most important responsibility of the progressive forces in society is to arrest and halt the ever active tendencies to deterioration.

This is not a sanguine philosophy, and yet it justifies those who insist upon a careful scrutiny of radical proposals before their adoption, lest it be found that in our enthusiasm for change we have sacrificed more than we have won, and the net result is loss of ground.

The first effort of progress must therefore be to retain the progress already made. The fruits of hard-won victories in the past are not lightly to be relinquished. The points of departure for new social advances should be the front of the line and not the back areas of the human struggle from which it has taken us years to emerge.

Mr. Mills has given what may prove a very profitable direction to our thought. It has often happened in the past that attempts to introduce new benefits are seen on closer inspection to be attempts to resuscitate past evils. If the new deal is to any, or to a considerable extent, an old mistake, it behooves us all to know it. In the field of government, and in dealing with the great forces that make up the Nation's life, we cannot afford to go it blind. The determination as to whether we are going forward or back, it seems to me, lies at the very threshold of all other decisions. Ardor, no matter how impatient, must pause while that decision is being made. So important a fork in the road requires that the signposts be carefully scanned.

The "great issues of the contemporary world", as we hear the problems of the hour described, are probably neither so great nor so unexampled as, for instance, Mr. Tugwell and Mr. Richberg think them.

The talk of revolution, and even the use of the word, seems confined to the members of the "brain trust", who flash it upon us as the dread and solitary alternative to their unpalatable designs upon our liberties. They remind me of a well-known author who strove to crowd his novels with excitement. A critic observed that, as you turned his pages, "the suspense of the author was almost unbearable."

With the exception of the rostrum in Union Square, where there is no closed season for Communists and other advocates of violence and class upheaval, the talk of revolution seems to extend no further than the intimate intellectual circle which has gained the attention—to what genuine extent, I cannot say—of the President.

The great mass of Americans have little interest and less patience for such talk. They know they are passing through a storm. They are confident they can weather it. It might be much worse. Their faith remains unshaken in the saving grace ultimately of industry, integrity, and prudence—in other words, sobriety and common sense—to effect an adjustment of their lives to the march of social and industrial evolution.

There is a feeling, ready to be called forth, against any attempt of the law to control individuals in things in which they have not been accustomed to be controlled. Nevertheless, the tendency of all the changes taking place in the world is to strengthen society and diminish the power of the individual.

Between these two tendencies, the struggle is not new. It is going on now—before our eyes. The question is in what spirit we shall survey it and at what point make a stand for individual freedom against intolerable encroachment, whatever guise the latter wears and from whatever quarter it proceeds.

In the first place we must be fair. The times are too serious for criticism vitiated by partisanship, conscious distortion of fact, or exaggeration, whether of claims on behalf of the new measures or apprehended consequences.

We should not allow ourselves to forget that when Mr. Roosevelt took office, the country was weighed down by the cumulative effects of many policies and practices now seen to have been tragically mistaken.

Our strength had been wasted and consumed by extravagance in every field of expenditure, improvident foreign loans of vast amount, riotous speculation, reckless borrowing by States, municipalities, and even counties and townships. An insane belief prevailed that social and industrial anarchy could continue indefinitely, and that stimulants were as nourishing as food.

These vanities of thought and conduct were bound to come home to roost. Our troubles of a year ago were due to the fact that they came home to roost all at once. The country was as near prostration as it could come and still avoid collapse when Mr. Roosevelt brought his fresh energy and his inspiriting self-confidence to the work of rescue.

He has done many things that had to be done and were difficult to do. That he has justifiably resorted to experimentation in many fields where solutions were not at hand nor their nature clearly discerned is the opinion held by most thoughtful Americans.

Action was imperatively required. The adverse currents in the Nation's life had to be arrested and reversed, however hazardous the expedients resorted to. Not all could succeed—that some must fail was clearly perceived. The venture was demanded by the country's plight. The dangers of incaution were far less than the dangers of inaction.

Despite the pressure and urgency of his task, the President has steadfastly and conscientiously recognized the fact that practical supremacy under our Constitution resides in the representatives of the people. This truth he has never lost sight of, although it is an open question what actual function, what precise part in the machinery of government shall be directly performed by the representative body.

Great variations in this respect are compatible with the essence of representative government, provided the functions are such as secure the representative body in the control of everything in the last resort.

And we must not forget that there is a radical distinction between controlling the business of government and actually doing it. The same body may be able to control everything but cannot possibly do everything; and in many cases its control over everything will be more perfect the less it personally attempts to do.

Instead of the function of governing, for which it is radically unfitted, the proper office of a representative assembly is to watch and control the government; to throw the light of publicity on its acts; to compel the full exposition and justification of all of them which anyone considers questionable; to censure them if found deserving of censure; and if the men who compose the government abuse their trust or treat it in a manner which conflicts with the deliberate sense of the nation, to expel them from office.

"This", says John Stuart Mill, from whom I am quoting, "is surely ample power and security enough for the liberty of the nation."

Truly the cry of usurpation cannot be raised against a President so conscious of the source from which governmental power springs, and so observant of the constitutional channels of its flow.

The present administration has now held office for nearly a third of its elected term. If it is too early to pass judgment it is not too soon to indulge in opinion, and opinion is not necessarily hostile because it is discriminating.

Criticism is one of truth's implements. It need not be constructive only, to be valuable and patriotic—much that we hear to the contrary notwithstanding.

"Negative logic" is the phrase used by John Stuart Mill in describing criticism which points out weaknesses in theory, or errors in practice, without establishing positive truths. He remarked the fashion of all times to disparage such criticism but added that, as a means of attaining any positive knowledge or conviction worthy of the name, it could not be appraised too highly. Until people are systematically trained to it, said he, there will be a low general average of intellect.

From day to day we are told that the regimentation of American life is steadily proceeding. We are sternly admonished that "America must choose"—choose between our inherited and deeply ingrained faith in freedom and individual liberty, endeared to us by time and the triumphs we have won under their banners, and this un-American alternative called "regimentation", or as it is sometimes described, "planned direction" of all our actions to which the new control can be applied.

As a Democrat, I propose to take the time necessary to get my bearings. Belonging to a party which, throughout our history, has jealously resisted every undue extension of governmental function at the expense of the individual's liberty, I feel entitled to ascertain what has happened to my party, that its present leaders should be so intent upon crushing every sentiment and garroting every principle, regarded heretofore as characterizing the Democratic Party.

I recall a remark President Wilson made to me one day during the height of the war. Said he:

"I have come to conclusion that one of the chief duties resting upon the President of the United States is to keep his shirt on."

Here is an admonition to be put alongside the somewhat tempestuous warning that "America must choose."

The years teach much which the days never know.

We are not unaccustomed to interventions by the State in the business and relationships of the individual. With the progress of society and the growing complexity and interdependence of all relationships, there has been not only in this country but in all civilized countries, an increasing disposition to look to the State for needed initiative and protective intervention which society could not otherwise provide.

There has always been a willingness on the part of our countrymen to tolerate strong leadership on the part of the Executive. It goes beyond tolerance. It is, in fact, an expectation of the people that the President shall indicate the way to be traveled, particularly in times of difficulty or crisis, to which the slower pace of customary or established procedure is unsuited.

But there is a very definite condition or implication attached to this tolerance, and it is this: That the mold of our constitutional government shall not be broken and that whatever of innovation is attempted shall be conformable to the spirit of America and to the principles upon which the Nation has been builded. Furthermore, the right of the State to intervene in any situation presupposes that it can do so with sufficient equipment of impartiality and knowledge, which is supported and validated by experience.

When a man, for instance, who stands high in the President's confidence, holding an important official position in the administration, and frequently put forward as its spokesman, is disclosed as referring to our popular morality as having its roots in a past age; to our religion as clinging to outworn ethics and being irrelevant for the present; to our public-school education as dominated by the two, both thoroughly outmoded; and when, with such opinions to start with, this official voice speaks of the present trends as destined to completely remake American economic life, the reaction in the mind of the average American is, How do you get that way?

It is clear that an administration harboring such thinking will have to meet America at the cross-roads and sustain a vast amount

of criticism which by no stretch of the imagination could be called constructive.

In fact, the hope of the country, its fate and ultimate happiness, may depend on the capacity of the present generation of Americans for bold and searching criticism. By that I do not mean the expression of mere dislike for the innovations we are called to unhesitatingly accept, nor mere denunciation of the alien and un-American philosophy which we are disturbed to find coiled and hidden under the astute phrasing of the new laws.

I mean criticism which will pluck off masks, face unpleasant facts and uncover them, reach down to the vitals of covert design and unavowed purpose, and exhibit to the people in clear outline and intelligible terms the changes sought to be impressed upon their Government.

Consider for a moment what has taken place in a little over a twelvemonth.

The Federal Government has been empowered to control the production and distribution of all agricultural products.

To control the production and distribution of substantially all other articles moving in commerce.

To regulate the business of banking to the exclusion of the States.

To regulate and control the issuance, distribution, and sale of all securities.

To fix the civil rights and liabilities of persons engaged in the sale of all articles moving in interstate commerce or whose sale is solicited by means of interstate communication or through the mails.

At a single session of Congress there has been passed a body of laws which in effect transfers to the Federal Government the entire police power of the States.

A vast bureaucracy has been called into being and fastened upon us without our realizing it, much less authorizing it. We are startled to find ourselves subject to bureaucratic rule down to the smallest and most intimate activities that enter into our daily lives.

It makes a Democrat thoughtful to behold such a transformation of the United States of America. Almost overnight it has been brought to pass. But our people, emerging at last from a season of bewilderment and passivity, begin to see the shadow cast upon their liberties by the new measures, the new agencies of government, and the new social and political theories, which have suddenly attained so luxuriant a growth.

Gradually it has dawned upon the country, and it is now quite plain, that recovery was only partially the aim of the administration. A great part of its interest has been in radical institutional overturn and the new modeling of the State.

It has moved toward its objectives at times, I regret to say, with a certain indirection, avoiding admission of its designs until it was found convenient to lay aside concealment.

Thus measures, which were to meet an emergency, we are now told are to be permanent.

Other measures, which were to promote recovery, but have had quite the opposite result, are now justified as reforms, regardless of their consequences.

The guaranties of the Constitution are dismissed lightly, as if they were irrelevances in the present-day life of America. The basic principles of the Constitution, we are told, must be somehow got around. A little jugglery of phrase by an agile bill draftsman will suffice, or so it is thought by the new school of statesmanship—the adolescent school, I might call it, or perhaps, the intuitive.

But will it suffice? This is a question the determination of which is drawing near.

In our long history there have been recurring periods when our institutions have seemed to be in peril. More than once in our history, dangers comparable to those which seem now to threaten have hovered close about us. There have been periods of great anxiety for the Constitution, periods when the people have been apprehensive as to what the courts might do.

But if one will review the history of past crises, it will be seen how splendidly the Constitution has met each one, and how faithfully our highest court has discharged its duty as the Constitution's guardian, as well as its interpreter.

There seems to be in each successive generation of Americans an attachment and loyalty to the Constitution, which the restless innovator and the mad-cap theorist are prone to underestimate. This loyalty is neither noisy nor assertive. It mobilizes quietly but ponderously. Nothing has yet been able to withstand it. It has always prevailed. It will again.

While it cannot be denied that we are seemingly embarked on perilous courses, there are nevertheless reassuring elements in the situation. These should not be forgotten.

It should not be forgotten that we are swimming with a lifeline around our waist. It is designed for just such moments in the Nation's life when temporary pressures make the trial of untested expedients peculiarly tempting.

The Constitution still lives, and we are a constitutional democracy.

The President is sworn to uphold it. The courts are sworn to apply it. It is the inviolable sanctuary of our liberty—the ark of our freedom.

Storms have beat upon it. It has survived them all. Armed rebellion could not prevail over it. Treason has not been able to overthrow it. It has bound the States together against division and dispersal. It has, time and again, turned defiance into obedience, and mockery into veneration.

It is the most American thing about America. Darkness shall not envelop it. The sons of evil shall not stand against it.

There is another ground for assurance in these unsettled times. It should not be lost sight of. You may have noted that the President, very wisely it seems to me, has avoided personal commitment on any matter of theory or apparent constitutional departure. It will therefore not be difficult for him, as the inevitable failure of some of the experiments of his administration are revealed, to abandon them. He is morally free to pass judgment on the extent to which any experiment or innovation, which has been attempted, is incompatible with the habits of thought, the racial instincts, and the governmental traditions of the American people.

In addition, we may gratefully bear in mind that in all the confusion of cults and the babel of theory that have come out of the college classrooms, amidst the endless debate as to the relative merits of regimentation and free collectivism, planned economy and compensatory economy, we have preserved unimpaired the right of free speech, the right of a free press, and the complete freedom of amendment, recission, and repeal in our representative body.

In other words, we have preserved intact the entire machinery for the correction of our errors. It has been well said that the source of everything respectable in man, either as an intellectual or as a moral being, is that he is capable of rectifying his mistakes by discussion and experience. Wrong opinions and practices have always yielded to fact and argument.

So long as this power of self-correction is at our command, we may err and stray from the true spirit of our institutions, but we have not lost the way back nor the means of reaching home again.

FOREIGN TRADE—LETTER FROM GEORGE N. PEEK

Mr. PITTMAN. Mr. President, I have in my possession a letter to the President, on foreign trade, written by Mr. George N. Peek, special adviser to the President on foreign trade. It is a very valuable document dealing with the commercial and financial trend in this country from 1896 to 1933. I think it should be made available to every Member of Congress, and others. Therefore, I ask unanimous consent that it be published in the RECORD as a part of my remarks.

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

LETTER FROM GEORGE N. PEEK, SPECIAL ADVISER TO THE PRESIDENT ON FOREIGN TRADE

OFFICE OF THE SPECIAL ADVISER TO THE PRESIDENT ON FOREIGN TRADE,
Washington, May 23, 1934.

The PRESIDENT,
The White House.

DEAR MR. PRESIDENT: Pursuant to our conversations, I have caused certain studies to be made with respect to foreign-trade problems. In the course of these studies we have set up a tentative international balance sheet to see what the present situation is with respect to our foreign business and to attempt to ascertain from the records some reasons for the prevailing conditions.

The figures in the attached exhibits show that the trend in our international trade has been cumulatively disadvantageous to us. In our international commercial relations we have not utilized the simple device of a balance sheet to discover whether we have been doing business at a profit or at a loss. As you have stated a number of times, our exports and our imports of goods and services must balance. During the periods covered by the figures these exports and imports have been grossly out of balance; nevertheless, we have pointed with pride to our "favorable balance of trade."

We have no adequate national bookkeeping system for our foreign financial relations. The statistical bases for the balance of payments estimates since 1922 are the figures published annually by the Department of Commerce. For earlier years extensive use was made of the studies by the Harvard University Committee of Economic Research which compiled estimates for a number of years, ending with 1921. The basic data are unsatisfactory in some respects and in some instances represent estimates, but they serve to indicate the necessity for developing exact balance sheets between this country and each of the countries with which we are now dealing, or with which we propose to deal.

From these data we have assembled the figures covering the years from 1896 to 1933, inclusive, in order to show the commercial and financial trends of this country with the rest of the world. Thus assembled, they indicate that in this 38-year period—

we sold to the world goods in the amount of	$121,250,000,000
we bought from the world goods in the amount of	84,604,000,000
thereby placing the world in debt to us for goods in the amount of	36,646,000,000

Thus, the value of our imports of goods is, on the face of these figures, less than 70 percent of our exports.

As against this export excess we must in fairness deduct the amounts which our tourists spent abroad, and which our immigrants, charitable organizations, and others sent abroad		$19,429,000,000
leaving an apparently favorable balance of		17,217,000,000
Services rendered by us to the world such as shipping and freight services, together with interest and dividend payments on our foreign investments, interest and principal payments on war debts, miscellaneous and other items, placed the world in debt to us for an additional		$26,461,000,000
making a total owed to us of		43,678,000,000
Services rendered to us by the world such as shipping and freight services, together with our interest and dividend payments on foreigners' investments in the United States, miscellaneous and other items, in the amount of	$18,938,000,000	
together with net gold imports of	2,095,000,000	
reduced the world debt to us by		21,033,000,000
resulting in a net increase during the 38-year period in the debt owing to us amounted to		22,645,000,000

This increase in debt is represented by foreign securities and other investments in foreign countries bought by United States citizens, net $14,398,000,000, and war loans advanced by the United States Government, $10,304,000,000, making a total of $24,702,000,000. From these figures must be deducted United States securities and other investments made by foreigners in the United States, net $2,057,000,000, resulting in the above net increase in debt of $22,645,000,000. Our national assets will be diminished by the amount of this debt which is not paid. (These figures represent net capital movement and should be added to the estimated $2,500,000,000 which foreigners had invested in the United States in 1896, and the estimated $500,000,000 which we had invested in foreign countries in that year, to reflect the approximate present position.)

For the purpose of better comparison and in order that the account for the war period may be set off by itself because of its special features, the accounts have been set up for four separate periods within the total period of 38 years covered by these studies. The first period is from 1896 to 1914, during which a relatively satisfactory state of commercial intercourse existed throughout the world; the second from 1915 to 1922, in which our trade with the world was distorted by the World War; the third from 1923 to 1929, during which the foundations for present conditions in world trade were laid; and the fourth from 1930 to 1933.

I invite your attention to certain outstanding items of each of these periods, namely:

PERIOD 1896–1914

1. The value of the goods we exported exceeded by the sum of $8,853,000,000 the goods we imported.
2. Our tourists and immigrants spent or sent abroad funds to the extent of $6,080,000,000.
3. Our own foreign investments increased from $500,000,000 at the beginning of the period to $1,500,000,000 at the end of the period.
4. At the beginning of the period foreign investments in the United States amounted to $2,500,000,000, and at the end of the period they had increased to the new high of $4,500,000,000.

PERIOD 1915–22

1. The value of the goods we exported exceeded by the sum of $21,186,000,000 the goods we imported.
2. Our tourists and immigrants spent or sent abroad funds to the extent of $3,500,000,000.
3. Our own foreign investments (private) increased by $6,779,000,000 during this period, and we acquired obligations of foreign governments (the "war debts") in the sum of $10,304,000,000.
4. At the beginning of the period foreign investments in the United States amounted to $4,500,000,000, and at the end of the period these were reduced to about $2,250,000,000.

PERIOD 1923–29

1. The value of the goods we exported exceeded by the sum of $4,976,000,000 the goods we imported.
2. Our tourists and immigrants spent or sent abroad funds to the extent of $7,021,000,000.
3. We took new foreign investments to a grand total of $7,140,000,000.
4. During the period foreign investments in the United States increased by the sum of $4,568,000,000.

PERIOD 1930–33

1. The value of the goods we exported exceeded by the sum of $1,631,000,000 the goods we imported.
2. Our tourists and immigrants spent or sent abroad funds to the extent of $2,828,000,000.
3. Our investments abroad were decreased by the net sum of $521,000,000.
4. Foreign investments in the United States were decreased by the net sum of $2,289,000,000.

I am transmitting with this letter certain summary sheets for the periods discussed and a recapitulation, in detail, for the entire period. During these preliminary studies I have become convinced that a change is necessary in our approach to foreign-trade activities and their relation to our domestic problems. We must develop complete balance sheets between this country and each of the countries with which we are now dealing or with which we propose to deal. Certain information necessary in preparing these new balance sheets is not now available to the Government—I have particular reference to capital movements. To understand the past and to prepare for the future we must get the facts.

Faithfully yours,

GEORGE N. PEEK,
Special Adviser.

Period no. 1, July 1, 1896–June 30, 1914

(This is the pre-war period (18 years))

During this period we sold to the world goods in the amount of		$31,033,000,000
and we bought from the world goods in the amount of		22,180,000,000
thereby placing the world in debt to us for goods in the amount of		8,853,000,000
As against this export excess we must deduct the amounts which our tourists spent abroad and which our immigrants, charitable organizations, and others sent abroad		6,080,000,000
leaving a balance owed to us of		2,773,000,000
Services rendered by us to the world such as shipping and freight services, together with interest and dividend payments on our foreign investments and miscellaneous and other items placed the world in debt to us for an additional		1,498,000,000
making a total owed to us of		4,271,000,000
Services rendered to us by the world such as shipping and freight services together with our interest and dividend payments on foreigners' investments in the United States and miscellaneous and other items in the amount of	$5,097,000,000	
together with net gold imports of	174,000,000	
reduced the world debt to us by		5,271,000,000
resulting in a net increase during the 18-year period in the debt owed by us amounting to		1,000,000,000
This increase in debt is represented by—		
United States securities purchased and other investments made in United States by foreigners		2,000,000,000
less foreign securities purchased and other investments made in foreign countries by United States citizens		1,000,000,000
resulting in net increase in debt owed by us of		1,000,000,000

Period no. 2, July 1, 1914–22

(This is the war period (8½ years))

During this period we sold to the world goods in the amount of		$46,952,000,000
and we bought from the world goods in the amount of		25,766,000,000
thereby placing the world in debt to us for goods in the amount of		21,186,000,000
As against this export excess we must deduct the amounts which our tourists spent abroad and which our immigrants, charitable organizations and others sent abroad		3,500,000,000
leaving a balance owed to us of		17,686,000,000
Services rendered by us to the world such as shipping and freight services together with interest and dividend payments on our foreign investments, interest, and principal payments on war debts and miscellaneous and other items placed the world in debt to us for an additional		8,532,000,000

making a total owed to us of		$26,218,000,000
Services rendered to us by the world such as shipping and freight services together with our interest and dividend payments on foreigners' investments in the United States and miscellaneous and other items in the amount of	$5,167,000,000	
together with net gold imports of	1,746,000,000	
reduced the world debt to us by		6,913,000,000
resulting in a net increase during the 8½-year period in the debt owed to us amounting to		19,305,000,000
This increase in debt is represented by—		
foreign securities purchased and other investments made in foreign countries my United States citizens, net		$6,779,000,000
United States Government loans to foreign governments (war debts)		10,304,000,000
and United States securities repurchased from foreigners, net		2,222,000,000
resulting in net increase in debt owed to us of		19,305,000,000

Period no. 3, 1923–29

(This is the post-war period (7 years))

During this period we sold to the world goods in the amount of		$33,711,000,000
and we bought from the world goods in the amount of		28,735,000,000
thereby placing the world in debt to us for goods in the amount of		4,976,000,000
As against this export excess we must deduct the amounts which our tourists spend abroad and which our immigrants, charitable organizations, and others sent abroad		7,021,000,000
leaving a balance owed by us of		2,045,000,000
Services rendered by us to the world, such as shipping and freight services, together with interest and dividend payments on our foreign investments, interest, and principal payments on war debts, and miscellaneous and other items placed the world in debt to us for an additional		10,667,000,000
making a balance owed to us of		8,622,000,000
Services rendered to us by the world, such as shipping and freight services together with our interest and dividend payments on foreigners' investments in the United States and miscellaneous and other items in the amount of	$5,875,000,000	
together with net gold imports of	175,000,000	
reduced the world debt to us by		6,050,000,000
resulting in a net increase during the 7-year period in the debt owed to us amounting to		2,572,000,000
This increase in debt is represented by—		
foreign securities purchased and other investments made in foreign countries by United States citizens, net		7,140,000,000
less United States securities purchased and other investments made in the United States by foreigners, net		4,568,000,000
resulting in net increase in debt owed to us		2,572,000,000

Period no. 4, 1930–33

(This is the deflation period (4 years))

During this period we sold to the world goods in the amount of		$9,554,000,000
and we bought from the world goods in the amount of		7,923,000,000
thereby placing the world in debt to us for goods in the amount of		1,631,000,000
As against this export excess we must deduct the amounts which our tourists spent abroad and which our immigrants, charitable organizations and others sent abroad		2,828,000,000
leaving a balance owed by us of		1,197,000,000
Services rendered by us to the world such as shipping and freight services, together with interest and dividend payments on our foreign investments, interest and principal payments on war debts and miscellaneous and other items placed the world in debt to us for an additional		5,764,000,000
making a balance owed to us of		4,567,000,000
Services rendered to us by the world such as shipping and freight services, together with our interest and dividend payments on foreigners' investments in the United States and miscellaneous and other items reduced the world debt to us by		$2,799,000,000
resulting in a net increase during the 4-year period in the debt owed to us amounting to		1,768,000,000
This increase in debt is offset by—		
decrease in United States securities and other investments in the United States held by foreigners, net		2,289,000,000
less decrease in foreign securities and other investments in foreign countries owned by United States citizens, net		521,000,000
resulting in net offset of debt owed to us of		1,768,000,000

Recapitulation

INTERNATIONAL TRADE BALANCE BTWEEN THE UNITED STATES AND THE WORLD, 38 YEARS, 1896–1933, INCLUSIVE

[Figures in millions of dollars]

	July 1, 1896–June 30, 1914	July 1, 1914–22	1923–29	1930–33	Total
UNITED STATES BILL OF ITEMS TO WORLD					
1. Merchandise exports	31,033	46,952	33,711	9,554	121,250
2. Shipping and freight charges received	86	1,793	836	389	3,104
3. Interest and dividends received on United States private capital invested in foreign countries	760	1,470	4,770	2,440	9,440
4. Foreign tourists' expenditures in the United States			941	409	1,350
5. Immigrants' remittances and charity received in the United States			269	52	321
6. Foreign government expenditures in the United States			216	143	359
7. Miscellaneous items	409	537	2,193	1,043	4,182
8. Unestimated items, errors, omissions, etc. (net)	243	3,766		696	4,705
9. United States currency exported (net)		166			166
10. Gold exported (net)				119	119
11. Interest and principal received by United States Government on loans to foreign governments (war debts)		800	1,442	473	2,715
PRIVATE CAPITAL ITEMS					
12. Net increase or decrease in foreigners' long-term investments in the United States	2,000	[1] 2,422	2,131	261	1,970
13. Net increase or decrease in foreigners' short-term investments in the United States		200	2,437	[1] 2,550	87
	34,531	53,262	48,946	13,029	149,768
WORLD BILL OF ITEMS TO UNITED STATES					
1. Merchandise imports	22,180	25,766	28,735	7,923	84,604
2. Shipping and freight charges paid	727	1,966	1,117	617	4,427
3. Interest and dividends paid on foreign private capital invested in the United States	3,800	965	1,787	557	7,109
4. United States tourists' expenditures in foreign countries	3,230	700	4,617	2,062	10,609
5. Immigrants' remittances and charity paid to foreigners	2,850	2,800	2,404	766	8,820
6. United States Government expenditures in foreign countries		2,225	466	444	3,135
7. Miscellaneous items	570	11	2,152	1,021	3,754
8. Unestimated items, errors, omissions, etc. (net)			143		143
9. United States currency imported (net)			210	160	370
10. Gold imported (net)	174	1,746	175		2,095
11. United States Government loans to foreign governments (war debts)		10,304			[2] 10,304
PRIVATE CAPITAL ITEMS					
12. Net increase or decrease in United States long-term investments in foreign countries	1,000	6,509	5,843	14	13,366
13. Net increase or decrease in United States short-term investments in foreign countries		270	1,297	[1] 535	1,032
	34,531	53,262	48,946	13,029	149,768

[1] Decrease.
[2] Accrued interest at time of refunding is not included in this amount.

TARIFF ON COPPER

Mr. ASHURST. Mr. President, through the courtesy of the junior Senator from Utah [Mr. THOMAS] there has come to me a copy of an article entitled "Copper's Inadequate Tariff", written by Col. Charles H. Rutherford, a distinguished citizen of Arizona. The article appeared in the

March issue of Plain Talk Magazine. I ask permission that it may be printed in the RECORD.

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

[From Plain Talk Magazine, March 1934]

COPPER'S INADEQUATE TARIFF

By Col. Charles H. Rutherford

American copper mines and copper workers are facing a crisis, and a serious one at that. At the present time they are practically all closed down. But unlike nearly all other closed-down industries they do not look toward industrial recovery with optimism.

For the recovery of business in the United States to a more normal level will not open these closed copper mines and smelting plants as it wil most of the other stagnant businesses in the United States. Only a higher tariff on copper, which will enable American-produced metal to compete with the pauper-produced product of foreign countries, will save them.

Most of the competition the American copper mines are up against comes from—

(1) Africa, where slave and semislave labor is used.

(2) Canada, where copper is a by-product mined with nickel, aluminum, gold, and silver.

(3) Chile and Mexico, where labor is also very cheap.

The President of the United States has the authority under a recently passed enactment to put an embargo on copper; that is, stop its importation altogether.

The executives of the Arizona copper mining, in common with those of the copper-mining industry of the 13 other copper-producing States of the Union, hope that the President will establish this embargo. The very life of the American copper mines depends upon the actual embargo, or upon a tariff high enough to prevent the importation of all foreign copper.

The powerful American groups oppose this embargo, or the proposed tariff high enough to accomplish the same result. One of these groups is that back of the American fabricating plants. The other is that owning and operating copper mines in foreign countries, while at the same time operating copper mines in this country.

The owners of the fabricating plants are opposed to an embargo or a higher tariff because the products they manufacture are already covered by a high tariff. Therefore, the fabricators wish to buy their raw copper in the cheapest markets and maximize their profits.

American owners of foreign copper mines oppose an embargo or a higher tariff because this country consumes more copper products than any other nation and is therefore by far their best copper market.

And what makes the position of those domestic owners of foreign copper mines still more untenable is the fact that while they also control copper mines in the United States, their principal efforts are to sell their cheap foreign-mined copper in this country. To do that they manipulate affairs to produce a minimum of copper from American mines, because they make a greater profit out of copper produced from their foreign holdings.

The chief organized opposition to a tariff or embargo on foreign copper comes from the American Metal Co., of 61 Broadway, New York. This is a combination of the American Metal Co., of New Mexico, the American Zinc & Chemical Co., the Blackwell Zinc Co., the American Metal Co., of Canada., and the Compania Minera de Penoles. The latter subsidiary is a Mexican concern, and owns thousands of acres in the sub Rio Grande Republic with smelters at Porreon and Monterery.

Officers are Ludwig Vogelstein, chairman; Otto Sussman, president; H. K. Hochschild, vice president and secretary; Heath Steel, B. N. Zimmer, vice presidents; W. H. Brady, treasurer; E. H. Hothorn, assistant secretary; Norman Hickman, assistant treasurer; Walter Hochschild, assistant to chairman; John MacLetchie, auditor.

The present tariff on copper of 4 cents a pound is but a drop in the bucket compared with the differential in the cost of production between slave or pauper labor and labor which maintains the American standard of living.

As an evidence of the effect on the American copper industry of this condition, it is estimated by copper men that only 18 percent of the amount of copper which was produced in 1928 is being produced in 1934.

The extent to which the American copper industry has been hit is shown by production figures in the United States Statistical Abstract for 1929. In 1928 Arizona produced 735,632,000 pounds of copper, Utah 298,375,000, and Montana 251,046,000. The smaller copper-producing States of Michigan, Nevada, New Mexico, Tennessee, Colorado, Idaho, and Washington produced between them 461,382,000 pounds.

The N.R.A. program now being carried out in this country by the present administration has for its avowed purpose two main objectives: (1) To increase wages, (2) to increase prices so that increased wages may be paid.

As the leaders of the present administration delve deeper into the N.R.A. problem, the more apparent it becomes to them that tariffs cannot be lowered at the same time this N.R.A. program is being successfully carried out. And do not forget that President Roosevelt has the authority to increase tariffs 50 percent or he may declare an embargo on the importation of any foreign product that enters into competition with a home product.

Thus it is entirely possible for the President to stop the importation of copper after recommendations have been made by governmental agencies, regardless of whether Congress raises the tariff on copper or not. In this connection it may be noted that after recommendations have been made by the United States Tariff Commission, the tariff has been raised on tuna fish and sardines, not to speak of bobwhite quail.

If a tariff increase on tuna fish and sardines, a small industry, is worthy of the attention of the Tariff Commission, it would not stretch the imagination of any of its members to comprehend that the raising of the tariff on copper, one of the major industries of the country, would do many times more good. In fact, it would put back to work more than half a million employees of the copper industry and save the American copper market.

Those opposed to a higher copper tariff or an embargo are constantly drawing this herring across the path of facts to deceive the citizens of this country: Very often some pseudoauthority in the copper industry—always someone representing the owners of foreign copper mines or fabricating plants in the United States—rises up and proclaims that all the copper now being imported into this country is brought here in bond for the sole purpose of being refined in our excellent refineries, and that after it is refined it will be exported.

That is not the truth. The facts are that this foreign copper is brought here in bond, and so also are all the other imported products on which this country levies a tariff. It is also true that this imported copper, after it is refined, may be stored in a bonded warehouse, just the same as any other imported product on which there is a tariff.

And it is also true that whenever the importers or owners of this stored copper pay the present small duty of 4 cents a pound on this copper stored in our bonded warehouses, then that copper may be taken out of such warehouse and sold on our market, just as any other duty-laden imported commodity may be taken out of our bonded warehouses and likewise sold on our market.

The facts are that from Canada alone the importation of copper ore and concentrates into the United States increased from 1,519 tons in March 1933 to 4,223 tons in August of this year, or nearly 300 percent. That imported Canadian copper is still in bonded warehouses in this country and may be sold on our market as fast as the 4-cent tariff on it is paid.

And remember that all the copper mined in Canada is a by-product of other more valuable metals mined at the same time from the same mines, such as nickel, aluminum, gold, and silver. And as a by-product any price it brings is just that much profit.

There is no way in which the copper mines of Arizona and those of the 13 other copper-producing States can be reopened and kept open, except by putting an embargo on all foreign-mined copper, or a higher tariff that will accomplish the same result so that no foreign copper may be imported into this country and later dumped from bonded warehouses upon our markets.

Under present conditions there will be such a large quantity of this imported copper that it can be taken out of bonded warehouses and sold in such a manner as to beat down the current market price of copper whenever that price rises somewhere near 9 cents a pound.

Yet that is what recently has been done and is being done now.

If we are to restore prosperity to Arizona, then our copper mines must resume their normal production. This will put thousands of men to work and lessen the heavy tax burden now borne by the agricultural, commercial, and other interests, as well as the small home owners.

In order to secure the early reopening of our copper mines the President should immediately declare an embargo on foreign copper in order that our people be given employment, and to revive for the Nation a great industry.

CORRESPONDENCE RELATIVE TO FOREIGN DEBTS

Mr. HARRISON. Mr. President, I ask that there may be incorporated in the RECORD the correspondence between the State Department, the French Government, and the British Government with reference to the foreign debt situation.

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

TRANSLATION OF NOTE FROM THE FRENCH AMBASSADOR, M. ANDRÉ DE LABOULAYE, TO THE SECRETARY OF STATE, MR. CORDELL HULL, JUNE 12, 1934

EMBASSY OF THE FRENCH REPUBLIC IN THE UNITED STATES,
Washington, June 12, 1934.

MR. SECRETARY: I have the honor to acknowledge the receipt of the letter which Your Excellency was pleased to address to me on May 26 transmitting a statement of the sums due by France to the United States on June 15, 1934, under the terms of the agreements of April 29, 1926, and July 6, 1931.

In compliance with instructions which I have just received, I have the honor to inform Your Excellency that as there has been no new development in regard to intergovernmental debts since the month of December 1932 the French Government is not in a position to resume on the 15th of the present month, the payments which, since December 15, 1932, it has found itself con-

strained to postpone as the result of the consequences of the moratorium of that year.

On this occasion my Government desires to reaffirm that it does not contest the validity of its debt and that it is still prepared to seek an agreement with the American Government in regard to that debt upon a basis which in existing circumstances may be acceptable to both countries.

The Government of the Republic hopes that such an agreement may be reached in the near future and it desires to reaffirm to the American Government the assurance that it will consider it a duty to neglect no opportunity which may arise to attain that result.

I take this occasion, Mr. Secretary, to renew the assurance of my highest consideration.

ANDRÉ DE LABOULAYE.

His Excellency the Honorable CORDELL HULL,
Secretary of State of the United States, Washington, D.C.

NOTE BY THE SECRETARY OF STATE, MR. CORDELL HULL, TO THE BRITISH AMBASSADOR, SIR RONALD LINDSAY, JUNE 12, 1934

DEPARTMENT OF STATE,
Washington, June 12, 1934.

His Excellency the Honorable Sir RONALD LINDSAY,
P.C., G.C.M.G., K.C.B., C.V.O.,
British Ambassador.

EXCELLENCY: The observations contained in your note of June 4, 1934, concerning the indebtedness of His Majesty's Government to the United States have been studied with close attention.

This Government is sensible of the elements of the situation set forth by His Majesty's Government, the heavy war expenditures undertaken in its own behalf and in behalf of its Allies, the burden of taxation that has been borne by the British people, and the transfer difficulties that under certain circumstances may arise in the foreign exchanges. With certain observations, however, and the inferences drawn therefrom, I regret that the American Government is unable to concur and in three instances it feels that, for the purpose of record, it should make its own attitude clear.

First, His Majesty's Government states in effect that, unless payments were made in full in the sum of $262,000,000, as set forth in the communication from the United States Treasury dated May 25, 1934, the United Kingdom would fall within the effects of the recent legislation mentioned in paragraph 7 of your note, so that the payment of this amount is regarded as the only alternative to suspension of all payment. The Attorney General has advised me that, in his opinion, the debtor governments which, under the ruling of his office of May 5, 1934, are not at present considered in default because of partial payments made on earlier installments would have to pay only the amount of the installment due June 15, 1934—for Great Britain $85,670,765.05—in order to remain outside the scope of the act.

Second, in regard to the record cited by the British Government of its loans to its allies and the fact that His Majesty's Government has given up great sums due to it under those loan contracts, this Government must emphasize the complete independence between the aforementioned transactions and the debt contracted by His Majesty's Government to this Government. The British Government undertook to borrow under its own name and on its own credit standing, and repayment was not made contingent upon the fate of debts due to the British Government.

Third, this Government notes with disappointment the declaration of His Majesty's Government that "while suspending further payments until it becomes possible to discuss an ultimate settlement of intergovernmental war debts with a reasonable prospect of agreement, they have no intention of repudiating their obligations, and will be prepared to enter upon further discussion of the subject at any time when, in the opinion of the President, such discussion would be likely to produce results of value."

In effect, this Government reads the declaration of His Majesty's Government to mean that it will fail to meet any further payments on the debt due to the United States as evidenced by the settlement of June 19, 1923, until this Government shall first scale down this debt to an unascertained sum to which His Majesty's Government might be willing to accede. This declaration appears to represent insistence by His Majesty's Government that before it makes any payment whatsoever it must be assured of a settlement satisfactory to it and not necessarily in accordance with any accepted standards of payment or readjustment of the amounts due. The only indications before this Government of the extent to which His Majesty's Government has proposed to meet its obligations are the small fractions of the sums due mentioned by His Majesty's representative in the course of the discussions in the spring and autumn of last year referred to in your note of June 4. Adhering to the opinion so often expressed by the United States Government, a situation of this kind necessarily calls for the initiation of proposals by the debtor and not by the creditor.

Should His Majesty's government wish to put forward proposals for the resumption of payments, this Government would be glad to entertain and discuss them informally. For instance, no proposal has ever been presented to this Government looking toward payments in kind to an extent that might be found mutually practicable and agreeable. Any proposals of this or a similar character which promise mutual benefit will be carefully considered for eventual submission to the American Congress.

In conclusion, may I refer to the statement made by the President in his message to the Congress on June 1: "The American people would not be disposed to place an impossible burden upon their debtors, but are, nevertheless, in a just position to ask that substantial sacrifices be made to meet these debts."

Accept, Excellency, the renewed assurances of my highest consideration.

CORDELL HULL.

TEXT OF NOTE DATED JUNE 4, 1934, FROM THE BRITISH AMBASSADOR TO THE SECRETARY OF STATE

BRITISH EMBASSY,
Washington, D.C., June 4, 1394.

SIR: In their note of December 1, 1932, His Majesty's Government gave a full statement of the reasons which convinced them that the existing system of intergovernmental war debt obligations had broken down. They pointed out the difference between these war debt obligations and normal credit operations for development purposes; they showed the economic impossibility of making transfers on the scale required by these obligations and the disastrous effect which any further attempt to do so would have on trade and prices. They emphasized the sacrifices which the British Nation had made in this matter and the injustice of the difference between their funding settlement and those accorded to other debtors. They concluded that a revision of the existing settlements was essential in the interests of world revival and they urged that further payments should be postponed pending such a revision. Nothing that has since occurred has led His Majesty's Government in the United Kingdom to change the views they then expressed.

2. That the present settlement imposes upon the people of the United Kingdom a burden which is both unreasonable in itself and inequitable in relation to the treatment accorded to other countries may be clearly seen from the following figures.

In respect of the war advances totaling $4,277,000,000, payments totaling $2,025,000,000, have been made up to date by His Majesty's Government to the United States Government. Yet despite these payments the nominal amount of the debt still outstanding as at June 15, 1934, amounts to $4,713,785,000.

Meanwhile, in respect of war advances totaling $5,773,300,000 made by the United States Government to other European governments, aggregate payments made up to date amount to only $678,500,000. Thus though the war advances to these other governments exceed by one-quarter the advances made to the United Kingdom, payments made by the United Kingdom amount to three times what the United States Government has received from those other powers.

On the other hand His Majesty's Government are creditors as well as debtors in respect of these intergovernmental obligations. While as stated above they borrowed $4,277,000,000 from the United States, they themselves made war advances to the allied governments totaling £1,600,000,000 ($7,800,000,000 at par). These loans were raised by His Majesty's Government from the people of the United Kingdom and the annual interest thereon, and eventually their capital repayment, must, in the absence of payments by debtor governments, be met out of the general taxation of their own people. In this respect the position of the United Kingdom is precisely similar to that of the United States; but whereas the United States have received very substantial payments against the domestic charges involved, His Majesty's Government have had to meet the domestic charges of their war loans to allied governments in full, as they have paid over to the United States Government all that they have received both from war debts and war reparations, and they have in addition paid nearly as much again out of their own resources.

If the United States feel the burden of their war advances of $10,050,000,000, against which they have received $2,703,000,000, how much heavier is the burden of the United Kingdom, which with one-third of the population of the United States has had to meet the full charges on its war advances of $7,800,000,000 without any net receipts against these charges and has in addition made large payments out of its own resources on account of its war debt to the United States?

None the less, convinced that any resumption of payments on the past scale could not but intensify the world crisis and might provoke financial and economic chaos, His Majesty's Government have suspended their claims on their debtors in the hope that a general revision of these intergovernmental obligations may be effected in the interest of world recovery. But it would be impossible for them to contemplate a situation in which they would be called on to honor in full their war obligations to others while continuing to suspend all demands for payment of war obligations due to them.

3. The improvement which has taken place in the budgetary situation of the United Kingdom in no way invalidates this conclusion. This improvement is due entirely to unprecedented sacrifices made by the people of this country. Since the war they have been carrying a burden of indebtedness amounting to approximately £8,000,000,000 ($40,000,000,000) or £178 ($850) per head of their population, about one-fifth of which represents war loans made to allied governments. They have balanced their budgets and even realized a surplus by the painful process of reducing expenditure and increasing taxation.

For 15 years they have been paying taxation on a scale for which it would be hard to find a parallel elsewhere. During the whole of this period the burden of taxation has been higher in the United Kingdom, and for a considerable part of the period twice as high as in the United States, including all Federal, State, and local taxation. This taxation, amounting to close on one-quarter of the national income, has aggravated the depression

over a long period, and the necessity of maintaining an army of unemployed resulting from this depression has constituted a formidable problem to the national finances ever since the war ended. Yet in order to restore the national credit in 1931, the people of the United Kingdom accepted further and heavy increases in taxation, accompanied by rigorous control of expenditure, and cuts in salaries and allowances of all kinds; and despite all these measures the budget would have again shown a deficit last year had it not been possible to secure by the conversion operation carried through in 1932 a reduction in the rate of interest paid on a large proportion of the public debt. This reduction has enabled His Majesty's Government to remit a part of the emergency sacrifices imposed in 1931 and to restore part of the cuts on salaries and the whole cut in unemployment allowances, the continuance of which was imposing a severe strain on the national conscience. It would have been a gross act of social injustice to have denied this relief to the people of this country in order to pay war debts to the United States while suspending war debt payments due to the United Kingdom.

4. But although it is desirable that the internal budgetary position of this country should not be misunderstood, it is really irrelevant to the question of intergovernmental debt, the payment of which has to be related to the balance of trade and not to the volume of internal revenue. The revenues of the United Kingdom are sterling revenues, whereas the debt payments to America have to be made in dollars or in gold. In order to secure the means to pay, therefore, any sums available in sterling would have to be transferred across the exchange. The attempt to transfer amounts of this magnitude would as its immediate effect cause a sharp depreciation of sterling against the dollar, which as His Majesty's Government understand would not be consistent with the monetary policy of the United States Government. And in the long run such international transfers would be impossible without a radical alteration in the economic policies of the United States. Payment of debts implies the willingness of the creditor to accept goods and services sufficient to cover the debts due to him over and above the goods and services required to cover his exports, and to make it possible for the United States to receive payment of their claims, it would be necessary to effect a complete reversal of the existing favorable balance of trade between their country and the rest of the world. In the case of the United Kingdom the balance of trade is heavily unfavorable, and the balance of accounts is not such that His Majesty's Government could contemplate the transfer of any substantial sum across the exchange, unless it was compensated by equivalent receipts from the foreign debts of this country. If this were done sterling would not be affected by the payments to America, but the burden would be thrown on the currencies of the European debtor countries, thereby aggravating the present crisis, which it is the object of both the United States and His Majesty's Government to alleviate.

5. Thus the question of the British war debt is only a part of the wider question of intergovernmental obligations resulting from the World War. As has already been pointed out, the United Kingdom, while it was a debtor to the United States, was itself a creditor for larger amounts from France, Italy, and other ex-Allied Powers in respect of war debts, and these in turn are cocreditors with the United Kingdom of Germany in respect of reparations. These intergovernmental debts, as stated in the British note of December 1, 1931, are radically different from commercial loans raised by foreign governments on the markets for productive purposes. War debts are neither productive nor self-liquidating, and the unnatural transfers required for their payment would involve a general collapse of normal international exchange and credit operations. The administration of the United States under President Hoover recognized this fact and initiated a moratorium on intergovernmental payments in 1931 in order to avert an immediate collapse. But the moratorium of 1931 caused another change in the situation; it made any resumption of the pre-existing reparation and war-debt settlements impossible, and the revision of reparations embodied in the Lausanne Agreement was made subject to conclusion of a subsequent agreement for a revision of war debts.

6. It was with these facts in mind that His Majesty's Government approached the United States Government in December 1932, and the United States Government in their note of December 7 welcomed their suggestion for a close examination between the two countries of the whole subject. After this exchange of notes His Majesty's Government paid the installment due on December 15, 1932, in gold, explaining that this payment was not to be regarded as a resumption of the annual payments contemplated by the existing agreement, and that it was made because there had not been time for discussion with regard to that agreement to take place, and because the United States Government had stated that in their opinion such a payment would greatly increase the prospects of a satisfactory approach to the whole problem.

In accordance with the arrangement then made, discussions took place first in the spring and later in the autumn of last year between representatives of the two countries, and His Majesty's Government appreciates the sympathetic manner in which their representatives were listened to. But on both occasions it was found impossible to arrive at a settlement acceptable to the two Governments in face of the unprecedented state of world economic and financial conditions. Accordingly the discussions were adjourned, and on June 15 and December 15, 1933, His Majesty's Government made token payments in acknowledgment of the debt and the President expressed the personal view that he would not regard His Majesty's Government as in default.

7. In their note of November 6 last His Majesty's Government expressed their readiness to resume negotiations on the general question whenever, after consultation with the President, it might appear that this could usefully be done, and His Majesty's Government is glad to note that the President in his message to Congress on June 1 has again stated that each of the debtor governments concerned has full and free opportunity to discuss this problem with the Government of the United States. But unfortunately recent events have shown that discussions on the whole question with a view to a final settlement cannot at present usefully be renewed. In these circumstances His Majesty's Government would have been quite prepared to make a further payment on June 15 in acknowledgment of the debt and without prejudice to their right again to present the case of its readjustment, on the assumption that they would again have received the President's declaration that he would not consider them in default. They understand, however, that in consequence of recent legislation no such declaration would now be possible, and, if this be the case, the procedure adopted by common agreement in 1933 is no longer practicable.

8. His Majesty's Government are in fact faced with a choice between only two alternatives, viz., to pay in full the sum of $262,000,000 as set forth in the communication from the United States Treasury, dated May 25, or to suspend all interim payments pending a final revision of the settlement, which has been delayed by events beyond the control of the two Governments. Deeply as they regret the circumstances which have forced them to take such a decision, His Majesty's Government feel that they could not assume the responsibility of adopting a course which would revive the whole system of inter-governmental war-debt payments.

As already pointed out the resumption of full payments to the United States would necessitate a corresponding demand by His Majesty's Government from their own war debtors. It would be a recreation of the conditions which existed prior to the world crisis and were in a large measure responsible for it. Such procedure would throw a bombshell into the European arena which would have financial and economic repercussions over all five continents and would postpone indefinitely the chances of world recovery.

9. Accordingly His Majesty's Government are reluctantly compelled to take the only other course open to them. But they wish to reiterate that, while suspending further payments until it becomes possible to discuss an ultimate settlement of intergovernmental war debts with a reasonable prospect of agreement, they have no intention of repudiating their obligations, and will be prepared to enter upon further discussion of the subject at any time when in the opinion of the President such discussion would be likely to produce results of value.

I have the honor to be,

With the highest consideration, sir, your most obedient, humble servant,

R. C. LINDSAY,

The Honorable CORDELL HULL,
Secretary of State of the United States, Washington, D.C.

THE SQUARE DEAL—ADDRESS BY SENATOR REED

Mr. HEBERT. Mr. President, I ask unanimous consent to have printed in the RECORD a radio address delivered by the Senator from Pennsylvania [Mr. REED] on May 14, on the subject of The Square Deal.

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

THE SQUARE DEAL

We have heard much in recent days about the old deal and much about the new deal. I want to speak to you for a few minutes about the square deal.

I have always regarded Theodore Roosevelt as one of our greatest Presidents. As a young man, he was to me something of a political idol. I was 17 years old when he organized the Rough Riders and started for the Caribbean. I was 20 when he first became President, upon the death of President McKinley. I first became active in politics in what has come to be known as the "Roosevelt era." Theodore Roosevelt, with his buoyancy, his fighting spirit, his idealism, was inevitably the idol of the young men of that day. It was natural that, along with others of my own age, I should have been influenced by the gospel which he preached, as well as by his personal example as a brave, clean citizen, a leader of men, and one who stood stanchly by the things in which he believed.

Later, as he reached the full peak of his powers, and as I in turn matured and began to take a serious interest in public affairs, my admiration of Theodore Roosevelt, the man, increased rather than diminished.

In thinking back I am sure that it was his strong sense of social justice, his habit of fighting for the under dog, which captured my enthusiasm and left me with the lasting impression that among all our Presidents, with their varied qualities of greatness, here was one who consistently fought for those things which he thought were right—for the square deal for every man. In doing so he exhibited a blend of warm human sympathy with hard-headed common sense rarely found in men who are known as reformers.

There have been other crusaders before and since; other reformers, other idealists, with a lofty vision of things as they ought to be. It was part of Theodore Roosevelt's greatness that he was able to look at things as they are, to accept humanity as he found it, and accepting the facts of human nature, do what he could to see that the strong did not trample the weak, and to introduce into politics a breath of fresh air which is sadly needed.

In thinking of politics of today, of governmental trends, of policies, and of slogans, I am beginning to believe that what the country needs is a new vision of the square deal; a new birth of practical idealism, in which ideals will be tested by sound common sense. There is much about what has come to be known as the "old deal" that I do not like. There is a great deal about the new deal which I know is wrong in principle, unsound in practice, and dangerous in the hands of inexperienced experimenters. If we can take what we know to be sound from the old deal and add to it what we have found to be worthy in the new deal, and with common courage go forward toward the goal of the square deal, in which each of us will think a little more of the other fellow and a little less of himself, and try a little harder to act unselfishly for the common good of the country as a whole, we shall have set the United States on the high road to a destiny greater than it has known.

All right, you say, but these are generalities. I grant you that they are. I am laying down a set of principles. We have thought and talked too much in terms of statistics. Statistics are important, but no nation was ever founded or saved by a statistical chart. The thing that matters is not how many hogs were slaughtered to raise the price of hogs, but that any hogs should be slaughtered and their carcasses destroyed while people are hungry. The thing which should concern us is not the exact number of unemployed as the fact that there are any unemployed and any who are in want in a country so rich as ours. Thinking in these terms, it is principles which count. So tonight, instead of talking, as I so often do, about the details of the tariff, or the processing taxes, or the billions of dollars given to the professors to spend on new experiments, I want to talk to you about some of the things which I think are wrong with us, and what ought to be done about it.

In the first place, I wonder sometimes whether we are not losing something of the strength of character which led our ancestors to leave their homes in Europe and come here to build a new home in a new country. I wonder whether we are not becoming soft. With a little thought we should see for ourselves that the real cure for our troubles is, as it always has been, hard work, self-denial, intelligent initiative, competition, recognition of the rights of others, and that sense of brotherhood which makes us willing always to feed and clothe the unfortunate, and to help the other fellow.

We have seen developing again a sectional spirit, a selfish spirit, which can never serve as a satisfactory foundation for national happiness. We have got to look inward less and outward more. Pennsylvania has got to think of Iowa and Iowa has got to think of Pennsylvania. We both have to think of Texas, and Texas has to remember that her markets are in the other States. Some States, like California, more self-contained than the rest, seem to get along pretty well by themselves, uninfluenced to the same extent as other States by the general business trend. But even California, self-contained though it is, is a part of the country as much as Massachusetts. We are all neighbors, after all, brought closer together each day by the speeding up of transportation and the interchange of ideas.

That means, of course, that all of us will have to think more and more as time goes on, not of Pennsylvania or Texas or Iowa or of California alone, but of the United States. For in the end the fate that overtakes the United States will overtake each State. We will stand or fall together.

I do not like the processing taxes of the new deal, for I know that they are unfair to the East, that they have placed an additional burden on the city dweller of small income who is least able to bear it, and that they will prove in the end to be a burden also on the farmer, and to hurt him because they will further lower the buying power of his city customers. You farmers who are listening to me tonight know that the farmers cannot prosper unless the cities prosper, and you city people who are listening know that the cities cannot prosper unless the farmers also prosper and are able to buy your goods. One trouble with us is that most of us seem to be trying to get all we can out of the rest of us, without realizing that the effect of uneven distribution, or of unequal taxation, is to injure all of us.

I do not like to see labor and capital engaged in a continuous clash. Capital should know that those who labor are those who buy, and labor should realize that unless capital is permitted to make a reasonable profit, there can be no industry on a large scale.

I see often, in riding the train between Washington and Philadelphia, great factory buildings standing empty and idle, their windows broken, awaiting orders that never come, giving employment to no one—gone the way of those who fail to survive in the struggle for existence. I see working on the roads, men who were formerly employed in those factories. It may be that the factory owner and the factory labor were both responsible in part for this state of affairs. I do not know. But I do know that if the United States is to survive in the struggle with other nations, most of which have been launched since the war on a new program of industrial growth, we must begin to think of pulling together more and fighting less among ourselves.

What will it profit the capitalist if in fighting for an excessive profit he loses all his business? And what will it profit labor if it wins all of its battles only to find that no one can make a profit and that people cannot buy?

Machinery is being invented every day to take the place of human labor. The men formerly employed in a glass factory in my own State of Pennsylvania begged me recently to vote for a tax on glass-making machines. If to do so would have helped them, I should gladly have voted as they asked. Instead, I was compelled to remind them that the same kind of glassware is made on the same kind of machines in European countries, and that if our machines are taxed and Europe's machines are not, even the men who run the machines in this country would be thrown out of work.

We provide a tariff law taxing foreign manufactures to protect American labor engaged in making similar products. We have greatly restricted immigration with the same end in view—to protect our own people in their work. We have in the United States the greatest self-contained empire in the world. Under normal conditions there is a wider diffusion of work and of wealth in the United States than in any other country. If we can prevent our tariff and immigration bars from being broken down in the interest of European and oriental immigrants and of European and oriental goods, we will be able to work out our problems and get back on our feet. I do not like those policies of the new deal which threaten to weaken these two defenses against the attacks of foreign competitors and against the invasion of the United States by multitudes of immigrants with lower living standards than ours, each one of whom, if allowed to enter, would take the work or the business of some Americans. In speaking of the square deal I am thinking of our own people. The idealist may say it is not fair to the Chinese to keep them out of the United States. My answer to that is that it is not fair to the American people to let them in. I am trying to think as an American, and not as a Chinese.

I do not like the tendency so apparent in the policies of the professors to bring all industry and all labor, including agriculture, under the control of the Washington Government. I do not think Americans have lost entirely the love of liberty they inherited from their forbears.

I do not want them to lose the feeling of freedom, which would surely be lost if we let the Government tell us, as the Soviet Government tells the people of Russia, what work to do, where to do it, what to wear, what to eat, and what to think. I prefer to choose my own food and my own clothes, to work at the thing I like best, and to do my own thinking. I believe most Americans feel as I do. We are a free people, and we must remain free. I am sure that we will. I am sure that the American people will reject those policies and repudiate those leaders who seek to take away that freedom.

Badly off as we are, let no one tell you that conditions are better elsewhere. It is still something to be an American, as in ancient days it was something to be a citizen of Rome.

There is still more of opportunity in the United States than anywhere else in the world.

There is more to be achieved in the United States than in any other country.

There are greater material rewards awaiting the man or woman who can find the key to unlock them.

There is a greater sense of justice, of humanity, of freedom, than in any other country.

There were abuses under the old deal which require correction. They are being corrected.

There are abuses under the new deal which require correction. They will be corrected.

If we can strike a balance between the common sense of the old deal and the impractical theories of the new deal we will have rediscovered, as we must rediscover regularly in a changing civilization, the practical idealism of the square deal.

I would go neither to the left, in the direction of communism, nor to the right, in the direction of fascism. I do not want the United States ruled by a commissar, nor do I want it ruled by a Hitler or a Mussolini. I am against proletariat dictatorship no less than I am against capitalist dictatorship. A square deal for all the people is to be found only under a government in which all the people participate. Somewhere between the old deal and the new deal. I am satisfied that we Americans, if we dedicate ourselves to the task, will find again the square deal.

THE NEW ERA—ADDRESS BY JAMES A. FARLEY

Mr. COOLIDGE. Mr. President, I ask permission to have printed in the RECORD an address by the Honorable James A. Farley, chairman of the Democratic National Committee, delivered today, Thursday, June 14, 1934, before the Democratic Preprimary Convention at Worcester, Mass.

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

Mr. Chairman, Governor, ladies and gentlemen, fellow Democrats, I am delighted to be here in Massachusetts again. It is the first time I have had an opportunity to visit a strictly party group here since the election of 1932, and to thank in person the virile, vigorous, far-seeing, and loyal Democracy of this State who helped to make possible the election of President Franklin D. Roosevelt. It is a matter of great happiness to me to be here with you, and to tell you how much we in Washington respect the statesmanship, how much we appreciate the loyalty, how much we feel indebted for the service of your senior Senator, the Honorable DAVID I. WALSH. He is an able and conscientious servant of the people of

this great State and of the Nation. I hope that his services will long be given to the Nation with pride by the voters of this great American Commonwealth. To your junior Senators, the Honorable MARCUS I. COOLIDGE, I desire also to pay my tribute, and to the Members of Congress whom you have sent to the National Capitol with the solution of your legislative problems.

We are standing today on a threshold of a new day—a new day for the people. That new day was enunciated boldly and clearly last Friday when in Washington a great message of hope and faith was transmitted to the Congress of the United States by one of the greatest liberal leaders of all history—our own President Franklin D. Roosevelt. I refer to his message on the subject of social insurance, land utilization, and housing, a threefold program for the future—a goal toward which, under his courageous leadership this great liberal party can now set its course.

Here we have a stirring pronouncement—a banner unfurled to the cause of the average man and the average woman behind which all can march in solid phalanx to battle for the good of all.

Never before in our history has there been such wholesome promise for the American people. And the next Congress of the United States will successfully achieve the consummation of this three-point program, I am sure.

I do not consider it necessary to review the vivid pageant of performance of this administration since President Roosevelt took office on March 4, 1933. I do not consider it a part of my task to recite the various phases of the recovery program that lifted this Nation from its knees and brought it, right about, almost in the twinkling of an eye, to its feet, straight and erect, facing bravely and fearlessly the rising sun of a new deal.

It is ground-hog day for critics of the new deal. They come out of their holes to see a world still functioning, a sun still shining—their little eyes blinking in amazement. These fault-finding critics, dumb in terror a little over a year ago, are now summoning courage to speak out.

Business is improving, agriculture slowly is reviving, confidence is returning, millions of jobless men are marching back to work, and just as we begin to strike our stride on the march to full economic recovery we behold some old familiar figures in the road urging us to go back.

Who are those solemn-faced gentlemen who warn us against the path of progress? They need no introduction, for they were notorious enough as the directing brains of the Hoover period of suicide and soup.

There, warning us against Rooseveltian progress, are the Mellons, the Millses, and the Watsons; the Wadsworths, the Fesses, and the Reeds; the Hales, the Walcotts, and the Austins; and all the rest of their reactionary cohorts. I count them the blackest reactionary group in the service of privilege in all the land today.

They are the old guard of the old gang, and they have a past. In the closet of every mother's son of them is the skeleton of his record as an adviser of Mr. Hoover during the 4 years these most-superior gentlemen were engaged in the elimination of poverty and in putting two chickens in every pot.

With 4 years of the dreadful ruin behind them, and because of them, these critics now assume the pose of men who alone know what should be done today. Haven't we then a right to recall the condition of our country when government was directed by their collective and separate wisdom?

There is scarcely a single family between the seas that does not bear the scars of the suffering it underwent from 1929 until these critics passed from power.

And when the financial structure of the Nation was tottering, when industry was languishing, when agriculture was in bankruptcy, when 14,000,000 breadwinners were denied their right to work, what had those pretentious and impertinent prophets and spokesmen of Hooverism to propose.

Where was their wisdom then?

I appeal now from the sophistry and quackery of these false prophets to the record of the ruin of their four long despairing years of power.

You will remember the wildest and most greedy market speculation since the historic days of the Mississippi bubble. You will recall that powerful banks, custodians of people's hard-earned money, were so busy with speculation that they had no money to loan for legitimate business enterprise. You have not forgotten how that quack prosperity on paper, in which a few grew rich on the credulity of the many, was held forth as a proof of the capacity of these critics to rule. You must remember that instead of seeking to moderate the madness the Government, dominated by these critics, gave every possible encouragement to the debauch by issuing officially false and misleading statements; and you will remember the inevitable crash—for the page of history that records that tragedy will ever remain one of the blackest in our story.

You will remember—for you cannot forget such things in 18 months—the resulting crash of banks, crushing the hopes of millions whose life savings were thus swept away.

But, if you forget, the historian relentlessly will write of the effect of the blind and stupid policy that raised walls against foreign trade until market after market across the seas was closed to the product of our factories and fields; with ships left idle or operating at a collosal loss; with factories reducing their production in proportion to the loss of trade; with millions of industrial workers thrown into the street to exist on the crumbs of private charity or to starve.

And in those days of despairful misery in this land of plenty, what single intelligent plan did the Mills, the Mellons, the Watsons, the Wadsworths, the Fesses, or the Reeds, the Austins, the Wolcotts, or the Hales, or any of the minor figures in the mockery of present-day criticism, advance to meet the gravest crisis we have ever known?

I challenge contradiction—they did not advance a single idea. They were wells without water, and cupboards without bread.

That is the reason, as you must vividly recall, that the most plaintive and persistent cry that rose from every quarter and every class was a call for leadership, and there was no answer from these pompous critics but the echo of that tragic cry.

Let me stir your memory again. Is it not true that this old guard of the old gang that now urges you back to the sterile days of Hooverism, sat dazed by the magnitude of the ruin their lack of policy had wrought, silent in their fear, twirling their thumbs, in the nervous apprehension of their utter helplessness?

Isn't it true that not one of them from Mellon and Mills down to Dave Reed and Jim Watson had the initiative or the courage to propose a plan, nor the honesty to concede their blunders? They sat in a state of moral inertia and mental paralysis, hoping against hope for something to turn up?

Isn't that your recollection of those halcyon days to which these impudent critics would invite you back?

But in justice to their mentality I sometimes wonder if they were as dumb as they seemed. I have sometimes thought that through their policies they had built up a system of privilege through which a small group waxed wealthy while the average man lost his birthright; and rather than correct the wrongs on which they thrived, they preferred to stand pat, in the desperate hope that the storm would pass, and with the system of privilege intact, the exploitation of the millions might go on.

At any rate, as you well know, the Mellons, the Mills, the Wadsworths, the Reeds, the Watsons, and the rest of them, when leadership was needed, had but one idea—stand pat! They could not even rise to the dignity of the corner medicine peddler, for the time came when they were ashamed to bank their cheap and tawdry wares.

And so they stood pat month by month throughout those tragic years, and you will remember how the army of the unemployed increased; how the bank failures constantly accelerated; how the bankruptcies of merchants multiplied; how hard-earned homes were swept away; how month by month more factory wheels stopped turning; how day by day the farmers were dispossessed; and how week by week, the line of the jobless lengthened, until the period of the leadership of those critics of Roosevelt came to be known as the period of starvation, suicide, and soup.

Who can forget that?

Remember, too, that as the gloom deepened into darkness, without one single voice of intelligent leadership raised to calm the all too legitimate fears of men, the entire Nation from banker to day laborer gave way to panic and despair.

And so you voted these "wise" men out of power—

Because you were tired of their selfishness.

Because you were tired of their blundering and bungling.

Because you were sick of their misrepresentations of conditions.

Because you were through with their thumb twirling, waiting, and watching for something to turn up.

Because under the inept leadership of the Mellons, the Mills, the Watsons, the Wadsworths, the Vandenbergs, the Austins, the Reeds, the Wolcotts, the Hales—a leadership stationary as a lamppost and as impervious to new ideas—we were moving at an accelerated speed toward utter ruin.

And remember this—you cannot possibly have forgotten—when these discredited leaders passed from power they left the Nation in dire danger of the most colossal financial catastrophe in human history.

And now for a moment let us leave these critics of Roosevelt croaking and recall the last 2 days of the regime for the return of which they have the audacity to ask.

Never had America sunk so low in despondency and despair as it was on the eve of the inauguration of Franklin D. Roosevelt. The Nation was set for tragedy. The financial structure of the country seemed trembling to its fall.

Saturday noon Franklin D. Roosevelt had this appalling problem dumped into his lap by this selfish band of critics of today; Sunday found him grappling with the problem; and on Monday morning the country thrilled to the drastic courageous measure that he took to prevent a financial wreck.

And when, for the first time in 4 years, Americans heard the clear, strong voice of command at the head of the column, they took heart, lifted up their heads, and thanked God that at last they heard the confident voice of courageous, constructive, and honest leadership.

Isn't that true?

Not much more than a year has passed, and what has the harvest been?

In the tremendous task of saving our civilization and institutions mistakes inevitably will occur, for man is mortal; but Roosevelt, with an open mind, can be counted on to correct them if he finds them. But one fact no one denies—business is on the upgrade again; and the engineers of ruin, the Mills, the Mellons, the Wadsworths, the Watsons, the Vandenbergs, the Austins, the Walcotts, and the Hales and the Reeds have the insolence to warn you against the peril of improvement.

Now that the old guard of the old gang is out of power confidence has been restored. Who denies that now?

The depositors in the banks feel safe; for by his reforms, unpardonably neglected for many years, Roosevelt has made banks safe.

The crooked speculations of banking institutions have been ended—and Roosevelt has ended them.

Millions of jobless men are again employed—and Roosevelt's robust policies have put them back to work.

Cutthroat competition is controlled—and Roosevelt, in the interest of legitimate business, has controlled it.

The earnings of agriculture have increased, the shadow is slowly lifting from the farm—and Roosevelt's policies have put new heart into the tillers of the soil.

Yes; industry and commerce, plunging downward under the rule of the old guard of the old gang that criticizes now, is now climbing upward—and the new deal of Roosevelt has wrought the miracle.

More jobs, more wages, more earnings on legitimate investments, more confidence, more hope, more courage under Roosevelt; and, lo from the tomb a dismal sound—the impudent invitation of the Mellons, the Mills, the Wadsworths, the Reeds, the Vandenbergs, and the Watsons that we turn our backs on the rising sun and march with them back into the black caves where we dwelt in hopeless misery through 4 never-to-be-forgotten years.

Do you remember—you must remember—how the silly Pollyanna assurances that conditions were improving when the blind could see that they were growing worse, finally were greeted with cries of derision? And how the quack promise reiterated constantly as the night grew darker that prosperity was "just around the corner", was hooted into silence?

Such was the leadership to which you are invited to renew allegiance—a leadership too blind to see, too ossified mentally to think, too paralyzed to act, too weak and fearful to face and tell the truth.

Isn't that your recollection?

What suits you best—Hoover misery and disaster or Rooseveltian progress and hope?

Which would you prefer—to stand pat with these reactionaries for privilege for a few, or to move forward with Roosevelt to a sounder and more equitable prosperity than we have ever had before?

Where do you stand—with the dead past or the living present and the glowing future?

Are you ready for the question?

PARTICIPATION BY UNITED STATES MARINE BAND IN VARIOUS REUNIONS

Mr. REYNOLDS. Mr. President, I ask unanimous consent that the vote by which the bill (H.R. 9145) to authorize the attendance of the Marine Band at the National Encampment of the Grand Army of the Republic to be held at Richester, N.Y., August 14, 15, and 16, 1934, and at the National Convention of the Disabled American Veterans of the World War, to be held at Colorado Springs, Colo., during the first week in July, was ordered to a third reading and passed be reconsidered so that I may offer an amendment.

Mr. ROBINSON of Arkansas. Mr. President, what is the status of the bill?

The VICE PRESIDENT. The bill was passed on yesterday.

Mr. ROBINSON of Arkansas. Has it gone to the House of Representatives?

The VICE PRESIDENT. It is still in the Senate.

Mr. ROBINSON of Arkansas. Very well. I have no objection.

The VICE PRESIDENT. Is there objection to the request of the Senator from North Carolina? The Chair hears none, and the vote by which the bill was ordered to a third reading and passed is reconsidered.

Mr. REYNOLDS. Mr. President, I offer the following amendment.

The VICE PRESIDENT. The clerk will state the amendment.

The CHIEF CLERK. On page 1, after the amendment on line 7, to add the words "and the annual convention of the Thirtieth Division of the American Expeditionary Forces, to be held at Asheville, N.C., on September 28, 29, and 30, 1934."

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from North Carolina.

The amendment was agreed to.

The VICE PRESIDENT. The clerk will state the second amendment offered by the Senator from North Carolina.

The CHIEF CLERK. In the second section, after the word "encampments", to insert the words "and conventions", and to strike out "$7,700" and to insert in lieu thereof "$11,000."

The amendment was agreed to.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

The title was amended so as to read: "An act to authorize the attendance of the Marine Band at the National Encampment of the Grand Army of the Republic to be held at Rochester, N.Y., August 14, 15, and 16, 1934, and at the National Convention of the Disabled American Veterans of the World War to be held at Colorado Springs, Colo., during the first week in July, and at the annual convention of the Thirtieth Division of the American Expeditionary Forces, to be held at Asheville, N.C., on September 28, 29, and 30, 1934."

PAYMENTS UNDER SETTLEMENT OF WAR CLAIMS' ACT—CONFERENCE REPORT

Mr. KING submitted the following report:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the joint resolution (H.J.Res. 325) extending for 2 years the time within which American claimants may make application for payment under the Settlement of War Claims Act of 1928 of awards of the Mixed Claims Commission and the Tripartite Claims Commission and extending until March 10, 1936, the time within which Hungarian claimants may make application for payment under the Settlement of War Claims Act of 1928 of awards of the War Claims Arbiter having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendment numbered 1, and the Senate recede from its amendment to the title.

That the House recede from its disagreement to the amendment of the Senate numbered 2 with an amendment as follows: Restore the matter proposed to be stricken out by the Senate amendment, and on page 2, lines 4 and 5, of the House joint resolution, strike out "paragraph (h) of subsection (2)" and insert "subsection (h)"; and the Senate agree to the same.

WILLIAM H. KING,
WALTER F. GEORGE,
JAMES COUZENS,
Managers on the part of the Senate.

R. L. DOUGHTON,
SAM. B. HILL,
THOS. H. CULLEN,
ALLEN T. TREADWAY,
ISAAC BACHARACH,
Managers on the part of the House.

Mr. KING. Mr. President, I move that the Senate proceed to the consideration of the conference report.

The motion was agreed to.

Mr. KING. I move that the conference report be agreed to.

The motion was agreed to.

CONTROL OF COTTON PRODUCTION

Mr. HAYDEN. Mr. President, I move that the Senate Committee on Agriculture and Forestry be discharged from the further consideration of the joint resolution (S.J.Res. 138) to amend an act entitled "An act to place the cotton industry on a sound commercial basis, to prevent unfair competition and practices in putting cotton into the channels of interstate and foreign commerce, to provide funds for paying additional benefits under the Agricultural Adjustment Act, and for other purposes" (Public, No. 169, 73d Cong.), approved April 21, 1934.

Mr. President, when the Bankhead cotton-control bill was under consideration by the Senate the Senator from California [Mr. JOHNSON] offered an amendment, which was agreed to, fixing the quota of that State at 200,000 bales. I also offered an amendment, which was agreed to, affecting cotton having a staple of 1½ inches or longer. Both amend-

ments have been misinterpreted by the Department of Agriculture, to the detriment of our two States.

The author of the bill, the Senator from Alabama [Mr. BANKHEAD], and the coauthor of the bill, who is a Member of the House of Representatives, have both agreed that this joint resolution should be enacted, so as to carry out the original intent of the Cotton Control Act.

The joint resolution was drafted in the Department of Agriculture and is endorsed by the Secretary of Agriculture. I ask that it be read.

The PRESIDING OFFICER. Without objection, the joint resolution will be read.

The joint resolution was read, as follows:

Resolved, etc., That the act entitled "An act to place the cotton industry on a sound financial basis, to prevent unfair competition and practices in putting cotton into the channels of interstate and foreign commerce, to provide funds for paying additional benefits under the Agricultural Adjustment Act, and for other purposes" (Public, No. 169, 73d Cong.), approved April 21, 1934, is hereby amended by adding at the end thereof the following new section:

"SEC. 25. (a) No tax-exemption certificates shall be issued to any person not engaged in production of cotton in the crop year during which such certificates are issued.

"(b) Whenever after apportionment under sections 7 and 8 any surplus number of bales remain of the amount allotted to any county under section 5 (b) such surplus bales shall be allotted, in such quantities as the Secretary of Agriculture determines, to such other counties within the State as the Secretary of Agriculture determines have an insufficient allotment. Said bales shall be apportioned, pursuant to sections 7 and 8, within the respective counties to which allotted, but in no case shall any farm receive any of such allotment so as to receive a total allotment in excess of its estimated production for the crop year in which such allotment is made.

"(c) In computing the production of any State pursuant to section 5 (a) the total production of cotton for such State in the 5-year period 1928–32, inclusive, shall be used regardless of the length of staple of such production."

Mr. KING. Mr. President, because there was objection to the cotton-control bill when it was pending in the Senate, I ask the Senator whether this joint resolution clarifies the bill?

Mr. HAYDEN. It does.

Mr. FESS. Mr. President, I think I shall have to call for the regular order, unless this is very important.

Mr. HAYDEN. Mr. President, the joint resolution is thoroughly understood, and it is agreeable to the Chairman of the Committee on Agriculture and Forestry that the committee be discharged from the further consideration of the joint resolution.

Mr. FESS. Very well. Let it be acted on.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Arizona that the Committee on Agriculture and Forestry be discharged from the further consideration of the joint resolution.

The motion was agreed to.

Mr. HAYDEN. Mr. President, I ask now that the Senate proceed to the consideration of the joint resolution.

There being no objection, the Senate proceeded to consider the joint resolution, which was ordered to be engrossed for a third reading, read the third time, and passed.

W. W. BRUNSWICK

Mr. COPELAND. Mr. President, several years ago I introduced into the RECORD certain material which was thought to be a criticism of Mr. W. W. Brunswick, recently of the American Consular Service. I have received a letter from Mr. Huston Thompson, which he has requested me to have printed in the RECORD. In view of the fact that this is a reply to material which I put into the RECORD, which might be deemed a criticism of Mr. Brunswick, I am very happy indeed to ask consent of the Senate to insert the letter in the RECORD.

The VICE PRESIDENT. Is there objection?

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

WASHINGTON, D.C., *May 24, 1934.*

Hon. ROYAL S. COPELAND,
United States Senate, Washington, D.C.

MY DEAR SENATOR: This letter is in response to a recent interview had with you by Mr. W. W. Brunswick, recently of the American Consular Service, in which you suggested a method of procedure relative to correcting the effect of certain damaging statements that had been made against Mr. Brunswick and inserted in the CONGRESSIONAL RECORD.

Pursuant to his official duty, on April 29, 1931, Mr. Brunswick, our consul in Barbados, British West Indies, made a confidential world-trade directory report to the Department of State touching on the general business reputation of one Victor Parravicino, a resident of the Barbados, engaged at the time in the commission business, the operation of a hotel and bar, and other enterprises. Parravicino obtained a copy of Mr. Brunswick's report and instituted suit in the Supreme Court of the District of Columbia against Mr. Brunswick and the surety on his bond. While this suit was pending there was published in the CONGRESSIONAL RECORD on January 19, 1933, certain printed and written matter, to which, under all the rules of fairness, Mr. Brunswick should have been entitled to reply. No reply was made at the time for the reason that Mr. Brunswick believed the litigation should be tried in the courts only.

The case came on for hearing in the Supreme Court of the District of Columbia and was thrown out on the pleadings. It was then appealed by Mr. Parravicino to the Court of Appeals of the District of Columbia, and on February 5, 1934, this court after a hearing handed down an opinion affirming the judgment of the lower court and sent the case back for dismissal. Inasmuch as the matter published in the CONGRESSIONAL RECORD reflected seriously on the character of Mr. Brunswick and his honesty of purpose, and in view of the fact that the action of the courts in dismissing the suit is a complete vindication of Mr. Brunswick, I am making the request that if it is possible you will have this statement published in the RECORD. This is only fair in view of the fact that the charges of Mr. Parravicino disrupted a consular career of 25 years of honest and faithful service.

Among the matters published in the CONGRESSIONAL RECORD on January 19, 1933, was a World Trade Directory Report, by J. C. Dorr, the consular successor of Mr. Brunswick in the Barbados, which report was accepted without question by the Department and placed on file in the State and Commerce Departments. We have made an investigation of this report, and do not hesitate to say that it was filled with gross inaccuracies. The worst feature about it was that it was used as a basis for a complaint before the Department against Mr. Brunswick. The fact is that Mr. Brunswick's report was a very fair statement, while the Dorr report showed partiality and unfairness.

The result of all this action against Mr. Brunswick was that charges were brought against him before the personnel board of the State Department, and he was finally offered the alternative of being discharged or being retired on a very small pension after a physical examination. On my advice, because the litigation was not then settled, he accepted the latter way out. As a result of all of this unfair action against Mr. Brunswick, he has suffered in mind and body and has had a heavy loss financially.

I may say that, together with other attorneys, I have represented Mr. Brunswick in this matter without any retainer or any consideration whatsoever, and solely for the reason that his case appealed to me so strongly and I felt he had been so outrageously treated. As one of the steps in remedying the injustice done to him I am asking that, if possible, this statement may be incorporated in the CONGRESSIONAL RECORD as in part a corrective of the serious charges that were made against him in the aforesaid article that appeared in the RECORD in 1933.

Cordially yours,

HUSTON THOMPSON.

DISTRICT LIFE-INSURANCE CODE

Mr. WAGNER obtained the floor.

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

Mr. WAGNER. I yield.

Mr. KING. Mr. President, I desire to ask a very great favor of the Senate.

For a number of years we have been very much interested, in the District of Columbia, in having enacted a suitable bill dealing with life-insurance companies, and, failing to get such a measure, many frauds have been committed on stockholders in some of the corporations and those who had insurance policies have been robbed.

Several years have been spent by competent lawyers and competent insurance representatives of the District of Columbia, and they have drafted a measure which meets all objections and meets the desires and wishes of the insurance commission of the District and of the District Commissioners. It passed the House practically unanimously, and it was given great attention by Representative HARLAN, who spent many months in the consideration of the bill. The District Committee yesterday unanimously recommended the passage of the bill.

Mr. FESS. Mr. President, I shall not object to this, but I will object to anything else until we get on with the bill which is the unfinished business.

Mr. KING. The only reason why I am so anxious about this is that it is a long bill and will have to be engrossed.

The VICE PRESIDENT. The Chair has recognized the Senator from New York. The Chair understands that the Senator from New York yielded to the Senator from Utah for the purpose of asking unanimous consent for the consideration of a bill.

Mr. KING. Yes.

The VICE PRESIDENT. Is there objection?

Mr. LA FOLLETTE. Mr. President, when was the bill reported?

Mr. KING. It was reported today.

Mr. LA FOLLETTE. Will not the Senator let it go over until tomorrow morning?

Mr. KING. I shall have to do so.

PROTECTION OF TRADE AND COMMERCE AGAINST INTERFERENCE BY VIOLENCE, THREATS, ETC.

The VICE PRESIDENT laid before the Senate the amendment of the House of Representatives to the bill (S. 2248) to protect trade and commerce against interference by violence, threats, coercion, or intimidation, which was to strike out all after the enacting clause and insert:

That the term "trade or commerce", as used herein, is defined to mean trade or commerce between any States, with foreign nations, in the District of Columbia, in any Territory of the United States, between any such Territory or the District of Columbia and any State or other Territory, and all other trade or commerce over which the United States has constitutional jurisdiction.

SEC. 2. Any person who, in connection with or in relation to any act in any way or in any degree affecting trade or commerce or any article or commodity moving or about to move in trade or commerce—

(a) Obtains or attempts to obtain, by the use of or attempt to use or threat to use force, violence, or coercion, the payment of money or other valuable considerations, or the purchase or rental of property or protective services, not including, however, the payment of wages by a bona fide employer to a bona fide employee; or

(b) Obtains the property of another, with his consent, induced by wrongful use of force or fear, or under color of official right; or

(c) Commits or threatens to commit an act of physical violence or physical injury to a person or property in furtherance of a plan or purpose to violate sections (a) or (b); or

(d) Conspires or acts concertedly with any other person or persons to commit any of the foregoing acts;

shall, upon conviction thereof, be guilty of a felony and shall be punished by imprisonment from 1 to 10 years or by a fine of $10,000, or both.

SEC. 3. (a) As used in this act the term "wrongful" means in violation of the criminal laws of the United States or of any State or Territory.

(b) The terms "property", "money", or "valuable considerations" used herein shall not be deemed to include wages paid by a bona fide employer to a bona fide employee.

SEC. 4. Prosecutions under this act shall be commenced only upon the express direction of the Attorney General of the United States.

SEC. 5. If any provisions of this act or the application thereof to any person or circumstance 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. 6. Any person charged with violating this act may be prosecuted in any district in which any part of the offense has been committed by him or by his actual associates participating with him in the offense or by his fellow conspirators: *Provided*, That no court of the United States shall construe or apply any of the provisions of this act in such manner as to impair, diminish, or in any manner affect the rights of bona fide labor organizations in lawfully carrying out the legitimate objects thereof, as such rights are expresesd in existing statutes of the United States.

Mr. COPELAND. Mr. President, I should like to call the attention of the Senator from Indiana [Mr. ROBINSON] to this matter. This bill passed the Senate and went to the House, and the provisions in the bill which were criticized have been corrected by the amendment. Therefore, if it is agreeable to the Senator from Indiana to withdraw his proposal for a reconsideration, I will ask that the Senate concur in the amendment of the House.

Mr. ROBINSON of Indiana. Mr. President, I asked for a reconsideration originally because those interested in American labor were opposed to the bill as it was drafted. I should like to ask the Senator from New York now whether or not labor is satisfied with the bill?

Mr. COPELAND. I am assured by the Attorney General that the Federation of Labor is now satisfied.

I move that the Senate concur in the amendment of the House.

The motion was agreed to.

RAILROAD EMPLOYEE'S RETIREMENT SYSTEM

The Senate resumed the consideration of the bill (S. 3231) to provide a retirement system for railroad employees, to provide unemployment relief, and for other purposes.

Mr. WAGNER. Mr. President, I desire briefly to address the Senate upon the pending legislation.

The VICE PRESIDENT. The Senator from Ohio [Mr. FESS] has given notice that he will object to the consideration of anything except the pending business. He has called for the regular order, which is the bill before the Senate.

Mr. WAGNER. Mr. President, I desire to address the Senate briefly upon the pending legislation. To begin with, I should like to pay a tribute to the chairman of the subcommittee which had this legislation under consideration. I am sure my colleague, the Senator from West Virginia [Mr. HATFIELD], who, together with myself, introduced this legislation, will concur in that tribute. I am sure that if it were not for the indefatigable services rendered by the junior Senator from New Hampshire [Mr. BROWN] as chairman of the subcommittee it might very well be that this legislation would not now be before us for consideration.

Mr. HATFIELD. Mr. President, I will say that I heartily concur with the distinguished Senator from New York in commending the great efforts put forward by the chairman of the subcommittee, the junior Senator from New Hampshire [Mr. BROWN]. It is due to his continual work that it has been possible to report the legislation at this time.

Mr. WAGNER. Mr. President, insurance for the aged is one public measure not subject even to the shallow objections that have balked other proposals for social legislation in this country. Popular fancy may be caught temporarily by the plea that a man is unemployed because he is shiftless, or that he has met with an accident because he is careless; but old age, while not a certainty in any particular case, is not a preventable evil.

In this country the falling birth rate and the increase in the average span of life have constantly enlarged the number of people who pass the mark of 65 years. In 1850 only 2.5 percent of the total population were old in this sense; today the figure stands at 5.5 percent, while in numbers the change has been from 600,000 to 6,500,000. It is competently estimated that within 40 years about 20,000,000 people in this country will be over 65 years of age.

As the machine age takes the place of the craftsman, it is becoming more and more difficult for the old person to find a place in industry. In consequence over 5,000,000 of them today are dependent upon others for their support.

A very small proportion of these unfortunates find their way into private homes for the aged. But such institutions are very scarce and are open only to those who are not dependent in the ordinary sense. Then there is the public poorhouse, which certainly cannot be considered a rainbow at the end of the trail of the worn-out worker. The vast majority of the aged, however, are supported by younger members of their own families.

It is this latter type of support which has constituted the chief argument against old-age pensions. The cry of preserving family solidarity has been prolonged and widespread, but its effectiveness is diminishing day by day. The young family living upon a modest income is not benefited by supporting old dependents. The strain destroys morale and breeds subtle animosities. It is equally certain that the person who has become too old to work does not live happily when he is a burden upon his loved ones, while the last 10 or 15 years of active working life are often blighted with the fear of coming dependency.

Next is heard the argument that old-age dependency results from lack of thrift. But no one who has made a study of the average family income in the United States would claim that it is sufficient to afford protection against old age. The young and eager individuals cannot be asked to deny themselves the necessities and small pleasures of life in order to provide for long years of old age which they may never face. If 85 percent of our old people have been guilty of lack of thrift, then this is the common human fail-

ing which should be recognized and guarded against; and social insurance in truth is not a substitute of thrift but the application of thrift principles on a Nation-wide scale and on a sound scientific basis.

Finally, one must meet the argument that public relief for the aged would cost too much. This neglects the very obvious truth that the aged represent a burden upon society, no matter in what manner it is paid. They are not taken out and slaughtered, along with underdeveloped children, as was done in some earlier and more ruthless civilizations. At present this cost is a double burden because of the uncertain, haphazard, and slipshod manner in which it is handled. It is a drain upon the economic, physical, and nervous resources of the young who happen to be burdened excessively. It is a strain upon industry which is forced to carry along people who are too old to do first-class work and too worthy and loyal to discharge.

In this connection there is a direct relationship between the problem of old-age pensions and the relief of unemployment. Quite aside from the present depression, we face a technological situation in the foreseeable future when from four to six million people of youth and able bodies will be unemployed during so-called "normal times." A large proportion of these could be drawn into industry if places could be made by the withdrawal of those who are older and less efficient and who deserve and want a few years of rest.

I believe that a Nation-wide and general system of old-age protection should be devised speedily. Under the leadership of our socially minded President, such will undoubtedly be the case. But, in the meantime, nothing could be more helpful than the establishment of a system in a single compact industry which will serve as a laboratory for experiment. The railroads are peculiarly adaptable to this initial undertaking. They have, on the whole, a relatively high-paid class of workmen who can afford without self-denial to undergo the charges of compulsory savings. They are by custom and function well suited to Federal supervision and guidance. Finally, they afford to the public one of the most dramatic examples of the public dangers involved in having older and less alert people in charge of operations.

This bill, S. 3231, provides for an adequate system of retirement pensions for all employees on all transportation facilities subject to the Railway Labor Act.

It provides that any employee may retire upon reaching the age of 65 and having served for 5 years, or after 30 years of service. While retirement is compulsory at 65, it may be extended for yearly periods up to 70 years by mutual consent of employer and employee.

Upon retirement an employee shall receive a monthly annuity payment equivalent to 2 percent of his monthly compensation multiplied by the number of years that he has served. Monthly compensation is defined as the average monthly compensation during the entire period of service, whether regular or intermittent, and whether served in whole or only in part after the passage of this act. In no event, however, is any part of an employee's wage over $400 per month to be considered in calculating either his contributions or his annuity, and in no event shall the annuity exceed 75 percent of his monthly compensation.

The bill, therefore, as it properly should, gives promise of relief to men who are now old and near the end of their service, as well as to those who are just beginning to work. However, to prevent an excessive windfall going to the older men, the bill provides that in their case the annuity shall not exceed 60 percent of their monthly compensation and that this percentage shall be reduced by 4 percent for each year the worker is under 65 when he retires. This reduction based upon age, of course, will not be applicable if the retirement is due to disability rather than volition.

If any employee dies before or after retirement, his estate shall be entitled to receive whatever sums he has paid in, compounded at 3 percent interest, less whatever annuity payments he may have received.

To provide funds for the pension system each employee is to make a compulsory contribution deducted from wages equal to 2 percent of his compensation. The employer will have to match this by a sum exactly twice as great. The board created by the bill is empowered to raise or lower the rate of contribution in order to provide the proper amount to pay the expenses of annuities and other disbursements on a current income and outgo basis.

All funds collected under the bill are to be earmarked in the United States Treasury under a "railroad retirement fund", and may be invested in obligations of the United States.

The board is also empowered to consolidate existing private pension systems with the new system in whatever manner is acceptable to all the parties involved. But if any party is not willing to concede to this, the new system will go into full force nevertheless. At the same time, if any existing system provides greater benefits than the one set up by the bill, the greater benefits shall not be disturbed.

To administer the bill a board of 3 members is established comprising 1 representative of employers, 1 of employees, and 1 of the general public. The board is empowered to take all action, make all regulations, and institute all proceedings necessary to give effect to the law. The orders of the board shall be enforceable in the United States district courts.

Sufficient sanctions are provided. Any employer or employee who is guilty of substantial misrepresentation in connection with the administering of the act is subjected to a fine not exceeding $10,000 or to imprisonment not exceeding 1 year. In addition any employer who is willfully delinquent in his contributions may have imposed upon him an additional contribution tax of 1 percent of his required payments for each month the payment is delayed.

The purposes and promises of the bill are manifold. It will afford unemployment relief by removing the older men from service and creating opportunities for the young. It will create efficiency and thus benefit employers and the public by refreshing the service with young and active people. It will help the railroads by removing from their pay rolls and putting on a pension basis people who have outlived their usefulness and who are being carried along as an act of charity. Most important of all, it blazes the way for full treatment of the problem of old-age security, which has been met in every other great industrial country and which there is no reason or excuse for neglecting in our own.

The VICE PRESIDENT. The question is on agreeing to the amendment of the committee. The Chair understands the Senator from Rhode Island [Mr. METCALF] has some amendments to offer to the amendment of the committee. Under the parliamentary rule he may now offer those amendments to the committee amendment. The Senator from Rhode Island is recognized for the purpose of offering his amendments.

Mr. METCALF. Mr. President, I offer the amendment which I send to the desk.

The VICE PRESIDENT. The Senator from Rhode Island offers an amendment to the amendment of the committee, which will be stated.

The LEGISLATIVE CLERK. It is proposed, on page 15, to amend section 1, paragraph (a), of the committee amendment, so as to read:

> The term "carrier" means any carrier by railroad, express company, sleeping-car company, or other operator of transportation facilities or any subsidiary or auxiliary services used by or operated in connection with any such carrier.

Mr. METCALF. Mr. President, I am heartily in favor of legislation which will bring security in old age to the persons who devote their lives to railroad transportation. I feel that this proposed legislation is right in principle, and that we should do something to bring about a uniform system of retirement. However, I feel that this is hurried legislation, prepared without accurate knowledge of what it will cost

either the railroad or the employee, and without the benefit of a thoroughly studied plan of organization.

It is significant that the Federal Coordinator of Transportation, Mr. Eastman, has expended some $300,000 for the purpose of studying a retirement system for the railroads. Preliminary studies have been made but Mr. Eastman has had no opportunity to make a summary of his findings and report to the Congress. It has not been possible for the proponents of this bill to prepare an accurate actuarial, for such an actuarial would cost not less than a half million dollars and would take many months to prepare.

Coordinator Eastman appeared before both the Senate and House committees and opposed this bill on the ground that it was premature. He agrees with me and with members of the committee that such legislation is desirable, but he feels, as I feel, that a pension system which is ill-advised and not carefully constructed will endanger the possibility of a well-rounded, permanent, and secure system. His testimony before the House committee, which covered some 28 pages of objections to a basically similar House bill, are summed up in his own language as follows:

Summing up, my conclusions are that while better provision for retirement annuities for railroad employees is very desirable from every point of view, H.R. 9596 is subject to the following criticisms:

1. The provisions of the bill in important respects are not clear, would be difficult and expensive to administer, and would breed much controversy and litigation.

2. In certain respects the provisions of the bill would discriminate unfairly between individuals and also between classes of employees.

3. The estimates of cost to both the companies and the employees which are given in the report of the Senate committee are much too low. The annuities which would become payable would be considerably larger both in individual amount and in total volume than the framers of the bill have apparently anticipated.

4. The bill is frankly based on the principle of securing knowledge as to all that may be involved and the results after the system of retirement annuities goes into effect rather than before, and making subsequent adjustments in the light of the knowledge acquired as the result of actual experience.

No annuities will become payable under the bill prior to January 1, 1935, and they may be held up longer by litigation which the bill will invite. Before that date I shall be able to present to the Congress the results of the survey which has been made, including actuarial analyses of the data, and to present a plan definitely adjusted to the facts so ascertained. I hope and expect that it will be possible to include in this plan, also, provision for unemployment benefits, placement service, and dismissal wages under certain conditions. In the circumstances I am of the opinion that it is desirable to suffer this comparatively short delay rather than to adopt a measure having the imperfections of the one before you. In the meantime, the present railroad pensions will continue in operation and will protect the situation to some extent.

I understand that some 90 percent of the railroads already have a pension system.

Coordinator Eastman has completed a survey of approximately 400,000 railroad employees. Over half of these had left the service prior to the date on which the survey was made; and from this great mass of information, for which the United States Government has paid $300,000, it should be relatively easy to construct a plan for a retirement system that would be both sound and desirable.

In the first place, Mr. Eastman declares after a thorough study of preliminary figures drawn from his survey that the estimates of the cost of this bill are much too low. There is no way under the sun to tell accurately what assessment will be necessary to carry the load during the next 4 years. This is an experimental period. These 4 years will be used for the purpose of rounding out a pension system, and in a large degree for duplicating the work already done by Coordinator Eastman with money contributed by the Government.

This pension system is built on an estimate of an average of $1,600 income for retirement purposes for each railroad employee. From the studies already made by Coordinator Eastman he estimates that $2,000 is a much more accurate average. As a consequence of this, it would appear that the 2 percent per year annuity which would be paid to retired workers is too high to yield the fair amount which the proponents of this bill desire. On a basis of 1½ percent, the average pension would be $75 per month. On the basis of 2 percent, as in the bill, and under the estimates of the proponents of the bill, this pension would be $83.33 per month.

I feel that a pension system for the railroads is just and that it should be permanently installed. However, we should not risk a system which might fail from its own topheaviness, but we should start conservatively by allowing the board to make its studies, install a wide-spread and conservative system, and report to the Congress as soon as possible, in order that we might redraft legislation for a permanent, satisfactory system. We should start out with a pension system which would pay retired employees 1½ percent per year of their average pay instead of 2 percent, and then increase this, should it become necessary, in the next Congress. This would assure the railroads and the employees that the assessments which will be necessary to cover the cost of this bill will not be greatly increased during this experimental period and will lessen the danger of our building up a topheavy system. I feel that 2 years should be sufficient for this experimental period.

I also feel that this system should be extended beyond the railroads, to include all common carriers. It would seem inconsistent for the Congress to authorize a retirement system for the railroads and ignore the employees of their competitors. The persons who engage in bus and water transportation are engaged in equally hazardous occupations, and in occupations which are in the interest of the general welfare.

While I feel, as Coordinator Eastman feels, that we should wait another 6 months until we have complete actuarials, so that the matter of cost to both employees and railroads might be accurately determined, I am so heartily in sympathy with the principle of pensions that I am going to content myself by offering what I believe to be perfecting amendments to the bill. These amendments are drawn in the light of more recent information, taken from the preliminary surveys made by the Government.

I have had no opportunity to give a thorough study to this material, as it did not become available until about 2 days ago. However, I have the 28-page statement of Coordinator Eastman, which came into my hands this morning, and which would appear to boost the probable cost of this pension system by a great amount. Consequently we should move with caution in order not to jeopardize a fair and permanent retirement system which would be desirable for the railroads and employees alike.

Mr. DILL. Mr. President, what is the purpose of the amendment which the Senator has offered?

Mr. METCALF. The bill covers only the organizations subject to the Railway Labor Act, together with their subsidiaries. If we are to inaugurate a pension system, why not extend its benefits to the employees of other common carriers who are engaged in equally hazardous occupations, and whose retirement likewise would make jobs for other people? It is unfair to enforce a retirement system on railroads and exempt their competitors from such a system.

Mr. President, I thought I would telegraph to the presidents of four or five of the railroads in the North, South, East, and West, asking their views on this subject. Here is a reply I received from the president of the Union Pacific, at Chicago. I did this only a day or two ago.

CHICAGO, ILL., *June 12, 1934.*

Hon. JESSE H. METCALF,
United States Senate:

Your wire date our objection to the pending railroad pension bill is that it immediately forces upon the railroads a very heavy expense without reliable actuarial information as to extent of liability. Such a study is now in progress under direction Federal Coordinator of Transportation with funds appropriated by C.W.A.; Mr. Eastman's testimony before committee estimated that annuity payments 1935 would be $91,000,000, rising rapidly to $136,000,000 in 1938.

Upon basis provided in bill as applied to 1933 pay rolls railroads would contribute $56,000,000 and employees $28,000,000. So plan would start with a certain deficit of $7,000,000 next year, rising to $52,000,000 with 4 years. Pensioners would either be deprived of full amount of annuities of railroad and employee contribution would be practically doubled. The amounts given above are in addition to the amounts paid by the railroads now to pensioners which are not illiberal in the great majority of cases.

As we understand President has advised Congress he expects to present study and recommendation of a somewhat similar nature with respect to all industries and which will be supported by actuarial studies it would be most unfortunate to have one branch of industry now singled out and without sufficient information subjected to arbitrary treatment upon a basis which might prove exceedingly embarrassing by comparison when the whole subject of industrial annuities is considered. We earnestly urge that Congress delay any action until it can have advantage of Mr. Eastman's report.

C. R. GRAY,
President Union Pacific Railroad.

The figures stated in this telegram will make us all realize that it might be necessary at this time to increase passenger and freight rates.

Mr. President, I sent a telegram also to Daniel Willard, president of the Baltimore & Ohio Railroad, and his reply is as follows:

BALTIMORE, MD., *June 12, 1934.*

Hon. JESSE H. METCALF,
United States Senate:

Your message this date just received. Am in favor in principle of a suitable pension plan for railway employees. Baltimore & Ohio Co. has maintained such a plan at its own expense for nearly 50 years. I am not in favor of the Wagner-Hatfield pension bill, referred to in your message, because, as I understand it, I think it places too great and unnecessary a burden on the cost of rail transportation. I venture to suggest that it might be well, before taking final action on the matter, to await results of very thorough investigation which Federal Coordinator of Transportation is making of this same subject. Am quite certain that data which he is accumulating will throw more light upon the matter than any investigation heretofore made in that connection.

DANIEL WILLARD,
President Baltimore & Ohio Railroad.

Mr. President, I have another rather long telegram, which I read as follows:

NEW YORK, N.Y., *June 12, 1934.*

JESSE H. METCALF,
United States Senate, Washington, D.C.

Greatly appreciate your inquiry requesting my views Wagner-Hatfield pension bill. So far as I know all railroad executives are and necessarily must be opposed to it because it would involve an utterly crushing financial obligation completely beyond any visible capacity of the carriers. At present railroads are paying approximately $36,000,000 a year in pensions and pending bill would superimpose on existing burden an additional payment by them of more than $80,000,000 in the first year. A careful review of the provisions of this bill forces the conclusion that it will be devastating to the railroad industry. Federal Coordinator of Transportation now engaged in exhaustive analysis of whole subject, and it is respectfully and earnestly urged that no pension legislation be enacted pending more deliberate consideration including Coordinator's report. Manifestly present financial condition of carriers cannot be overlooked, and it is submitted that legislation that would tax them beyond endurance is neither timely, constructive, nor in public interest.

F. E. WILLIAMSON,
President New York Central Railroad.

I have another long telegram here, from W. R. Cole, president of the Louisville & Nashville Railroad. When I sent out my telegrams, I tried to send them north, south, east, and west, so that I would get a general idea of what the presidents of the railroads all over the country thought of the proposed legislation. Mr. Cole's telegram is as follows:

LOUISVILLE, KY., *June 12, 1934.*

Hon. J. H. METCALF,
Senate Office Building:

Your wire date for your information I quote the following telegram which under date of May 29, 1934, I addressed to Senators from Kentucky, Tennessee, and Alabama: "May I not urge that you oppose the passage of the substitute for Senate bill 3231 to provide a retirement and pension system for railroad employees, now pending before the Senate for the following reasons: First, this bill would add $50,000,000 per annum to the expenses of the railroads over and above the amount now being disbursed by them in connection with their individual pension system; second, the bill is a hurriedly prepared composite of other bills containing new features and the railroads have had no opportunity to be heard on the pending bill; third, the Government has placed at the disposition of the Federal Coordinator of Transportation $300,000 to make a thorough study of the matter contemplated in this bill upon which he is now actively engaged and certainly no legislation should be enacted pending the result of his investigations and recommendations and I am authoritatively advised that he is opposed to any effort to enact pension legislation at this time?"

W. R. COLE, *President,*
Louisville & Nashville Railroad.

Mr. President, the amendment I have sent to the desk makes compulsory retirement at the age of 70 years, but exempts for a period of 5 years after the effective date of the bill compulsory retirement for those occupying official positions. The bill now makes compulsory retirement at 70 years, but also states that compulsory retirement shall take place at 65 years without the mutual consent of employee and employer. Many valuable employees of railroads are between the ages of 65 and 70, and I can see no reason why the age of 70 should not be substituted for 65, particularly since this bill provides that a man may work between the ages of 65 and 70 by agreement between the railroad and the employee.

Mr. DILL. Mr. President, as I understand it, the Senator wants to have the bill include the employees of such transportation organizations as bus companies, water-transportation companies, and so on?

Mr. METCALF. Where they compete with railroads.

Mr. DILL. The bill contains no provision for payments into the fund by such organizations. It would be necessary to rewrite the bill in that connection. It should be said also that none of these organizations now have pension systems such as the railroads have.

Mr. WAGNER. Mr. President, let me suggest a further objection. The Senator is attempting to include transportation facilities which may be engaged only in intrastate commerce, and we have no power to bring them under the system.

Mr. METCALF. They would not come in.

Mr. WAGNER. The Senator would take all limitation off and provide for every kind of transportation facility coming in.

Mr. METCALF. Those which compete with the railroads, and that, of course, can only be where they handle interstate commerce.

Mr. WAGNER. It might still be intrastate. Besides, there is no way in which the Senate could ascertain how many additional employees would be included in the system under the amendment offered by the Senator from Rhode Island. All the actuarial calculations which have been made, which are the basis for the legislation, would be thrown out of gear altogether.

Mr. METCALF. As I understand it, Mr. Eastman claims that all the data now available are not correct. He states that.

Mr. WAGNER. Whether they are correct or not, the Senator is asking us now to include every kind of transportation system in the United States, and we have no knowledge as to how many employees might be represented, and what their average wages would be. This matter ought to be provided for in some independent legislation.

Mr. METCALF. If the word "interstate" were put in this amendment that would do, would it not?

Mr. WAGNER. Even then we would not have definite knowledge as to just what transportation we were bringing in.

Mr. COSTIGAN. Mr. President, does the Senator want to bring in water carriers?

Mr. METCALF. Yes. I believe in treating every one alike, and treating every one fairly. The man on the horse car or the street car should be brought in. Let us be fair to them all. A great expense is being placed on the railroads, but their competitors are being left out.

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

Mr. METCALF. I yield.

Mr. HATFIELD. I may say for the information of the Senator from Rhode Island that the Senate committee has given study to the subject for a period of 2 years, and the actuarial investigation has been made by men whose reputation and standing is unquestionable from the actuarial point of view. Were an amendment of this kind, which takes in another group of transportation people to be adopted, it would mean the ruination altogether of this bill.

Mr. WAGNER. Mr. President, may I also make the observation that the distinguished Senator from Rhode Island

is a member of our committee, and there were ample opportunities for him to present this amendment for the consideration of the committee. I think it would have been a more appropriate time to make this request, when the matter was considered in committee, so we would have had some opportunity to make inquiry and study in relation to the subject.

Mr. METCALF. Mr. President, if the learned Senators who have made such a great study of this bill think this amendment would make it difficult to carry out the operations under the bill, I will withdraw my amendment. I, however, still think it is a very fair amendment.

The PRESIDING OFFICER (Mr. COPELAND in the chair). Does the Senator withdraw the pending amendment?

Mr. METCALF. I withdraw the amendment.

I send another amendment to the desk and ask to have it stated.

The PRESIDING OFFICER. The clerk will state the amendment proposed by the Senator from Rhode Island.

The LEGISLATIVE CLERK. It is proposed, on page 18, line 2, to strike out the word "four" and to insert the word "two."

Mr. METCALF. Mr. President, this amendment would require the Retirement Board to report to the Congress within 2 years instead of within 4 years. As the studies of Coordinator Eastman will be available within the next few months, I can see no reason why a complete picture of the retirement system cannot be secured under 2 years. This will make it possible for us to complete a thorough and fair pension system in the next Congress. It is my belief that this system should be built up on a permanent and solid basis as quickly as possible, and that we should not extend our period of experiment as long as 4 years.

Mr. WAGNER. Mr. President, I have no objection to that amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Rhode Island to the amendment of the committee.

The amendment to the amendment was agreed to.

Mr. METCALF. Mr. President, I send another amendment to the desk and ask to have it stated.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. It is proposed on page 15 to amend section 1, paragraph (b), so as to strike out all except the first sentence.

Mr. METCALF. Mr. President, this amendment would confine this retirement system to employees of the common carriers only. Under the bill the system is extended to include officers or other official representatives of labor organizations. This section of the bill is intended to take care of the walking delegates and persons who do not give their actual time to the service of the roads, but are engaged in organization work and the like.

At this time I desire to read a telegram from the president of another of the big railroads, as follows:

CHICAGO, ILL., *June 12, 1934.*

Hon. JESSE H. METCALF,
United States Senate, Washington, D.C.:

Your wire date railroad pensions. Very large percent of mileage in United States is operated by companies which have established voluntarily pension systems under which they now pay about $36,000,000 annually. Senate bill 3231 is on so-called "pay-as-you-go basis", which means that employee compelled now to contribute creates no fund to which he may look for his own protection, but in exchange for his money receives only promise that others years hence will furnish money for his pension when he reaches pension age. Payments made by railroads and employees will be mingled with purely voluntary payments of labor representatives to pay immediate or early pensions to such representatives, but possibility of future contributions by such representatives to assist in paying pensions of genuine railway employees depends wholly on willingness of labor representatives to continue their payments. Section 9 undertakes to make railroad employees of Government, officers and employees who may have never had a day of railroad service, and apparently section 3 promises them pensions without cost to them at joint expense of railroads and genuine employees. Bill provides immediate compulsory retirement of large numbers who will contribute nothing or very small amounts, but who will receive pensions for remainder of their lives on same basis as men who continue contributions over long periods of years.

Young men are treated with inequality since they must contribute over long period of years while contribution of older men will continue for shorter periods though they will receive same pensions as younger men. One reaching 65 becomes entitled to pension if at any time he has had as much as 5 years' railroad service, provided he has any railroad service at all after passage of act, so that a man who entered service at 21 after serving 5 years may quit railroad service for other employment which he prefers or finds more lucrative and may spend practically his entire active life in other work yet on reaching 65 he can require railroads and genuine employees of railroads to pay him pension toward which he need have made only 1 month's contribution if his service precedes passage of bill. Bill undertakes accumulate all years spent in service of all railroads treating them as a single employer. Thus it not only deprives them of benefits of incentive to employees to continue in service but requires solvent railroads to pay for account insolvent railroads and requires existing railroads to pay for account railroads no longer in existence. In addition this feature of bill opens up large possibilities of fraud on account of difficulty of getting records covering service alleged to have been rendered 25 to 50 years in the past. Bill makes no exception in case of employee whose misconduct or even criminal act has required his dismissal from service. Provision for optional retirement at end 30 years' service regardless of age will make it possible in many cases for man to retire in prime of life with pension possibly competing unfairly with others seeking employment by being in position to accept smaller compensation which, combined with his pension, may still pay him more than he received in railroad employment. Computation average wage under section 3 unfair because 12-month period in which employee draws largest wages during his whole service is taken as basis for his average wage instead of taking average of what he actually earned.

This unfairness is increased by treating as 1 month in determining years of service every month in which he performed at least 1 day's service. Bill will not relieve railroads of their present outstanding pensions but in addition thereto will cost them at the outside about $55,000,000, which cost will increase very fast. Known financial condition of railroads is such that they are not in position to bear this increased burden. Assessments proposed by bill will be insufficient to cover pensions proposed so that immediate deficit will arise which will so increase that assessments on both railroads and employees will double within few years. By its own terms bill is 4-year experiment, but it makes definite promises of pensions to be paid at expiration of many years so that it will be impossible abandon experiment or make substantial change in it after compelling railroads and employees contribute to it for 4 years, or if it be found possible abandon or change experiment disappointment and injustice resulting to employees would cause disturbance of relationships which would be injurious not only to railroads and employees but to public as well. Federal coordinator has conducted exhaustive studies and understand is preparing definite proposals for plan designed to eliminate many objectionable features of present bill and especially designed to eliminate speculative and experimental feature. Passage of experimental bill without awaiting result of study conducted by public officer at public expense, in my opinion, is unseemly, especially in view of opinion in recent Presidential message that social project for old-age and unemployment protection should not be handled piecemeal. Constitutionality believed doubtful because measure in effect dictates terms of employment and wages; also measure does not relate to interstate commerce since it makes no distinction between employees engaged in interstate commerce and those solely in intrastate commerce, or between those engaged in carrier service and those in noncarrier service, such as railroad, mines, and hotels. Bill has no real relation to safety since it makes no distinction between those engaged in hazardous and nonhazardous employment. Hope you will find it consistent to oppose passage of this measure.

S. T. BLEDSOE,
President Atchison, Topeka & Santa Fe.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Rhode Island to the amendment of the committee.

Mr. WAGNER. Mr. President, I want to suggest, looking at the situation realistically, that most of the representatives of employees' organizations are former employees of the railroads. They are elected to an official capacity in some labor organization. There follows a period of time, some 3 or 4 years, that they remain as officials of the organization. Some of them perhaps stay longer. If they lose out in an election they return to the railroads to their former jobs. In the meantime under the terms of the bill they are required to make contributions like the other employees. They get no other benefits than the employee who retains his job and makes regular contributions.

I think, under the circumstances, it would interfere with those organizations securing the best men, because the men would refuse to serve the organizations if by leaving the service of the railroad for a period of time they should lose their right to a pension. They pay for their pension just as all other employees do, and, in addition, are required to make the contribution otherwise required to be made by the carriers.

Mr. METCALF. What percentage would they pay? If they are not then on the railroad pay roll, where would the percentage be based?

Mr. WAGNER. They would pay the same percentage they paid when they were in the direct employ of the company.

Mr. METCALF. Is there any chance that there would be a large number of them who claim the privilege of having a pension?

Mr. WAGNER. As a matter of fact, they represent a very small percentage.

Mr. METCALF. There are so many in each State, are there not?

Mr. WAGNER. A very insignificant number compared to the total number of employees. It is not a significant thing at all.

Mr. METCALF. All these men would be former railroad employees.

Mr. WAGNER. I know of no case where there is a representative of the railroad employees who has not been a direct employee of a railroad company. May I ask the Senator from West Virginia if I am correct?

Mr. HATFIELD. Mr. President, that is true. I think it is one of the requirements under the rules and regulations of the railroad brotherhoods.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Rhode Island to the amendment of the committee.

The amendment to the amendment was rejected.

Mr. METCALF. Mr. President, I offer the following amendment to the committee amendment.

The PRESIDING OFFICER. The amendment to the amendment will be stated.

The LEGISLATIVE CLERK. It is proposed, in the committee amendment, on page 19, to amend section 4 so as to read:

Retirement shall be compulsory upon employees who on the effective date have attained or thereafter shall attain the age of 70 years. Until 5 years from the effective date, compulsory retirement shall not apply to an employee who from and after the effective date occupies an official position in the service of the carrier.

Mr. METCALF. Mr. President, this would simply increase the age limit, and it seems to me it is fair.

Mr. DILL. Mr. President, the fact of the matter is that a great many men who have been employed in the railroad service for many years are not able to continue, particularly in the train service, up to the age of 70 years. I think it would be a serious mistake to raise the limit to 70 years.

Mr. METCALF. Oh, Mr. President, there are a number of Senators who are 70 years of age.

Mr. DILL. Yes; but most of them are not fit to run a railroad train.

Mr. HATFIELD. Mr. President, there is a provision in the bill that by agreement made from year to year between employee and employer, a 5-year extension of service may he had. This ends in all cases at the age of 70, except that for the first 5 years after enactment officials are excepted from the compulsory retirement provision.

Mr. WAGNER. Mr. President, may I also say that the calculations under the bill have been based on the age of 65; and, secondly, statistics show that 85 percent of the workers are dependent at the age of 65 years. The Senator's amendment, by extending the age limit to 70, would to a very large extent nullify the bill. One of the important questions involved is the matter of relieving unemployment.

Mr. METCALF. A great many men would prefer to work until they are 70 years of age.

Mr. WAGNER. If the individual is physically able to continue, he can have an agreement with his employer by which he may continue to that age.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Rhode Island to the amendment of the committee.

The amendment to the amendment was rejected.

Mr. METCALF. Mr. President, I send to the desk another amendment which I offer to the committee amendment, and ask that it may be read.

The PRESIDING OFFICER. The amendment to the amendment will be read.

The LEGISLATIVE CLERK. In the committee amendment, on page 20, it is proposed to amend section 5, so as to provide:

Each employee shall pay an employee contribution in a percentage upon his compensation. Each carrier shall pay a carrier contribution equal to twice the contributions of each employee of such carrier. The employee compensation shall be the compensation for service paid to such employee by the carrier, excluding compensation in excess of $400 per month. The contribution percentage shall be determined by the board from time to time, and shall be such as to produce from the combined employee and carrier contributions, with a reasonable margin for contingencies, the amount necessary to pay the annuities, other disbursements, and the expenses becoming payable from time to time. Until the board shall determine on a definite percentage, the employee percentage shall be 1½ percent. Employee contributions shall be deducted by the carrier from the compensation of its employees and shall be paid by the carrier, together with the carrier contributions, into the Treasury of the United States quarterly or at such other times as ordered by the board.

Mr. METCALF. Mr. President, this amendment reduces the contribution of the employee from 2 percent of his salary to 1½ percent of his salary. I am proposing it on the ground that a 2 percent contribution by the employees and 4 percent by the railroads is unnecessary for the beginning of the experimental period, and that we should place no heavier burden than necessary on the employee and the carrier. Of course, the Board is empowered to increase this at any time it may become necessary.

Under this amendment the roads would be immediately forced to pay 3 percent of their total pay rolls instead of 4 percent. However, if after a few months the Board finds that more funds are necessary, it can easily increase this amount.

I hope this amendment will be agreed to.

Mr. DILL. Mr. President, this is a proposal of a different percentage.

Mr. METCALF. Yes. I am taking Mr. Eastman's figures for it.

Mr. DILL. Mr. Eastman has given two or three sets of figures. I do not know what the effect of this amendment will be, but it seems to me an unwise procedure to adopt it.

Mr. HATFIELD. Mr. President, this amendment would absolutely destroy the bill. Mr. Eastman appeared before our committee, and we conceded to him practically everything he asked for. This whole set-up is made upon the recommendation of the actuary. Even the carriers' representative was not far off from the final conclusion that was arrived at by those who were friendly to the bill—only one-half of 1 percent.

Mr. METCALF. Mr. President, part of the figures that Mr. Eastman gives are the difference between what he says is the average pay and the figures that the other actuary gave. One was about $1,600 a year, and the other was something like $2,000 a year, so there would not be very much difference in the actual pension received; and then at any time the Board can increase this amount. The amendment would not injure the bill at all. The Board could change the amount at any time within 6 months if it should not be coming out right.

Mr. WAGNER. Mr. President, if the Senator will yield, I think I state the facts when I say that all the actuaries who were consulted and participated in the preparation of this legislation, and appeared before us, agreed that the contribution provided for in the measure is absolutely essential if we are to retain an actuarially sound system.

Mr. HATFIELD. To assure a solvent fund.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Rhode Island [Mr. METCALF] to the amendment of the committee.

The amendment to the amendment was rejected.

Mr. METCALF. I thank the Senate for listening to me.

The PRESIDING OFFICER. The bill is still open to amendment.

Mr. HATCH. Mr. President, I send to the desk an amendment to the committee amendment which I ask to have stated.

The PRESIDING OFFICER. The amendment to the amendment will be stated.

The CHIEF CLERK. On page 15, line 17, before the period, it is proposed to insert a semicolon and the words—

but does not include any attorney, physician, or surgeon employed by any carrier.

Mr. HATCH. Mr. President, I have shown this amendment to the authors of the bill, and I trust they will accept it.

Mr. DILL. Mr. President, I think there is no objection to this amendment.

Mr. HATFIELD. I have no objection to it.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from New Mexico to the amendment of the committee.

The amendment to the amendment was agreed to.

Mr. DAVIS. Mr. President, systems of retirement pay have been thoroughly tried and their success established in many different places. I believe that there is a strong trend in this direction in our country today, and that it is especially applicable to railroad employees. Doubtless the time will come when provision of this kind will be made for all types of industry. I think it is reasonable to pioneer in this field in connection with the railroad industry because so many excellent improvements in our social and industrial life have been made possible through it.

Of course, there are always some few people who object to every forward-looking improvement. These people objected to the installation of airbrakes, the electrification of suburban railroads, the abolition of the dangerous open-road crossing, and the development of collective bargaining. Strangely enough, however, after these improvements had been achieved, the same people expressed great pride in what had been accomplished.

Mr. President, I believe this will apply to retirement pay for railway employees. There is but little economy in retaining aged men in the railroad service, and a sense of humanity should protect them from the hardships incident to travel on swiftly moving trains. A railroad man who has devoted his life faithfully to the service of the traveling public deserves retirement pay when he has attained the age of 65. Then the poorhouse will hold no terror for him, for he will be able to retire to a well-deserved contentment with his family and friends.

Mr. President, a pension for the aged will mean a new job for a younger man and industry will find that there is economy in substituting the young for the old. The law of obsolescence applies to the workman just as truly as to buildings and machines. A carefully planned system of retirement pay will net a saving to the railroads, for it will stimulate better service and greater efficiency among workers who hope to retain their jobs in order to secure the advantages of the retirement system. Money laid aside for the care of the aged will be more than repaid by savings secured through increased efficiency and the employment of youthful labor.

The pending legislation presents a reasonable and gradual approach to this problem, and I earnestly favor it in the interest of both management and labor.

I shall vote for the bill.

Mr. LEWIS. Mr. President, I ask the attention of the Senator from West Virginia [Mr. HATFIELD] and the Senator from New York [Mr. WAGNER] in order to say that I have received some inquiries indicating some fear on the part of those from various States whose acquaintance I enjoy. They have been advised that there is a possibility that this measure will supersede the pension systems prevailing in the respective States under the laws of the States. Will the honorable Senators give me their views as to that matter?

Mr. WAGNER. Mr. President, I think I can say that the bill will in no way affect any State statute in relation to any form of pension.

Mr. LEWIS. Is there any provision in the bill which safeguards that matter, so that the provisions of State laws shall not be lost?

Mr. WAGNER. The bill deals only with a subject with which the States cannot deal; to-wit, interstate commerce.

Mr. HATFIELD. There is no conflict.

Mr. LEWIS. Then I shall not detain the Senate. Suffice it to say that those who have been advocating the bill assure me that it will not interfere with the laws of the various States.

Mr. HATFIELD. I may say to the distinguished Senator from Illinois that Hon. Herman L. Ekern, a very distinguished attorney who is also an actuary, passed upon this bill, gave great consideraion to it, and helped to prepare it. He at one time was attorney general and was earlier commissioner of insurance of the great State of Wisconsin, and I have every confidence that this gentleman, who is connected with the insurance business today, would not sponsor any legislation which would have the effect mentioned by the Senator from Illinois.

Mr. LEWIS. I am pleased to have the declaration of both Senators.

Mr. WAGNER. Mr. President, the Senator from Illinois, who made the inquiry, is himself a very distinguished lawyer. He knows that no State is in a position to impose a tax upon an industry that is engaged purely in interstate commerce.

Mr. BARKLEY. If the Senator will yield further in that connection, most of the pension laws of the States refer to other matters than railway employees engaged on systems of transportation; so there is no conflict whatever.

Mr. LEWIS. I thank the Senator.

Mr. O'MAHONEY. Mr. President, permit me to say, in respect to the question raised by the Senator from Illinois [Mr. LEWIS] and the statement by the Senator from West Virginia [Mr. HATFIELD], that the statement having been made to me that sufficient study had not been given to the actuarial basis of the bill, I made an investigation to determine what studies had been made. I am satisfied that every care was exercised in this respect.

Even if there were defects, however, I believe that a serious mistake would be made if favorable action were now withheld. The certainty and security that come from pension systems must be afforded to those who are engaged in industry. This is a step toward the ultimate goal.

Several months will necessarily be required to set up the system herein provided. If there are defects, they can be corrected. The bill should pass.

The PRESIDING OFFICER. If there be no further amendments to be proposed, the question is on agreeing to the amendment of the committee, as amended.

The amendment, as amended, was agreed to.

The bill was ordered to be engrossed for a third reading, and was read the third time.

The PRESIDING OFFICER. The bill having been read three times, the question is, Shall it pass?

Mr. NORRIS, Mr. LA FOLLETTE, and other Senators called for the yeas and nays, and they were ordered.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. FESS (when his name was called). I have a general pair with the Senator from Virginia [Mr. GLASS], who is detained from the Senate. I do not know how he would vote were he present. Were I permitted to vote, I should vote "yea."

Mr. HATFIELD (when his name was called). I have a general pair with the senior Senator from Florida [Mr. FLETCHER]. I understand that he would vote as I intend to vote, and therefore I am free to vote. I vote "yea."

Mr. FESS (when Mr. MCNARY's name was called). The senior Senator from Oregon [Mr. MCNARY] is detained from the Senate, and I am requested to announce that if present he would vote "yea."

Mr. ROBINSON of Arkansas (when his name was called). I have a pair with the Senator from Pennsylvania [Mr. REED], but being informed that he would vote as I intend to vote, I am free to vote. I vote "yea."

Mr. WAGNER (when his name was called). May I inquire whether the senior Senator from Missouri [Mr. PATTERSON] has voted?

The PRESIDING OFFICER. That Senator has not voted.

Mr. WAGNER. I have a general pair with the senior Senator from Missouri. Not knowing how he would vote, I transfer that pair to the senior Senator from Oklahoma [Mr. THOMAS] and vote "yea."

The roll call was concluded.

Mr. LEWIS. I desire to announce the absence of my colleague [Mr. DIETERICH], called away on official business. He would, if present, vote "yea."

I am also authorized to state that the senior Senator from Massachusetts [Mr. WALSH] and the junior Senator from Massachusetts [Mr. COOLIDGE] have been called away, attending a convention in the State of Massachusetts; and the Senator from California [Mr. MCADOO] is necessarily absent. They authorized me to state that they would vote "yea", if present.

Mr. HEBERT. The Senator from Pennsylvania [Mr. REED], the Senator from Vermont [Mr. AUSTIN], the Senator from Maine [Mr. WHITE], the Senator from Wyoming [Mr. CAREY], the Senator from New Hampshire [Mr. KEYES], the Senator from Delaware [Mr. TOWNSEND], the Senator from Connecticut [Mr. WALCOTT], and the Senator from Missouri [Mr. PATTERSON] are necessarily absent. I am advised that all of those Senators, if present, would vote "yea" on this question.

Mr. LA FOLLETTE. I wish to announce the unavoidable absence of the senior Senator from New Mexico [Mr. CUTTING]. If present, he would vote "yea."

Mr. ROBINSON of Arkansas. I desire to announce that the Senator from Ohio [Mr. BULKLEY], the Senator from South Dakota [Mr. BULOW], the Senator from Virginia [Mr. BYRD], the Senator from Montana [Mr. ERICKSON], the Senator from Florida [Mr. FLETCHER], the Senator from Georgia [Mr. GEORGE], the Senator from Nevada [Mr. MCCARRAN], the Senator from Mississippi [Mr. STEPHENS], the Senator from Oklahoma [Mr. THOMAS], the Senator from Florida [Mr. TRAMMELL], the Senator from Maryland [Mr. TYDINGS], and the Senator from Indiana [Mr. VAN NUYS] are unavoidably detained from the Senate. I am informed that, if present, all of these Senators would vote "yea."

Mr. COSTIGAN. Mr. President, I desire to state that the junior Senator from Arkansas [Mrs. CARAWAY] is unavoidably absent. If present, she would have voted "yea."

The result was announced—yeas 66, nays 0, as follows:

YEAS—66

Adams	Couzens	Kean	Pope
Ashurst	Davis	King	Reynolds
Bachman	Dickinson	La Follette	Robinson, Ark.
Bailey	Dill	Lewis	Robinson, Ind.
Bankhead	Duffy	Logan	Russell
Barbour	Frazier	Lonergan	Schall
Barkley	Gibson	Long	Sheppard
Black	Goldsborough	McGill	Shipstead
Bone	Gore	McKellar	Smith
Borah	Hale	Metcalf	Steiwer
Brown	Harrison	Murphy	Thomas, Utah
Byrnes	Hastings	Neely	Thompson
Capper	Hatch	Norris	Vandenberg
Clark	Hatfield	Nye	Wagner
Connally	Hayden	O'Mahoney	Wheeler
Copeland	Hebert	Overton	
Costigan	Johnson	Pittman	

NOT VOTING—30

Austin	Dieterich	McCarran	Trammell
Bulkley	Erickson	McNary	Tydings
Bulow	Fess	Norbeck	Van Nuys
Byrd	Fletcher	Patterson	Walcott
Caraway	George	Reed	Walsh
Carey	Glass	Stephens	White
Coolidge	Keyes	Thomas, Okla.	
Cutting	McAdoo	Townsend	

So the bill was passed.

PARTICIPATION OF THE UNITED STATES IN THE PAN AMERICAN INSTITUTE

Mr. PITTMAN. Mr. President, I report favorably from the Committee on Foreign Relations the bill (S. 3761) to authorize an annual appropriation of $10,000 to pay the pro rata share of the United States of the expenses of the Pan American Institute of Geography and History at Mexico City, and I submit a report thereon (No. 1436). I ask for the present consideration of the bill.

There being no objection, the bill was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That there is authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, an annual sum of $10,000 to pay the pro rata share of the United States of the expenses of the Pan American Institute of Geography and History at Mexico City, created pursuant to a resolution of the Sixth International Conference of American States.

CLAIMS OF THE UNITED STATES AND TURKEY

Mr. PITTMAN. Mr. President, I report favorably from the Committee on Foreign Relations the joint resolution (H.J.Res. 295) authorizing appropriation for expenses of representatives of United States to meet at Istanbul, Turkey, with representatives of Turkish Republic for purpose of examining claims of either Government against the other and for expense of proceedings before an umpire, if necessary, and I submit a report thereon (No. 1438). I ask for the present consideration of the joint resolution.

There being no objection, the joint resolution was considered, ordered to a third reading, read the third time, and passed.

DECORATIONS TO RETIRED OFFICERS

Mr. PITTMAN. Mr. President, I report favorably from the Committee on Foreign Relations the joint resolution (H.J.Res. 330) authorizing certain retired officers or employees of the United States to accept such decorations, orders, medals, or presents as have been tendered them by foreign governments, and submit a report thereon (No. 1437). I ask that the Senate proceed to the consideration of the joint resolution.

There being no objection, the Senate proceeded to consider the joint resolution, which had been reported from the Committee on Foreign Relations with an amendment, on page 2, after line 12, to insert "SOL BLOOM, M.C., Director of United States George Washington Bicentennial Celebration", so as to make the joint resolution read:

Resolved, etc., That the following-named retired officers or employees of the United States are hereby authorized to accept such decorations, orders, medals, or presents as have been tendered them by foreign governments:

State Department: Robert Woods Bliss, Fred D. Fisher, George Horton, William H. Hunt, Frank W. Mahin, Thomas Sammons, Harry Tuck Sherman, Alexander Thackara, and Craig W. Wadsworth.

United States Army: Charles J. Allen, Bailey K. Ashford, George G. Bartlett, Herbert C. Crosby, William Crozier, Albert C. Dalton, Hanson E. Ely, James E. Fechet, Harry E. Gilchrist, Francis W. Griffin, William W. Harts, John L. Hines, William E. Horton, John A. Hull, Girard L. McEntee, Charles P. Summerall, John J. Pershing, Trevor W. Swett, and Thomas F. Van Natta, Jr.

United States Navy: William C. Braisted, William B. Caperton, Robert E. Coontz, Herbert O. Dunn, John Rufus Edie, Noble E. Irwin, Harry H. Lane, Norman T. McLean, William V. Pratt, Henry J. Shields, George W. Steele, Montgomery M. Taylor, and Arthur L. Willard.

United States Marine Corps: Ben H. Fuller and George C. Thorpe.

SOL BLOOM, M.C., Director of United States George Washington Bicentennial Celebration.

Department of Agriculture: L. O. Howard.

Department of Commerce: Antone Silva.

SEC. 2. That the Secretary of State is hereby directed to furnish to the Seventy-fifth Congress and to each alternate Congress thereafter a list of those retired officers or employees of the United States for whom the Department of State under the provisions of the act of January 31, 1881 (U.S.C., title 5, sec. 115), is holding decorations, orders, medals, or presents tendered them by foreign governments.

AUTOMATIC RETIREMENT OF PUBLIC DEBT

Mr. SCHALL. By request, I ask leave to have printed in the RECORD and appropriately referred a letter with an enclosure.

There being no objection, the letter, with the accompanying paper, was referred to the Committee on Banking and Currency and ordered to be printed in the RECORD, as follows:

MINNEAPOLIS, MINN., *June 2, 1934.*

Hon. THOMAS D. SCHALL,
United States Senate, Washington, D.C.

MY DEAR SENATOR: I am enclosing herewith a copy of a plan for automatic retirement of the public debt which, to my mind, is not only unique but has real merit and is in substance sound from

an economic standpoint. If properly administered, I believe that some such plan could operate successfully to the definite benefit of the Nation. It is free from the objections which prohibit the use of fiat money or other schemes for inflation of the currency. In brief, it is really not much more than the transfer of rights now held by private banking institutions to the Government itself.

The plan does not originate with me but was evolved by Mr. E. L. Powell, of New Orleans, La., who recently visited me on a business trip and explained it to me in the course of our conversation.

I feel that the plan is worthy of serious consideration and I am, therefore, calling it to your attention.

Cordially yours,

HOWARD O. WILLIAMS.

This plan does not involve the printing of fiat money; on the contrary, the currency proposed to be issued will have back of it the security of issued Government bonds and in addition will have the full taxing power of the Government on the value of all income and property now taxable or to be made taxable through future proper legislation.

The proposed plan offers complete control of the currency.

It provides for the orderly payment of the bonds, and redemption and cancelation of the currency proposed to be issued. Therefore, said currency is certain of orderly retirement in reasonably fixed yearly amounts.

The operation of this plan and the certainty of redemption will prevent any unusual fluctuation in the price of United States Government bonds, for such fluctuation will be of no public interest. The Government would be the only party interested in the price of the bonds and there would be no trading in same; therefore, no reason for fluctuation.

Under the proposed plan, bonds bearing 4-percent interest with 2-percent sinking fund, the debt would be paid off in about 27 years. Interest would be reduced rapidly as bonds were paid.

SUGGESTED PLAN FOR PAYING THE UNITED STATES DEBT

Congress to authorize calling all United States bonds for refunding or paying, and for this purpose to authorize new bond issues, in such amount as would be needed. Interest on called bonds to cease at first interest date after date of call.

Do not exchange bonds. Pay them, obtaining the money as follows: Use new bonds as collateral for 6-month loans; borrow from Federal Reserve, that bank to issue currency to the United States for all such loans—all loans to be renewable—in such form as may be most desirable and the renewal privilege to be stated in the notes and for a period of not less than 25 years, but payable—at the option of the United States—at any time.

Bonds and loan notes to carry same rate of interest.

The United States would provide in the annual Budget for payment of interest on bonds, and sinking fund as is now provided.

The coupons, when paid by the United States to itself as owner of the bonds, would provide the money to pay the interest on the loans.

The entire profit to the Federal Reserve would find its way back into the United States Treasury (as surplus over the 6 percent dividend)—and to be dedicated to paying off the loan, and, as loan is paid, an equal sum in bonds to be canceled.

As the loan notes are paid, the currency issued by the Federal Reserve to be retired by the bank same as is done in their dealings with member banks.

As the 6-percent dividend, payable to members of the Federal Reserve Bank System (see par. 3, p. 2), is much more than earned every year, this increases the rate of payment by the exact amount now being paid for bond interest, as under this plan, the entire interest plus the present sinking fund would be available for and dedicated to the retirement of the bonds.

This does not increase taxes, but, as bonds are retired, results in steady decrease. This would result in—

First. Providing all new currency needed without inflation.

Second. The supply of new money and the withdrawal from the public of Government bonds as investment would result in present bondowners seriously hunting for new investments and thereby tend to revive all business.

Third. The Federal Reserve earnings in excess of 6 percent paid to member banks on capital furnished by them is the property of the United States Government and would retire the bonded debt entirely in a few years, depending on interest rate and sinking-fund provision.

Fourth. Government bonds would be entirely removed from the public market, the Federal Reserve bank to be the only holders (as collateral only) and the United States Government to be the only owner. The whole matter is thus reduced to an ordinary business banking transaction, with the Federal Reserve bank as lender and the United States Government as borrower.

REMARKS

It is important in considering this plan to always bear in mind that a member bank can now borrow from the Federal Reserve bank, using United States bonds as collateral, and this plan merely gives the United States the same right and privilege.

Any of the called bonds that may be held in foreign countries can be readily handled by allowing sellers of goods to United States buyers to pay for same in United States bonds at par, the United States to pay for said bonds at par when presented for collection in the United States.

To facilitate the handling of coupons and notes between the Federal Reserve bank and the United States Treasury, the bonds should be issued in large units, say, 50, 100, or 500 million dollars.

When payment or partial payment of note is made any difference between face value of note plus interest and the amount of cash available would be cared for in the same manner as any similar ordinary transaction.

The operation of this plan would reduce the need to provide work at public expense for the purpose of reducing unemployment and to relieve distress.

The need for employing the new money would accomplish this result.

DEPORTATION OF ALIEN SEAMEN

Mr. KING. Mr. President, inadvertently yesterday the chairman of the Committee on Immigration reported the bill (S. 868) to provide for the deportation of certain alien seamen, and for other purposes. The bill as reported did not contain an amendment which had been suggested, and I ask that the bill be recommitted to the committee.

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

Mr. KING. Mr. President, from the Committee on Immigration I now report favorably the bill (S. 868) to provide for the deportation of certain alien seamen, and for other purposes, with an amendment, and I submit a report (No. 1439) thereon.

COMMITTEE SERVICE

Mr. ROBINSON of Arkansas. Mr. President, I ask that the Senator from Wisconsin [Mr. DUFFY] be assigned to the vacancy, on behalf of the majority, on the Committee on Interoceanic Canals.

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

ECONOMIC LEGISLATION—RADIO ADDRESS BY TOM DAVIS

Mr. DICKINSON. Mr. President, I ask unanimous consent to have printed in the RECORD a radio speech by Hon. Tom Davis, of Minnesota, on the subject of Economic Legislation.

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

Men and women of Minnesota, we are fighting in this campaign for the soul of America.

We are fighting to see that this Nation of ours shall not perish.

The Farmer-Labor Party of Minnesota was not founded by Socialists or by Communists.

The men and women who sacrificed in order to build up the progressive cause in this State have been betrayed in their own house. The platform adopted by the recent Farmer-Labor convention cannot and does not represent the sentiments or the hopes of those who believe in this democracy and who sincerely hope for its preservation and success.

No one has the right to ask or demand that the people of this State surrender their liberties or their freedom to any political machine or any political party.

Minnesota is my birthplace and since I arrived at manhood I have taken an intense interest in political affairs.

I have filed for the Republican nomination for the office of United States Senator at the coming primary.

I have always believed and still believe in the progressive cause. The issues raised in the present election in Minnesota rise above party lines and transcend all personal consideration and go directly to the question of whether or not we shall maintain a republican form of government in Minnesota as guaranteed by the Federal Constitution.

My life has been devoted to fighting for progressive men and progressive principles without much regard to party affiliations, but I have never been a Socialist, nor a Communist, and I am not one now.

I have by no means been a worshipper of party above principle. One of the greatest dangers in this country is a tendency to create or erect political machines, and to mislead the voters by appealing to their support of party loyalty rather than their support of civic loyalty.

The issues before the people of this State are far more important than personal friendship or personal success. I am going down the same road I have traveled for 30 years, and, when the Farmer-Labor Party adopted its recent platform it went to the left and accepted a philosophy of government, and a theory of politics, that I have never believed in and never will believe in.

This country was founded by God-fearing men and women as a protest against arbitrary power.

These men and women knew that personal liberty, the right of free speech, and of peaceable assemblage were the inalienable rights of free men.

They believed in the right of individual freedom and individual progress, and people of Nordic blood, of Teutonic strain, and of Celtic ancestry came to this country because they knew it offered the greatest opportunity for individual initiative and personal progress of any country in the world.

When our Government was founded nearly every land was ruled by an autocrat. There were few people whose lives did not depend upon the caprice of an autocrat.

Emperors, kings, and potentates ruled and decided the destiny of untold millions under the ridiculous doctrine of the divine right of kings. Men and women were mere cogs in a machine. They existed for the benefit of their rulers who were their government; they were subject to the whim and fancy, the selfishness, and the intrigue of an autocrat, who exercised arbitrary power over their lives and their destinies.

That, my friends, is the reason why men came from every land and from every clime, of every race and every creed, and on this uncharted continent founded a nation dedicated to liberty and consecrated to the cause of human freedom. They declared that arbitrary power, under whatever guise, should not obtain in a free country.

Thus was founded the American Republic and it has grown with the passing of the years until today, regardless of all our difficulties, there is in our country more prosperity, more opportunity, more freedom, and more liberty than in any land under God's shining sun.

It is proposed to change that form of government in Minnesota, and the hope of those who seek this change is to also change the form of government of our Nation. They want to substitute an autocracy for democracy. They want to substitute for individual freedom and individual initiative the arbitrary and ruthless power of an autocrat.

It is now proposed that we should abolish our form of government and create in its place a so-called "cooperative commonwealth", or a Communistic breeding place.

The Farmer-Labor platform demands that the State shall own all mines, factories, packing plants, railroads, and utilities; it demands that all insurance business be taken over by the State.

If the proposed program of the Farmer-Labor Party should prevail in Minnesota, it would put into the hands of a political machine the most far-reaching and arbitrary power ever known in the history of this country. It would inevitably lead to a dictatorship which would govern practically every activity of our lives.

Our country today is confronted with a crisis which challenges the judgment, the conscience, and the sincerity of all mankind.

In these trying times, when the very destiny of our representative form of government is at stake, there has arisen in the minds of some men the thought that our Government is a failure, that democracy is a sham, and that we should turn for help and assistance either to a dictatorship of privileged wealth or to a dictatorship of the so-called "proletariat." I am utterly opposed to a dictatorship in any form in America. The time must never come when the liberties and rights of the people of this country shall be subject to the whim or the fancy of any autocrat.

There is no more room for the divine right of special privilege or the divine right of entrenched wealth to control this democracy than there was for the divine right of kings to control the destiny of human beings.

A dictatorship of special privilege is a dictatorship of centralized wealth. A fascist form of government is a dictatorship of industry; a dictatorship of the so-called "proletariat" will destroy our democracy.

No autocracy, under whatever name, or whatever guise, has any place in Minnesota.

That platform is a betrayal of the farmers and laboring men of Minnesota and is basically a communistic platform and nothing else. It ceases to be a progressive document. It is a reactionary and subversive document. If we give them the power to carry out this program, it would sovietize this State; it would wipe away opportunity from rich and poor alike. It would destroy and take away from us every vestige of liberty. It would abolish personal rights. It would destroy personal initiative, crush ambition, and leave this State the laughing stock of the Nation.

In the campaign of 1924, as a candidate for the nomination for Governor I made my opening speech in my old home town of Marshall, Minn., and I want to read to you from the News-Messenger of Marshall, under date of April 25, 1924, a report of my speech on that occasion. I quote:

"Opening the plea for good government, Mr. Davis stated that he was a believer in our present republican form of government and opposed to any dictatorship either of the wealthy or the proletariat. The welfare of the Government, he declared, depends upon the individual, who should take an active interest in the Government and in the exercise of the franchise as a duty of citizenship, regardless of party affiliations."

Two years ago, in a speech in that political campaign, I had the following to say. I quote:

"I want to urge upon you who are listening to me the importance, the duty, and the obligation of casting a ballot in this election.

"We need to get back to the simple faith of our fathers who founded this Nation and handed it down to us in the hope that it could be a Nation that would grant to its people equal rights and equal opportunities.

"Let me urge upon everyone who is listening to me tonight to realize that we must not give way to despair or lose faith in this great democracy of ours.

"There is no room in this land of ours for communism; there is no room for a philosophy that would tear down our churches and wreck our schools; there is no room for a doctrine of despair; there is no room for a theory that would wipe the name of God from out the sky!"

This is where I stood 10 years ago; this is where I stood 2 years ago; and this is where I stand now.

In 1918 many of the farmers and laborers and business men of Minnesota rightly felt that we should oppose profiteering during the World War and felt it was the duty and right of the farmers to meet and discuss political issues. During that time you people well know that some men in the excess of zeal and misguided by sentiment headed mobs which denied many people the right to peaceably assemble and denied them the right of free speech.

My fight in 1918 was a fight against mob law, and I would make that fight tomorrow under similar circumstances. There never was, or should be, any room for mob law in Minnesota, and it makes no difference whether it is a mob of bankers, a mob of business men, a mob of farmers, or a mob of laborers.

No man who has the future of America at heart should support the Farmer-Labor platform.

It is destructive of American institutions and a betrayal of American ideals.

We should not blazon over this Nation, to the detriment of the name of our fair State, the fact that we are ready to place our destinies into the hands of a political oligarchy, or to allow any political party to take over the business, the factories, the insurance companies, and the fortunes of the people of Minnesota for political purposes.

For these reasons I must now oppose the Farmer-Labor communistic platform.

That platform is written in a few plain, simple words that are easily understood and the attempt that is now being made to interpret it and to mislead the people as to its actual interpretation and meanings is not politically frank.

Only recently a so-called "committee of 21" assumed to interpret this platform and to fool the people of Minnesota by telling them that the platform does not mean what it says.

WHO ARE THIS "COMMITTEE OF TWENTY-ONE"?—BY WHAT AUTHORITY DO THEY ACT?

Are they the "invisible government" of the Farmer-Labor Party who now claim the right to repudiate the action taken by 1,200 delegates in convention assembled?

Is the Farmer-Labor Party controlled by these 21 men and are the wishes of 1,200 delegates from all over this State to be set aside by a supercommittee?

The attempt to avoid the plain meaning and intent of this platform should not mislead the voters.

You voters are entitled to know whether a man running for public office is for such a platform or whether he is against it.

I am against that platform because it means communism and nothing else. You should be infinitely more against it because of the attempt now being made to mislead the voters by telling them that this convention did not mean what it said. The action taken by this committee is not democracy, it is autocracy, and I am against autocracy. I am against arbitrary power and I am against any predatory political machine, no matter whether it is manned by office seekers or controlled by privileged interests.

The recent Farmer-Labor platform demands, among other things, that immediate steps must be taken by the people to abolish capitalism.

It further demands a system whereby all natural resources, machinery of production, transportation, and communication shall be owned by the Government.

The effort is being made by the supporters of this platform to sell you on the idea that capitalism, in and of itself, must be abolished.

Capitalism means nothing more nor less than this: That a man or woman shall have the result, and shall be entitled to retain the profit earned from labor or the property which that man or woman has secured. Under this system gross injustices have occurred, and now prevail, but I tell you that we should not kill the patient in order to cure him.

Capitalism, with all its faults, is infinitely better than the so-called "cooperative commonwealth", which is nothing more or less than a camouflage for the word "communism."

The attempt is being made to fool the people of this State by telling them that a cooperative organization is similar to a cooperative commonwealth.

Under the laws of this State cooperatives have a right to hold property; to buy and sell goods; to make a profit as a result of their efforts and their work, and this is right and proper. I have always fought for liberal laws in behalf of the cooperative organizations in Minnesota.

My friends, this is entirely different than a cooperative commonwealth.

A cooperative commonwealth means this, and only this, that the Government as a State shall own all the property and that individuals or organizations of individuals shall not have the right to own property.

The purpose and intent of creating a so-called "cooperative commonwealth" is to bring about the abolition of all private property.

One of the first acts of Russian communism was to abolish all cooperative organizations.

The Russian system is a cooperative commonwealth, and let me read to you from The A B C of communism what two of the prominent Russian Communists state is the basis for the "cooperative commonwealth."

And, mark you, the words "communism" and "cooperative commonwealth" are used at all times interchangeably by these disciples of a darker day.

The language used in this book is strikingly similar to the language used in the recent Farmer-Labor platform.

Listen to this language—

"The basis of Communist society must be the social ownership of the means of production and exchange. Machinery, locomotives, steamships, factory buildings, warehouses, grain elevators, mines, telegraphs and telephones, the land, sheep, horses, and cattle, must all be at the disposal of society. All these means of production must be under the control of society as a whole, and not as at present under the control of individual capitalists or capitalist combines."

In a recent book analyzing and explaining the Communist constitution and the Russian system we find the following language, quote:

"Private ownership of land is abolished; all land is declared "national property." * * * Forests, mines, and livestock are also proclaimed 'public property.' Factories, shops, banks, railways, and other means of production and transportation are likewise to become the property of the Soviet Republic.

"With equal definiteness the Soviet constitution proceeded to disqualify from voting and holding office among others, (1) persons employing hired labor for the sake of profit; (2) persons living on an income not derived from their own labor; (3) private business men and trade and commercial agents; (4) monks and clergymen of all religious denominations."

No wonder they tell you that the word "communism" scares the people.

It has a right to scare you. It has a right to make you stop and realize where we are drifting.

In Russia, under the communistic system, the Government or the State takes over mines, factories, banks, railways, and other means of production and transportation.

In Minnesota the Farmer-Labor platform declares for a system where all the natural resources, machinery of production, transportation, and communication shall be owned by the Government.

This same Farmer-Labor platform, under its industrial program, demands, I quote, "Ownership of all mines, water power, transportation, communication, banks, packing plants, factories, and all public utilities."

All I ask of the voters of Minnesota, of the farmers who want to own their farms, of the laboring men who want to keep their homes, is to set side by side the demands of Russian communism and the demands of the Farmer-Labor platform.

The same mind if not the same hand wrote both of these programs.

It is an utter impossibility to take over all industry and pay for it by any form of taxation. It if is to be taken over, it must be seized and confiscated without regard to the rights of the owners. It cannot be acquired otherwise, and this means just what was done in Soviet Russia.

If this proposed program is put into effect in Minnesota, if a super-State shall take over our factories, all packing plants, all railroads, all bus lines, it means that organized labor and the railroad men of this State will lose every advantage and every right they have obtained through these long years of organization and effort. Under such a system of government, the labor unions will cease to exist. What will become of their right to bargain for either working conditions or wages? All of this will be benignly provided for them under the dictatorship of the proletariat!

The history of autocracy in recent years in Russia and in Italy has spelled the doom of individual liberty and has taken away from organized labor the chance to obtain its rights.

Some of the proponents of this program rightly say that there are hungry people in this land and people in need, and we know it is the truth, to the shame of Minnesota and this Nation, but what you must not forget is that in Russia, the cradle of communism, there also are hungry people who are cold; in Italy, with its dictatorship, there are also unemployed; in Germany, with its dictatorship, there are also hungry men and hungry women walking the streets; and the men and women of those countries would give anything in the world if they could come to these United States; and in every one of those countries the right of free speech, the right to criticize your government, the right of assemblage, the right of a free press have been taken away from the people. This is what would happen in Minnesota and in this Nation under a political dictatorship and an industrial autocracy, and this is why free men and free women will never stand for such a program.

Bear this fact in mind—that no government and no law can make men honest, intelligent, thrifty, or ambitious. These qualities are implanted in human hearts and breasts by an infinite God.

Human nature has not changed through all the centuries. Men and women are motivated by the same influences. Self-interest and the desire to advance can never be driven from the human heart and the human breast.

Government exists and functions for the people and for the preservation of their rights, and people do not exist merely for the Government.

If nothing more were needed to rouse the Christian people of this State to action, if there were no other planks in this platform which spell the doom of individual liberty, let me call your attention to the fact that the plank on education is a direct challenge to every man and woman in this State.

This plank provides, among other things, "Textbooks to be published by the State and free to all students."

If the State has the right to publish the books, it, of course, has the right to say what kind of books will be published.

It can establish a State religion, or perhaps establish a philosophy that will laugh at all religion.

Will this political oligarchy tell you fathers and mothers that you shall not have the right to educate and instruct your children in the religious faith which is so sacred to you?

The result of every effort that has gone on through the centuries to give us a free and untrammeled system of education should not be lost.

This platform means that a Communist or a Socialist, if they have the power, can put into the hands of your children every book which tends to tear down regard for our cherished institutions. It means that on matters of religion, morals, and social welfare that a super-state shall determine what books shall be printed and given to our children.

Russia is the only country in the world which is a cooperative commonwealth.

Russia is the only country in the world which denies the right of franchise and the right to hold office to clergymen of all denominations.

It was Liebnecht, the German Socialist, who said: "It is our duty as Socialists to root out the faith in God with all our might. Nor is anyone worthy of the name who does not consecrate himself to the spread of atheism."

It was Bebel who said: "Christianity and socialism stand toward each other as fire and water. Christianity is the enemy of liberty and civilization. It has kept mankind in slavery and oppression."

It was Bakunine, the Russian Communist, who said: "We declare ourselves atheists. We seek the abolition of all religion and the abolition of marriage."

It was Yaroslavsky, the Russian Communist, in 1929 who said: "We are against God. We are against capital. We are for socialism. We are for a world union of toilers. We are for the Communist Internationale."

Do you want atheists and men who would drive religion and churches out of Minnesota to write the school books for your children?

I deny the right of any set of men, governed by any political party, to tell your children or my children what books shall be printed and used in the schools of Minnesota.

I maintain that we have the right to raise our children in the faith of our fathers, and we should be unwilling to surrender that right to any political party.

No father or mother who has at heart the welfare and interest of his boys or his girls can or will stand for such a platform.

I appeal especially to the mothers and wives of Minnesota. In your hand is the destiny of this State and Nation; into your keeping is given the future education, both morally and mentally, of your boys and girls.

It has not been easy for me to break with political and personal friends with whom I have associated for many years. Whatever they may say of me, or about me, cannot change the issues facing you people. These issues rise higher than the hopes and ambitions of any man. These issues are more important than the political success of any individual, or any political machine.

In making the campaign that I am making for the United States Senate, I have done so at the request of hundreds of Republicans who have frequently disagreed with me in years past and whom I have differed with and criticised in past campaigns. But they are opposed to a communistic philosophy, and on that issue, which is the biggest issue facing you voters, I am in accord with them.

The support that has been tendered me also comes from the rank and file of the Republicans and Progressives who are willing to forget past differences and to fight shoulder to shoulder against the effort that is now being made to Russianize this State.

In the 30 years that I have campaigned in Minnesota I have spent my own money and my own time fighting for economic and political principles in which I believe. I have never been for sale, and never will be for sale.

I am not now and never will be the candidate or the representative of big business or of privileged interests.

If what I am fighting for appeals to you men and women of Minnesota, I want your help and support. If the ideals and principles which I am advocating in this campaign are the ideals, the principles, the hopes, and the aspirations of the men and women who believe in this democracy, and who will demand that it shall endure, and that communism shall not prevail, then give me your votes and your support.

I am but an incident in this contest, and whether I win or lose is not of supreme importance, but it is a matter of the highest importance to the voters of Minnesota whether this State shall become a communistic experimental station.

Shall we turn Minnesota over to a political machine dominated and controlled by Communists, and whose platform was written by Communists and by men who have no regard for our cherished institutions?

I need the help of men and women in the common walks of life; of you folks whom I have known in the 30 years I have fought political battles in Minnesota.

I want the people of this State who believe in the fight I am making to send in their names. I want you to come to headquarters and get literature and deliver it from house to house in this campaign.

I am opposed to any philosophy which has, with ruthless power, destroyed freedom of religion, freedom of education, and desecrated the most sacred ideals of Christian civilization.

I will be fighting for economic justice and economic equality after the primaries have closed whether I am nominated for United States Senator or not. You will find me going down the line fighting against this platform which is a betrayal of the laborer and the farmer; fighting against Russianizing Minnesota; fighting against a communistic philosophy which will destroy American institutions, wipe out American homes, and desecrate American ideals.

My friends, three flags beckon us to follow under their banner. The first flag is the black flag of piracy and special privilege, which has helped to bring us into the condition we are now in, and that flag is controlled by selfish interests alone. That flag is carried in the hands of men who are controlled by greed, who demand special privilege, and who are willing to forget the high destiny of this Nation and the sacred obligation of citizenship.

The Republican Party of Minnesota must not march under the flag of the House of Morgan, or the flag of special privilege.

And there arises before me another flag, held in the hands of men who would forget their country. This is the red flag of Communism, a flag that is nurtured in the breast of despair; that is controlled by envy, prompted by greed, and nurtured by hatred. That flag would give us a philosophy that would tear down our churches and wreck our schools, and it would wipe the name of God from out the sky.

That flag would destroy the American home and wipe out the American fireside and take ambition and hope from out the human heart.

And there is another flag. Your flag and my flag—the Stars and Stripes, baptized in the blood of our patriots. A flag that followed Washington as he knelt with his frozen comrades at Valley Forge.

This is the flag which waved over our boys from 1861 to 1865, when rebellion sought to destroy this country; this flag waved over the head of my old soldier father at Shiloh; this flag waved over the head of Grant at Vicksburg; this flag waved over the head of Sherman as he split the Confederacy in twain and saved this Republic. This is the flag which is waving over our heads today calling us to high endeavor and to civic duty when rebellion or greed or autocracy seeks to destroy this Republic and erect a dictatorship in our State. This is the flag which calls to us as citizens to lift our trembling hands and hold it aloft in these trying times.

From those who died at Bunker Hill and at Valley Forge; who gave their lives at Bull Run, at Shiloh, and at Vicksburg; who fell at Chateau Thierry, the Marne, and the Argonne there comes today a challenge to the patriotism and the manhood and womanhood of this Nation that we keep the faith, that we preserve this democracy, and that we hand it down to coming generations untouched by fraud, untarnished by greed.

IN FLANDERS' FIELDS

By Col. John McCrae

In Flanders' fields the poppies blow
Between the crosses, row on row,
That mark our place, and in the sky
The larks, still bravely singing, fly—
Scarce heard amidst the guns below.
We are the dead! Short days ago
We lived, felt dawn, saw sunset glow,
Loved and were loved, and now we lie
In Flanders' fields.

Take up our quarrel with the foe!
To you from failing hands we throw
The torch; be yours to hold it high.
If ye break faith with us who die
We shall not sleep, though poppies grow
In Flanders' fields.

Men and women of Minnesota, in the trying hours of the World War one battle cry was raised and it was this: "They shall not pass!" And I can hear those boys who gave their lives in behalf of this democracy crying out to every man and woman in Minnesota: "Awaken to your duty as citizens, rise in defense of your institutions and your homes and send this message to those who would take away from you all liberty, all human rights, the message that was carried on the fields of France: 'You must not pass! You shall not pass, for democracy and liberty must endure and prevail!'"

DEFICIENCY APPROPRIATIONS

Mr. ROBINSON of Arkansas. Mr. President, I move that the Senate proceed to the consideration of House bill 9830, the deficiency appropriation bill.

The motion was agreed to; and the Senate proceeded to consider the bill (H.R. 9830) making appropriations to supply deficiencies in certain appropriations for the fiscal year ending June 30, 1934, and so forth, which had been reported from the Committee on Appropriations with amendments.

RECESS

Mr. ROBINSON of Arkansas. I move that the Senate take a recess until tomorrow at 11 o'clock.

The motion was agreed to; and (at 6 o'clock and 50 minutes p.m.), under the order previously entered, the Senate took a recess until tomorrow, Friday, June 15, 1934, at 11 o'clock a.m.

CONFIRMATIONS

Executive nominations confirmed by the Senate June 14 (legislative day of June 6), 1934

FOREIGN SERVICE OFFICER OF CLASS 4, A CONSUL, AND A SECRETARY IN THE DIPLOMATIC SERVICE

Clinton E. MacEachran to be Foreign Service officer of class 4, a consul, and a secretary in the Diplomatic Service.

UNDER SECRETARY OF AGRICULTURE

Rexford Guy Tugwell to be Under Secretary of Agriculture.

FOURTH ASSISTANT POSTMASTER GENERAL

Smith W. Purdum to be Fourth Assistant Postmaster General.

UNITED STATES DISTRICT JUDGES

George Murray Hulbert to be United States district judge, southern district of New York.

Harlan W. Rippey to be United States district judge, western district of New York.

CHIEF JUSTICE OF THE SUPREME COURT, TERRITORY OF HAWAII

James L. Coke to be chief justice of the supreme court, Territory of Hawaii.

ASSOCIATE JUSTICE OF THE SUPREME COURT, TERRITORY OF HAWAII

James J. Banks to be associate justice of the supreme court, Territory of Hawaii.

CIRCUIT JUDGES, TERRITORY OF HAWAII

Harold E. Stafford to be circuit judge, first circuit, Territory of Hawaii.

James Wesley Thompson to be circuit judge, third circuit, Territory of Hawaii.

Delbert E. Metzger to be circuit judge, fourth circuit, Territory of Hawaii.

Miss Carrick H. Buck to be circuit judge, fifth circuit, Territory of Hawaii.

UNITED STATES DISTRICT JUDGE, DISTRICT OF HAWAII

Seba C. Huber to be United States district judge, district of Hawaii.

UNITED STATES MARSHAL, DISTRICT OF HAWAII

Otto F. Heine to be United States marshal, district of Hawaii.

APPOINTMENT, BY TRANSFER, IN THE REGULAR ARMY

First Lt. John Lyman Hitchings to Cavalry.

PROMOTIONS IN THE REGULAR ARMY

William Alexander McCain to be colonel, Quartermaster Corps.

John Knowles Herr to be colonel, Cavalry.

Isaac Edwin Titus to be lieutenant colonel, Chemical Warfare Service.

Arnold Norman Krogstad to be lieutenant colonel, Air Corps.

Eley Parker Denson to be lieutenant colonel, Infantry.
Alan Lockhart Campbell to be major, Field Artillery.
Edwin Wolsey Grimmer to be major, Infantry.
Donald Langley Dutton to be major, Coast Artillery Corps.
Frederick Harold Leroy Ryder to be major, Cavalry.
Lloyd Davidson Brown to be major, Infantry.
George Jackson Downing to be major, Field Artillery.
Wallace William Crawford to be major, Field Artillery.
William Lewis Boyd to be captain, Air Corps.
Leon Edgar Sharon to be captain, Air Corps.
Clarence Redmond Farmer to be captain, Infantry.
Ivan Lewis Proctor to be captain, Air Corps.
Delmar Hall Dunton to be captain, Air Corps.
Orvil Arson Anderson to be captain, Air Corps.
Emile Tisdale Kennedy to be captain, Air Corps.
Robert Benjamin Hood to be captain, Field Artillery.

James Joseph Harris to be captain, Quartermaster Corps.
Charles Franklin Fletter to be captain, Quartermaster Corps.
Roy Milton Thoroughman to be captain, Infantry.
Robert Albert Howard, Jr., to be first lieutenant, Infantry.
Thomas Joseph Counihan to be first lieutenant, Field Artillery.
Ephraim Hester McLemore to be first lieutenant, Field Artillery.
James Easton Holley to be first lieutenant, Field Artillery.
Frederick G. Stritzinger, 4th, to be first lieutenant, Field Artillery.
Robert Falligant Travis to be first lieutenant, Air Corps.
John Dabney Billingsley to be first lieutenant, Ordnance Department.
Thomas Joseph Cody to be first lieutenant, Signal Corps.
Robert George Butler, Jr., to be first lieutenant, Coast Artillery.
Carl Herman Sturies to be first lieutenant, Signal Corps.
Joseph Anthony Michela to be first lieutenant, Cavalry.

POSTMASTERS

ALABAMA

Charles U. Totty, Tallassee.

ARIZONA

Emory D. Miller, Nogales.

CALIFORNIA

Faith I. Wyckoff, Firebaugh.
Frederick N. Blanchard, Laton.
Bert A. Wilson, Los Banos.

COLORADO

Patrick H. Kastler, Brush.
Tom C. Crist, Haxtun.
Alta M. Cassietto, Telluride.

DELAWARE

Joseph C. Slack, Newport.

GEORGIA

Sarah K. Scoville, Oglethorpe.
Duncan E. Flanders, Swainsboro.
George Arnold Ware, Tignall.
DeWitt P. Trulock, Whigham.

ILLINOIS

Richard Laux, Addison.
Mary O. McDaniel, Buffalo.
John P. Hook, Jr., Fulton.
Fern Conard, Lamoille.
Mary I. Brown, Little York.
Kate McDonnell, Loda.
George W. Collins, Lombard.
O. Cammie Seeders, Palestine.
Grove Harrison, Viola.

LOUISIANA

Theo Lemoine, Cottonport.
Maurice Primeaux, Kaplan.
Zollie J. Meadows, Ruston.

MASSACHUSETTS

Nellie E. Callahan, Littleton Common.
Gladys V. Crane, Merrimac.
Lawrence Cotter, North Brookfield.
Alexander J. MacQuade, Osterville.
James G. Cassidy, Sheffield.
John J. Kent, Jr., West Bridgewater.

MICHIGAN

Elfreda L. Mulligan, Grand Marais.
Jessie E. Lederle, Leland.

NEBRASKA

Ray W. Jones, Ashland.
Bert Winters, Broadwater.
Clair Grimes, Chambers.
Marion M. Kenroy, Long Pine.
Ethel L. Ossenkop, Louisville.
Almira R. Boblits, Oconto.
Kathryn V. McCusker, Ogallala.
Lawrence H. Aufdengarten, Oshkosh.
Cordes E. Walter, Page.
Bert S. Amos, Sargent.
John B. Karn, Stapleton.
Charles E. Major, Trenton.

NEW JERSEY

John A. Wheeler, Monmouth Beach.
Nicholas T. Ballentine, Peapack.
Anna C. Kelleher, Wayne.
Patrick J. Shortt, Wildwood.

NEW YORK

John F. Gleason, Le Roy.
John M. Collins, Lyons.
Mary Gallagher, Witherbee.

NORTH DAKOTA

J. Benus Kinneberg, Leeds.
Nicholas J. Krebsbach, Velva.
James F. Keaveny, Wales.

PENNSYLVANIA

Harry E. Trout, Mercersburg.
Ollie W. Aucker, Tionesta.
Hazel B. Davis, Westfield.

RHODE ISLAND

William H. Follett, Howard.
John J. Ahern, Jamestown.
Elton L. Clark, North Scituate.
Winfred C. Kingsley, Wickford.

SOUTH DAKOTA

Mattie E. Smith, Burke.
Charles H. Page, McLaughlin.
Harry Dettman, Mission.
Naomi Killian, Wasta.
Anna F. Dillon, Whitewood.

TEXAS

Henry W. Hoffer, Kaufman.
Clyde E. Perkins, Kirkland.
Marvin G. Prewitt, Ralls.

VERMONT

Frank Regan, Manchester.
Laura L. Veyette, Quechee.

VIRGINIA

C. Ward Kyle, Rural Retreat.
Clementine M. Wright, Sharps.
Rufus W. Garris, South Hill.
Richard S. Wright, Strasburg.

HOUSE OF REPRESENTATIVES

THURSDAY, JUNE 14, 1934

The House met at 12 o'clock noon.

Rev. Clifford H. Jope, pastor of the Ninth Street Christian Church, Washington, D.C., offered the following prayer:

Divine Father, we thank Thee for the presence of Thy governing hand guiding the destinies and affairs of men. Thou hast blessed us along the way with free institutions, noble ideals, true patriots, pure religion, and holy purposes. Help us to trust Thy leadership when we cannot see the way.

Divine Father, we pray Thee for all who hold public office and power, in whose hands rests the life, welfare, and virtue of the people. Give our leaders the vision of the possible future of our country. Enlarge the scope of our brotherhood. Give us patience when we are misunderstood and our sincerity is doubted. Endue us with the spirit of humility and service. Hold us true to those principles which mean the largest measure of happiness and security for all people. Sweep from all human hearts the gloom of doubt, the blackness of envy, and the poison of hatred. Breathe Thy life into our people. Purge our cities, States, and Nation of the deep causes of corruption which make sin profitable and uprightness hard. Lord, touch us into life that

every countenance may be like the morning and every life radiant as the sun. May Thy kingdom come and Thy will be done on earth as it is in heaven. Through Jesus Christ our Lord. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Horne, its enrolling clerk, announced that the Senate had agreed without amendment to a concurrent resolution of the House of the following title:

H.Con.Res. 45. Concurrent resolution to print the proceedings in Congress and in Statuary Hall upon the acceptance in the rotunda of the Capitol of the statues of George Washington and Robert E. Lee, presented by the State of Virginia.

The message also announced that the Senate had passed, with amendments in which the concurrence of the House is requested, bills of the House of the following titles:

H.R. 194. An act to refund to Caroline M. Eagan income tax erroneously and illegally collected;

H.R. 434. An act for the relief of Bernard McShane;

H.R. 987. An act for the relief of Sard S. Reed;

H.R. 2419. An act for the relief of W. B. Ford;

H.R. 2669. An act for the relief of Paul I. Morris;

H.R. 3636. An act for the relief of Thelma Lucy Rounds;

H.R. 3749. An act for the relief of Hunter B. Glasscock;

H.R. 4793. An act for the relief of Moses Israel;

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

H.R. 5400. An act for the relief of Thomas F. Olsen;

H.R. 7736. An act for the relief of Rocco D'Amato;

H.R. 8517. An act to provide for needy blind persons of the District of Columbia;

H.R. 8639. An act to repeal certain laws providing for the protection of sea lions in Alaska waters;

H.R. 8910. An act to establish a National Archives of the United States Government, and for other purposes;

H.R. 8912. An act to amend section 35 of the Criminal Code of the United States;

H.R. 8919. An act to adjust the salaries of rural letter carriers, and for other purposes;

H.R. 9046. An act to discontinue administrative furloughs in the Postal Service;

H.R. 9143. An act providing educational opportunities for the children of soldiers, sailors, and marines who were killed in action or died during the World War;

H.R. 9404. An act to authorize the formation of a body corporate to insure the more effective diversification of prison industries, and for other purposes;

H.R. 9622. An act to amend subsection (a) of section 23 of the District Alcoholic Beverage Control Act;

H.R. 9654. An act to authorize the Department of Commerce to make special statistical studies upon payment of the cost thereof, and for other purposes; and

H.R. 9820. An act for the relief of the State of Nebraska.

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

S. 63. An act for the relief of Charles E. Wilson;

S. 429. An act for the relief of Dominick Edward Maggio;

S. 430. An act for the relief of Leo James McCoy;

S. 432. An act for the relief of Albert Lawrence Sliney;

S. 433. An act directing the retirement of acting assistant surgeons of the United States Navy at the age of 64 years;

S. 574. An act for the relief of Lillian G. Frost;

S. 621. An act conferring upon the United States District Court for the Northern District of California, southern division, jurisdiction of the claim of Minnie C. de Back against the Alaska Railroad;

S. 630. An act for the relief of Ray Funcannon;

S. 821. An act conferring jurisdiction on the United States District Court for the District of Oregon to hear, determine, and render judgment upon the suit in equity of Rakha Singh Gherwal against the United States;

S. 854. An act for the relief of the Ingram-Day Lumber Co.;

S. 1221. An act to make provisions for suitable quarters for certain Government services at El Paso, Tex., and for other purposes;

S. 1293. An act authorizing the President to order Maj. E. P. Duval before a retiring board for a hearing of his case, and upon the findings of such board determine whether or not he be placed on the retired list with the rank and pay held by him at the time of his resignation;

S. 1508. An act providing for the final enrollment of the Indians of the Klamath Indian Reservation in the State of Oregon;

S. 1601. An act to carry out the findings of the Court of Claims in the case of the Atlantic Works, of Boston, Mass.;

S. 1844. An act for the relief of James Foy;

S. 2082. An act to amend the first sentence of section 8 of the act of May 28, 1896, chapter 252, relative to the appointment of assistant United States attorneys;

S. 2134. An act for the reinstatement of John Carmichael Williams in the United States Navy;

S. 2238. An act to provide for the payment of damages to certain residents of Alaska caused by reason of extending the boundaries of Mount McKinley National Park;

S. 2246. An act to amend the Packers and Stockyards Act;

S. 2426. An act to provide funds for cooperation with the public-school board at Wolf Point, Mont., in the construction or improvement of a public-school building to be available to Indian children of the Fort Peck Indian Reservation, Mont.;

S. 2452. An act authorizing the President of the United States to appoint Sgt. Alvin C. York as a major in the United States Army and then place him on the retired list;

S. 2489. An act for the relief of Harold E. Seavey;

S. 2539. An act for the relief of Anthony J. Constantino;

S. 2599. An act for the relief of Francis A. Parry, deceased;

S. 2603. An act authorizing the Secretary of Agriculture to convey certain lands to the Maryland-National Capital Park and Planning Commission, of Maryland, for park purposes;

S. 2684. An act to regulate foreclosure of mortgages and deeds of trust in the District of Columbia;

S. 2685. An act to provide for the conservation and settlement of estates of absentees and absconders in the District of Columbia, and for other purposes;

S. 2700. An act for the relief of William H. Rouncevill, deceased;

S. 2702. An act to amend the Civil Service Retirement Act of May 29, 1930, and for other purposes;

S. 2724. An act to provide for a customs examination building at Tampa, Fla.;

S. 2757. An act for the relief of Harry H. A. Ludwig;

S. 2771. An act for the relief of Thomas F. Cooney;

S. 2787. An act for the relief of Michael F. Calnan;

S. 2810. An act for the relief of Alice F. Martin, widow, and two minor children;

S. 2856. An act authorizing the adjustment of existing contracts for the sale of timber on the national forests, and for other purposes;

S. 2894. An act to provide funds for cooperation with school district no. 17–H, Big Horn County, Mont., for extension of public-school buildings to be available to Indian children;

S. 2927. An act for the relief of Las Vegas Hospital Association, Las Vegas, Nev.;

S. 3014. An act to authorize the transfer of the Green Lake Fish Cultural Station, in Hancock County, Maine, as an addition to the Acadia National Park;

S. 3075. An act to permit the appointment of special agents of the Division of Investigation as State officers;

S. 3178. An act authorizing the George Washington Bicentennial Commission to print and distribute additional sets of the writings of George Washington;

S. 3224. An act authorizing the Secretary of the Treasury to execute a certain indemnity agreement;

S. 3291. An act providing for a reimbursable loan to the Klamath and Modoc Tribe of Indians and the Yahooskin Band of Snake Indians, State of Oregon;

S. 3294. An act to confer jurisdiction upon the Court of Claims to hear, determine, and render judgment upon the claim of the Hampton and Branchville Railroad Co.;

S. 3311. An act to incorporate the National Association of State Libraries;

S. 3446. An act to authorize the Postmaster General to receive, operate, and to maintain for official purposes motor vehicles seized for violations of the customs laws;

S. 3464. An act for the relief of Walter L. Rasasco;

S. 3469. An act for the relief of the Yellow Drivurself Co;

S. 3472. An act for the relief of Stefano Talanco and Edith Talanco;

S. 3482. An act conferring jurisdiction upon the Court of Claims of the United States to hear, consider, and render judgment on the claim of Squaw Island Freight Terminal Co., Inc., of Buffalo, N.Y., against the United States, in respect of loss of property occasioned by the breaking of a Government dike on Squaw Island;

S. 3516. An act for the relief of the Morgan Decorating Co.;

S. 3517. An act authorizing the Court of Claims to hear, consider, adjudicate, and enter judgment upon the claims against the United States of J. A. Tippit, L. P. Hudson, Chester Howe, J. E. Arnold, Joseph W. Gillette, J. S. Bounds, W. N. Vernon, T. B. Sullivan, J. H. Neill, David C. McCallib, J. J. Beckham, and John Toles;

S. 3526. An act to amend the Air Commerce Act of 1926 and to increase the efficiency of the Aeronautics Branch of the Department of Commerce with respect to the development and regulation of civil aeronautics;

S. 3528. An act to grant permission to the Willard Family Association to erect a tablet at Fort Devens, Mass.;

S. 3530. An act relating to Philippine currency reserves on deposit in the United States;

S. 3544. An act to extend further the operation of an act of Congress approved January 26, 1933 (47 Stat. 776), entitled "An act relating to the deferment and adjustment of construction charges for the years 1931 and 1932 on Indian irrigation projects;

S. 3562. An act for the relief of Robert Rayl;

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

S. 3581. An act to authorize the Comptroller General of the United States to settle and adjust the claim of the Hegeman-Harris Co.;

S. 3595. An act to restore to the public domain portions of the Jordan Narrows (Utah) Military Reservation;

S. 3627. An act for the relief of Felix Griego;

S. 3644. An act to provide for the assignment of a military instructor for the high-school cadets of Washington, D.C.;

S. 3655. An act to amend the act entitled "An act for preventing the manufacture, sale, or transportation of adulterated or misbranded or poisonous or deleterious foods, drugs, medicines, and liquors, and for regulating traffic therein, and for other purposes", approved June 30, 1906, as amended;

S. 3660. An act to grant to the city of Monterey, Calif., an easement for street purposes over certain portions of the military reservation at Monterey, Calif.;

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

S. 3666. An act 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;

S. 3678. An act for the relief of Miles Thomas Barrett;

S. 3679. An act to place officers and men of the Coast Guard on the same basis as officers and men of the Navy with respect to Medals of Honor, Distinguished Service Medals, and Navy Crosses;

S. 3684. An act to provide for the establishment of a national monument on the site of Fort Stanwix, in the State of New York;

S. 3705. An act to extend the boundaries of the Grand Teton National Park in the State of Wyoming, and for other purposes;

S. 3737. An act authorizing the Secretary of Commerce to dispose of certain lighthouse reservations, and for other purposes;

S. 3742. An act granting the consent of Congress to the State Board of Public Works of the State of Vermont to construct, maintain, and operate a toll bridge across Lake Champlain at or near West Swanton, Vt.;

S. 3764. An act to reduce the fee to accompany applications for entry as second-class matter of publications of limited circulation;

S. 3765. An act to enable the Postmaster General to withhold commissions on false returns made by postmasters;

S. 3766. An act to amend the act entitled "An act authorizing the Postmaster General to adjust certain claims of postmasters for loss by burglary, fire, or other unavoidable casualty", approved March 17, 1882, as amended;

S. 3779. An act to amend section 4 of "An act to amend an act entitled 'An act to establish a uniform system of bankruptcy throughout the United States', approved July 1, 1898, and acts amendatory thereof and supplementary thereto", approved June 7, 1934;

S. 3780. An act for the relief of persons engaged in the fishing industry;

S.J.Res. 81. Joint resolution to provide for defraying the expenses of the American Section, International Boundary Commission, United States and Mexico;

S.J.Res. 101. Joint resolution authorizing the publication as a public document of America Secure Analytical Register of Regular Army Officers and Security Statistics, with graphs, 1775–1934;

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

S.J.Res. 115. Joint resolution to provide for the continuation of the investigation authorized by S. Res. 83, Seventieth Congress, first session;

S.J.Res. 117. Joint resolution authorizing the President of the United States to present the Distinguished Flying Cross to Emory B. Bronte;

S.J.Res. 119. Joint resolution authorizing a preliminary examination or survey of a ship canal across Prince of Wales Island, Alaska;

S.J.Res. 124. Joint resolution authorizing the Federal Trade Commission to make an investigation with respect to agricultural income and the financial and economic condition of agricultural producers generally;

S.J.Res. 128. Joint resolution to authorize the acceptance on behalf of the United States of the bequest of the late Charlotte Taylor of the city of St. Petersburg, State of Florida, for the benefit of Walter Reed General Hospital;

S.J.Res. 130. Joint resolution to amend section 72 of the Printing Act, approved January 12, 1895, and acts amendatory thereof and supplementary thereto, relative to the allotment of public documents, and section 85 of the same act fixing the date of the expiration of the franking privilege to Members of Congress; and

S.J.Res. 131. Joint resolution providing for membership of the United States in the International Labor Organization.

The message also announced that the Senate insists upon its amendments to the bill (H.R. 9410) entitled "An act providing that permanent appropriations be subject to annual consideration and appropriation by Congress, and for other purposes," disagreed to by the House, agrees to the conference asked by the House on the disagreeing votes of the two

Houses thereon, and appoints Mr. HAYDEN, Mr. OVERTON, and Mr. STEIWER to be the conferees on the part of the Senate.

The message also announced that the Senate agrees to the amendments of the House to bills of the Senate of the following titles:

S. 2248. An act to protect trade and commerce against interference by violence, threats, coercion, or intimidation; and

S. 3404. An act authorizing loans from the Federal Emergency Administration of Public Works for the construction of certain municipal buildings in the District of Columbia, and for other purposes.

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the joint resolution (H.J.Res. 325) entitled "Joint resolution extending for 2 years the time within which American claimants may make application for payment, under the Settlement of War Claims Act of 1928, of awards of the Mixed Claims Commission and the Tripartite Claims Commission, and extending until March 10, 1936, the time within which Hungarian claimants may make application for payment, under the Settlement of War Claims Act of 1928, of awards of the War Claims Arbiter."

Mr. SNELL. Mr. Speaker, I ask unanimous consent to proceed for 2 minutes.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. SNELL. Mr. Speaker, I appreciate the fact that in the closing days of a session there is always more or less disorder and confusion in the House. Personally, I am in favor of and want every man to get his local bills through, bills that are of a purely local character and do not specifically entail expenditures on the part of the Federal Treasury, but there has grown up of late the custom of bringing up general legislative bills under unanimous consent. I am not opposed to this in toto, but I do feel that if a Member wants to bring up a piece of legislation, for instance, amending some existing law, that the ranking minority member of the appropriate committee should be informed in advance of what he proposes to do. If we of the minority are informed in advance, we will try to cooperate in putting through everything that is necessary to go through in these closing days, but we shall have to object if general legislation is to be brought up without advising us in advance.

Mr. DOUGHTON. Mr. Speaker, will the gentleman yield?

Mr. SNELL. I yield.

Mr. DOUGHTON. Does the gentleman feel the same with regard to calling up a bill where there has been a unanimous report by the committee, where there is no objection on the part of minority members of the committee?

Mr. SNELL. I still maintain that we should be advised in advance so that a minority member of the committee may be present at the time the bill is brought up.

PROGRAM FOR THE VIRGIN ISLANDS

Mr. KENNEY. Mr. Speaker, I ask unanimous consent to extend my remarks and to include therein an address delivered by Governor Pearson, of the Virgin Islands.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

Mr. KENNEY. Mr. Speaker, under leave to extend my remarks, I include an article by Gov. Paul M. Pearson, of the Virgin Islands, which he wrote for the New York Times of Sunday, June 3, 1934.

The Virgin Islands are being translated from an abandoned hope to a land of promise through the interest and beneficent solicitude of President Roosevelt. We are all, therefore, looking to the Virgin Islands as a further illustration of what may be accomplished under his benign leadership which guides the destiny of our people.

Governor Pearson's article is timely and of far-reaching significance.

[From the New York Times, Sunday, June 3, 1934]

LONG-RANGE PROGRAM FOR VIRGIN ISLANDS—THEIR GOVERNOR TELLS OF THE EFFORTS TO AID INDUSTRY AND MAKE LIFE BETTER

(The United States Government has embarked on a large-scale effort to bring prosperity to the Virgin Islands. The effort is here described by the Governor of the islands.)

By Paul M. Pearson, Governor of the Virgin Islands

When Herbert Hoover described the Virgin Islands as an "effective poorhouse", it must be admitted that from a material point of view he spoke the truth. Although the islands are wealthy beyond words in the beauty of their coral reefs, the exquisite coloring of their tropic waters, and the charm and character of their people, their economic condition has been deplorable. But what Mr. Hoover failed to add was that this condition was due almost entirely to the neglect of the Government, which 17 years ago purchased the islands from Denmark and then promptly forgot them.

It is to give some measure of compensation for this neglect that President Roosevelt has launched his rehabilitation program, including the revival of the rum industry which once made St. Croix famous from Bombay to Boston.

In charting this work we have been able to profit by the experience of the Danes, who faced a somewhat similar situation at the turn of the last century. For years prior to that time the Virgin Islands had prospered. Forming one corner of a lucrative triangular trade, they bought Negroes from Africa and sent rum and sugar to New England, which in turn sent fish and manufactured goods back to Africa. But with the ending of slavery the port of St. Thomas, once the busiest entrepot in all the West Indies, sank into a coma from which the Danes attempted to revive it.

DANISH INVESTMENTS

Four leading banks in Copenhagen united in raising $1,000,000 for a new bank for the Virgin Islands. Danish capitalists were persuaded to invest another million in the Bethlehem sugar factory. The East Asiatic Co., another Danish firm, was prevailed upon to put another million in a dock company, while the Danish Government guaranteed bonds for the improvement of the harbor. A total of $4,000,000 of Danish capital was invested; all of it not only remains intact but has paid regular dividends to its investors.

During this period once again the islands prospered.

Then came the war. Even before the United States entered it, the American Minister at Copenhagen, Maurice Francis Egan, made numerous overtures at the Danish Court for the purchase of the Virgin Islands. This was not a new move; as far back as 1867 their purchase by the United States was discussed. Again in 1902 a treaty to this end was ratified by the United States Senate but was rejected by the Danish Parliament. Finally in 1916, with American entry into the war imminent, it was feared that Germany might seize the islands as a submarine base. And with a virtual ultimatum given to Denmark that she must sell either her Caribbean possessions or have them forcibly seized, the Virgin Islands became the property of the United States. The purchase price was $25,000,000.

TROUBLES OF LAST DECADE

After which we virtually forgot about their existence. During the next 14 years all of the carefully built-up economic system of the islands slowly disintegrated. Danish capital withdrew and no American capital came to take its place. American shipping lines were invited to call at the once thriving port of St. Thomas. The Shipping Board, although directed by Congress to provide adequate shipping service at reasonable cost, has done nothing. At present there is no American passenger service between the Virgin Islands and the continental United States.

The harbors remain as they were under Danish rule. The United States Government has spent no money on them, nor provided any way by which money could be obtained for the purpose. Private capital has been sought in vain for the languishing sugar industry. The once flourishing rum industry was killed by an unwelcome Prohibition Act.

Though the population (93-percent Negro) of the islands is only 22,000 and though the total area is only 132 square miles, we have in miniature most of the economic, educational, and social problems that puzzle States in the Union.

INTEREST REVIVED

With the visit of President Hoover at the beginning of my administration 3 years ago, we suddenly woke up to the fact that one of the most beautiful of all American possessions had been most neglected. A long-time rehabilitation program was then formulated, and persistent efforts were made to obtain both private capital and funds from Congress, but it was not until the beginning of the new deal that this program could effectively get under way.

Since then we have been making genuine progress, owing, first, to the very real personal interest which President Roosevelt and Secretary Ickes have taken in the islands, and, second, to the fact that they have supplied the funds with which to transform our program into accomplishment.

That program is founded on the basic principle of helping the islands help themselves. Too often has Congress merely made up the deficit incurred by the colonial councils without a thought by which that annually recurring deficit might be wiped out. The Virgin Islands were merely given a dole.

In contrast, we have now worked out a partnership program, by which the Government of the United States and the people of the Virgin Islands cooperate in a long-range social and economic program, the profits of which are immediately resown in the islands. The social phase of the program calls for:

First. The homesteading of tenant and unemployed labor on small parcels of land which they are enabled to purchase from the Government over a period of years.

Second. The construction of two-room houses in order to relieve a tropical slum condition which parallels any existing in the most crowded cities of the United States.

Third. A system of old-age and unemployment compensation modeled somewhat along the lines of those discussed by President Roosevelt.

Fourth. A supplementary educational system to provide both for adults and those in the pre-school age.

REVIVING INDUSTRIES

The second part of the program—the economic—envisages the manufacture of rum, the improvement of the bay-rum industry, the increase of the winter vegetable crop during the off season in the United States, the improvement of handicraft industries, and the furtherance of the tourist trade through the building of a new hotel.

It should be emphasized that all of these plans, except the one for reviving the rum industry, were in our program of 3 years ago; but they have been given important impetus by the termination of prohibition and the simultaneous decision of the Public Works Administration to allot funds for the construction of the hotel and the revival of the rum and other industries.

The capital allotted for the latter is $1,000,000—enough, we hope, to restore to the Pearls of the Caribbean some part of their former economic wealth. This money has been placed in the hands of the Virgin Islands Co., chartered by a special act of the Colonial Council of St. Thomas and St. John. The directors are Secretary Ickes; Oscar L. Chapman; Paul M. Pearson; Judge D. Hamilton Jackson, of St. Croix; and Lionel Roberts, of St. Thomas. To assist in carrying out the permanent rehabilitation program the President also has appointed an advisory council, which includes Miss Joanna C. Colford; Secretary Ickes; Dr. Mordecai Johnson, president of Howard University; George Foster Peabody; Alfred K. Stern; Charles W. Taussig; Henry A. Wallace; and Walter White, executive secretary of the National Association for the Advancement of Colored People.

RUM AND SUGARCANE

The work of the Virgin Islands Co. will be not merely that of reviving the famous stills of St. Croix which for a dozen years have been covered with tropic vegetation but also cooperation with cane growers in the harvesting of their crops, the crushing of their cane, and the sale of the finished product. The company will attempt to preserve the quality of the rum which once made St. Croix famous. It will attempt to give the American public this quality of rum at a price below the present prices charged by the liquor interests in the United States. And, finally, it will cooperate with the people of the islands in the production of other crops.

THE THREE ISLANDS

It is our hope to divide the advantages of the program in such a way as to benefit the people of all three islands. Since the economic development of the three is not similar, this requires a diverse program. St. Croix, the largest island, is agricultural. Its chief industry has been and will continue to be sugar and rum, and here the Virgin Islands Co. will concentrate on the development of these two commodities. St. Thomas, famous as a shipping center, will receive the benefit of the new hotel and tourist trade and harbor improvements. St. John, the smallest of the islands, is a picturesque jungle, the haven of fishermen, and inhabited by only 700 people, whose chief industry is charcoal burning and the growing of bay trees for bay rum. Both here and in St. Thomas the Virgin Islands Co. hopes to encourage the further development of the bay-rum industry.

The Virgin Islands Co. is incorporated under a unique charter. Its management is under obligation to make all the profits which legitimately can be made, but to use them for the benefit of the islands. The trustees hold the stock of the company in trust for the people. The charter provides that from the earned surplus the company may spend funds to further homesteading, housing, and other features of the social program.

ATTITUDE OF ST. CROIX

It was only natural that a program as unique as this should be subject to some misunderstanding, and this we found to be the case in St. Croix. Here exists a social condition which is the direct heritage of slave days. The economic cleavage between the descendants of the landed aristocracy and the descendants of the slaves is almost as great as it was during the days of bondage. Until recently 17 men owned 70 percent of the land of the entire island. In 1933 only 43 people in St. Croix paid income taxes. Sixty-five percent of those who die are buried as paupers, while 25 percent of the funds from the St. Croix municipality go to poor relief. The property qualification for suffrage in St. Croix is an annual income of only $60, or else ownership of property valued at $300, but despite this infinitesimal requirement only 400 men on the entire island can qualify to vote.

It was not surprising, therefore, that the members of the Colonial Council of St. Croix, who are elected by this small proportion of landowners and are themselves estate owners, should have looked askance at any such project.

The basic principle of the government of the Virgin Islands is that it does not seek to impose any part of its program which may be unwelcome. And despite the fact that the charter of the Virgin Islands Co. did not need to come before a legislative body but merely required registration with a court, the entire question was submitted to the Colonial Council of St. Croix for discussion and criticism. This brought out the fact that certain features of the program were unwelcome to the estate owners and that the legal phrasing created confusion among the people. After prolonged discussion, the charter was rejected.

Simultaneously the Colonial Council of St. Thomas and St. John approved the charter unanimously. As a result, the Virgin Islands Co. will operate from St. Thomas and carry on certain activities in St. Croix. It will enjoy no concessions. It pays taxes and is subject to every other regulation governing industry in the island.

HOMESTEADING EFFORTS

From a profit point of view, of course, the Virgin Islands Co. will carry the additional burden of financing a part of the homesteading program. This is considered all-important. In St. Croix the desire to own land amounts almost to a religious passion. Already we have distributed some 2,500 acres of land to about 500 people, and in the near future we shall be able to distribute about 2,000 acres more. These homesteaders get loans with which to buy seeds and tools, and already the effect upon their character and the economic condition of the island is noticeable.

Coincident with the homesteading program we have begun the construction of fireproof cottages of two or more rooms. This we hope may eventually remedy one of the most deplorable conditions in the islands. In St. Croix there are 2,623 one-room houses, and 4,545 families. A recent survey showed that these one-room houses sometimes sheltered as many as 12 people.

The percentage of marriages is low, and 65 percent of the children are illegitimate. One of our greatest problems is that of adolescent girls, many of whom, having no employment and being raised in crowded families, naturally gravitate to some man who will support them. Not being bound by matrimony, the common-law husband eventually moves on, leaving his children behind to be cared for as best they can be.

To help remedy this condition we propose to establish an industrial farm school for boys in St. Thomas; expand the vocational school in St. Croix, and establish girls' clubs on the cottage plan, where, under supervision, they may learn housekeeping, handicraft, and other industrial occupations. In addition, it is also planned to open the Queen Louise Home for orphan girls, which was maintained under the Danes but closed with the beginning of American administration.

NEW PROJECTS AFOOT

How ready the great majority of the people are to enter into partnership with the new deal in improving their own welfare has been amply illustrated in recent months. Already a botanical garden, begun 2 years ago by Maurice Petit, a Virgin Islander, and supported by the leading citizens of St. Thomas, has become one of the show spots of the islands. On Protestant Cay, a 4-acre island in the harbor of Christiansted, St. Croix, a swimming beach has been established for the use of all the people.

The cultural background of the islands is such that the slightest encouragement brings forth beautiful evidences of self-expression. Charles H. Emanuel, of Diamond School, St. Croix, has rediscovered some of the Virgin Islands spirituals of former years, taught them to his children, and pleased the public with their sonorous beauty. At another St. Croix school, Melville A. Stevens, formerly of Hampton Institute, has organized a glee club which also has increased the popularity of the old spirituals.

The native love of music, which finds outlet in the organization of scratchy bands, also has been guided to new achievements. Scratchy bands are so named because of the instruments—gourds upon which the musician scratches with a nail. Thanks to George Foster Peabody and the New York Times, which gave generous response to our appeal, two high schools now have regular band instruments while 100 gift pianos have come to the islands.

RHYTHM BANDS

Bands have now been organized in every school. And where brass instruments are not available—the case in all but two—Mrs. Adele Galiber, a St. Thomas teacher, has led the way in forming rhythm bands. With drums made of cheese boxes and home-cured goat skins, guitars of scooped-out calabash, triangles of old horseshoes, tambourines fashioned from tin-can covers with pop bottles attached, castanets made of gourds with pebbles inside, and flutes of papaya stems cut with four holes and a piece of paper tied at the top—there is nothing to equal 20 or 30 Virgin Island school children playing in a rhythm band.

Thus, slowly, sometimes a little gropingly, we chart our course toward the new deal in the Virgin Islands. It may be changed many times as soundings and weather dictate. We have only just begun. Our need is for luxuries—what Robert Louis Stevenson calls the "superfluities", when he writes: "We don't live for the necessities of life. In reality, no one cares a damn for them. What we live for are the superfluities." We phrase it thus: "Civilization walks on a pair of shoes." Most Virgin Islanders wear shoes; so we have a start on an improved standard of living.

BANKRUPTCY AND RECEIVERSHIP PROCEEDINGS IN NEW YORK CITY

Mr. CELLER. Mr. Speaker, I ask unanimous consent to proceed for 2 minutes.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. CELLER. Mr. Speaker, I desire to call attention to an article which appeared in the New York Times this morning, headed "Shift on Receiver by Court Likely." I hope the correspondent of that paper, now in the press gallery, will pay attention. The article is in part as follows:

SHIFT ON RECEIVER BY COURT LIKELY—JUDGE KNOX WEIGHS MOVE TO STOP NAMING IRVING TRUST IN ALL CASES HERE—LAWYERS PUSHING FIGHT—BANKRUPTCY LAW CALLS FOR CARE IN APPOINTMENTS TO PREVENT MONOPOLY

The possibility that the Irving Trust Co. may not continue to be the standard receiver in bankruptcy cases was acknowledged yesterday by Federal Judge John C. Knox, senior jurist of the United States District Court, who has the task of formulating rules of the court under the bankruptcy law signed last week by President Roosevelt.

Judge Knox said that no new rules had been formulated by the court, but that he understood that the trust company was still being appointed receiver.

Whether judges of the court will continue to make that appointment seemed to be problematical. The new law asserts:

"The district court or any judge thereof shall in its or his discretion so apportion the appointment of receivers and trustees among persons, firms, or attorneys thereof within the district eligible thereto, as to prevent any person, firm, or corporation from having a monopoly of such appointments within such district."

Judge Knox said that he and his fellow jurists would have to consider the meaning of the words "monopoly" and "discretion" before saying just what rules of the court would be formulated.

A month or so ago we passed H.R. 8832, bill introduced by me to prevent the Irving Trust Co. from acting as a standing receiver. This bill destroyed the Irving Trust Co. as a monopoly in receivership proceedings for the United States courts in the southern district of New York. This bill found its way into the corporate reorganization bill as section III, which passed both Houses and was signed by the President.

The Irving Trust Co. can, therefore, no longer act as a standing receiver.

The New York Times article, particularly its heading and the implications of the subject matter, is utterly erroneous and incorrect, and gives a false impression to the public of New York. It is not a question of the "shift on receiver by the court" being "likely." The shift is imperative. The article further says, "Whether judges of the court will continue to make that appointment seemed to be problematical." There is nothing problematical about it. There is an absolute obligation on the part of the judges to discontinue the Irving Trust Co. as a standing receiver. It is not a matter of discretion or choice. The court can no longer appoint the Irving Trust Co. in all bankruptcy causes. That is the monopoly that the bill sought to and did destroy. If a judge disobeys the statute and continues to appoint the Irving Trust Co. in all cases, I reluctantly state that the judge does so in violation of the statute.

The Irving Trust Co. may be appointed in some cases, along with the Manufacturers Trust Co., or the National City Bank, or the Bankers Trust Co., or any other bank or trust company, together with lawyers and firms, but no one person or entity can be appointed in all the cases.

I hope the New York Times will indicate this clearly to its readers and that all the other New York papers will follow suit.

I drafted the report for the Judiciary Committee of the House concerning the activities of the Irving Trust Co. as monopoly receiver. The report is in part as follows:

The district judges of the southern district of New York sometime ago adopted a rule setting up the Irving Trust Co., of the city of New York, as a standing receiver in all cases, and since that order said Irving Trust Co. has supplanted the legal profession in the administration of receiverships in bankruptcy.

A few years ago there had occurred some scandals in the city of New York concerning the appointment of receivers. The United States judges of the southern district of New York, however, were not without blame, since they had in some cases themselves appointed incompetent and dishonest officials. Of course, it must be stated that, considering the tremendous amount of work the judges must perform, to pass accurately in all cases upon the competency and honesty of their appointees is ofttimes difficult, if not impossible. Yet, as a result of the order of the judges setting up the Irving Trust Co. as a standing receiver, there has been set up a monopoly in the Irving Trust Co., with power to appoint attorneys for the receiver, the appraisers, custodians, auctioneers, etc. Referees are also instructed by the judges in notices to creditors, in as persuasive and forceful language as possible, to suggest voting the Irving Trust Co. as trustee. This is contrary to the spirit of the Bankruptcy Act, which provides for creditor control over bankrupt estates. In almost every instance where the Irving Trust Co. has been appointed receiver it has been elected trustee.

Conflict of interest has often arisen. One bankruptcy estate often has claims against another estate. Since the trust company is receiver or trustee in all cases, it has found itself making claims against itself. There are cases in the southern district of New York entitled "Irving Trust Co. as receiver against Irving Trust Co. as receiver."

In justification of their attitude in setting up the bank as standing receiver, some of the judges had explained that formerly they were importuned at their homes, upon the streets, and at public gatherings by those who sought to be appointed as receivers in bankruptcy cases. They claim they now have great peace of mind because they are no longer bothered with these insistent demands for appointments. It must be remembered, however, that the bankruptcy statute was not enacted for the convenience of judges or their peace of mind. Judges must be able to steel themselves against the improper importunities of friends. They must render themselves impervious to such demands and requests. If the judges complained of such political patronage in the appointment of receivers, it must be remembered that there has been set up another kind of patronage, namely, the Irving Trust Co. Doubtlessly the one who confers the most favors and brings the most business to the Irving Trust Co. will in the long run receive lucrative appointments. The appointment of lawyers may not be exclusively upon merit or efficiency. Certainly officials of the bank are just as human as the judges. They are subject to the same demands and importunities.

Furthermore, upon the suggestion of the judges of the southern district of New York, the Supreme Court adopted a rule permitting the Irving Trust Co. to deposit with itself bankrupt estate funds. This is most unusual. Nowhere else do we have a situation where a receiver or trustee can keep his or its own funds in his or its possession.

A subcommittee of the Judiciary Committee investigating conditions concerning the Irving Trust Co. brought out the fact that last summer there was $19,000,000 that the Irving Trust Co. held on deposit in the form of bankrupt estate funds.

Senior Circuit Judge Martin T. Manton, of the Circuit Court of Appeals, embracing the southern district of New York, has this to say on the subject:

"All integrity, honesty, and understanding have not left the bar just because of the so-called "bankruptcy scandal." Lawyers give to bankruptcy cases their individual, personal attention—their humane consideration. They are efficient and competent, and I believe can handle the exigencies of bankruptcy situations more satisfactorily than a banking corporation."

The appointment of the Irving Trust Co. as a standing receiver was opposed by the New York State Bar Association, the Brooklyn Bar Association, the New York County Lawyers Bar Association, the Nassau County Bar Association, the Queens County Bar Association, the Richmond County Bar Association, the Bronx County Bar Association, and the Federal Bar Association of New York, New Jersey, and Connecticut. The Irving Trust Co. was receiver, for example, in the following cases: United Cigars, Lerner Dress, Owl Drug, Whelan Drug Stores, Wallack Bros. (haberdashery), Savoy Plaza Hotel, Hotel Pierre, McCrory Stores, etc. It has under its control all manner and kinds of business and industries, retail, wholesale, manufacturing. It runs railroads, restaurants, trolley lines, hotels, and supervises the operation of 60 match corporations in Denmark, Finland, Guatemala, Yugoslavia, Norway, the Philippine Islands, Poland, Turkey, Austria, Czechoslovakia, Estonia, Hungary, Latvia, and Italy, and the United States. By the appointment of itself as ancillary receiver of many chain-store bankrupts it functions in scores of congressional districts.

In the beginning it set up its own collection agency, called the "Estates Collection Service", and in addition to its own fees as receiver said Irving Trust Co. charged collecting fees. It took court proceedings to preclude the Irving Trust Co. from indulging in this practice.

The Irving Trust Co. issued a report to its stockholders January 17, 1934. It contains certain information as to the profitable operation of its bankruptcy-receivership department. There is a statement in the report to the effect that $100,000 a year is estimated as its profit as the trustee of bankruptcy funds. If such profit had been made by an individual trustee and not the Irving Trust Co., it would belong to the creditors who share in the dividends. This is not the case, however, with the Irving Trust Co.

The Irving Trust Co. and its defenders, including numerous trade associations, maintain that creditors have received more dividends and are far better off under the old system of appointing individual attorneys and entities as receivers. There is considerable dispute as to this.

The Federal Bar Association of New York, New Jersey, and Connecticut, however, says as follows:

"A careful examination and analysis of one of the reports filed by the Irving Trust Co. shows this bank to be of no practical advantage to the creditors over the administration by the creditors themselves under the bankruptcy law and no improvement for the public interest."

The representative of the Brooklyn Bar Association stated that his investigation demonstrated (1) that the Irving Trust Co. administration is not more economical, and (2) that the creditors are not receiving a larger percentage of the dividends by reason of the Irving Trust Co. acting as administrator.

The Irving Trust Co. has seen fit to appoint as its attorneys in various receiverships a coterie of favorite attorneys. The fees received by these attorneys are staggering in amount. In the investigation conducted by the special committee of the Judiciary Committee at New York, it was disclosed that 4 law firms, out of 84 bankruptcy cases distributed among them, had received in fees a total, up to the time of the investigation in October 1933, of $1,043,584, and that there were numerous cases still pending in those offices for which no compensation had yet been paid. The stupendous fees paid to several of these law firms under the Irving Trust Co. arrangement is shocking. One firm, in particular, will have earned doubtlessly upward of three-quarters of a million dollars when the pending cases are concluded.

The continuing of the Irving Trust Co. as receiver will tend toward a monopoly that will give this corporation tyrannical control over the bar, because the amount of legal work it passes out is incalculable.

The New York State Legislature last year and the New York State Legislature recently passed what is known as the "McNaboe bill", which intended to prevent the Irving Trust Co. from exercising a virtual monopoly in receiverships. Although the measure did not mention that corporation by name, it provided that no corporation could act, directly or indirectly, as receiver or trustee in bankruptcy or as receiver in equity. The bill recently and the bill last year went through both houses of the legislature by wide margins. Governor Lehman last year and on March 24 of this year vetoed the bill, and said:

"The veto of this bill is not to be construed as an approval of the system existing in that district. The fact is, however, that the judges of the Federal court of the southern district, pursuant to the power vested in them, adopted the rule centering receiverships and trusteeships in bankruptcy in the hands of one corporation.

"If a change is desired, the judges of that court may make the change, or the change may be made by action of the Congress. It is not for this State to change by indirect means a rule made by a Federal court for the discharge of bankruptcy cases coming before it.

"As I said in my veto message of last year, interference by the State would not only be an unwarranted intrusion into what is primarily a judicial function but it would carry that intrusion into Federal courts, which are in no sense subject to State legislative control, and into the field of bankruptcy, which by the Constitution of the United States is vested in the Federal Government."

We thus have an overwhelming expression of sentiment on the part of the New York State Legislature, representing the sentiment of the people of the State of New York, that it does not wish the continuance of the Irving Trust Co. as monopoly receiver in the Federal courts. The Governor of the State of New York says that it is not within the province of the State to act. It is the duty of Congress to act. Congress has acted.

MINERAL LANDS LEASING ACT OF 1920

Mr. DEROUEN. Mr. Speaker, I ask unanimous consent for the present consideration of the bill (S. 3723) to amend the Mineral Lands Leasing Act of 1920 with reference to oil- or gas-prospecting permits and leases.

The Clerk read the bill, as follows:

Be it enacted, etc., That the act entitled "An act to promote the mining of coal, phosphate, oil, oil shale, gas, and sodium on the public domain", approved February 25, 1920, as amended, is amended by adding the following new section:

"SEC. 40. (a) All prospecting permits and leases for oil or gas made or issued under the provisions of this act shall be subject to the condition that in case the permittee or lessee strikes water while drilling instead of oil or gas, the Secretary of the Interior may, when such water is of such quality and quantity as to be valuable and usable at a reasonable cost for agricultural, domestic, or other purposes, purchase the casing in the well at the reasonable value thereof to be fixed under rules and regulations to be prescribed by the Secretary: *Provided*, That the land on which such well is situated shall be reserved as a water hole under section 10 of the act of December 29, 1916.

"(b) In cases where water wells producing such water have heretofore been or may hereafter be drilled upon lands embraced in any prospecting permit or lease heretofore issued under the act of February 25, 1920, as amended, the Secretary may in like manner purchase the casing in such wells.

"(c) The Secretary may make such purchase and may lease or operate such wells for the purpose of producing water and of using the same on the public lands or of disposing of such water for beneficial use on other lands, and where such wells have heretofore been plugged or abandoned or where such wells have been drilled prior to the issuance of any permit or lease by persons not in privity with the permittee or lessee, the Secretary may develop the same for the purposes of this section: *Provided*, That owners or occupants of lands adjacent to those upon which such water wells may be developed shall have a preference right to make beneficial use of such water.

"(d) The Secretary may use so much of any funds available for the plugging of wells as he may find necessary to start the program provided for by this section, and thereafter he may use the proceeds from the sale or other disposition of such water as a revolving fund for the continuation of such program, and such proceeds are hereby appropriated for such purpose.

"(e) Nothing in this section shall be construed to restrict operations under any oil or gas lease or permit under any other provision of this act."

The SPEAKER. Is there objection to the present consideration of the bill?

There was no objection.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

WAR DEBTS AND PEACE DEBTS

Mr. KENNEDY of New York. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. KENNEDY of New York. Mr. Speaker, ladies, and gentlemen: I think it is appropriate on this patriotic holiday, the one hundred and fifty-seventh anniversary of Flag Day, that I direct your attention to the correspondence now being exchanged between this Government and the debtor nations. This is a matter in which every patriotic citizen has a deep concern.

By your unanimous consent I am inserting in the CONGRESSIONAL RECORD the following editorial, which appeared in the New York Sun on June 6. This editorial is entitled "Peace Debts" and presents a very clear and interesting story on the subject:

In the British note announcing default of debt or debts, advances, and obligations the words "debt" or "debts", "advances", and "obligations" appear 18 times. In all but four instances they are preceded by the word "war." This is scarcely exact. A large part of the moneys due to the United States from their associates in the Great War are really peace debts contracted after the armistice. Where the note speaks of "war advances totaling $4,277,000,000", it would be better to be more definite. Great Britain got $3,696,000,000 in cash from us before the war ended and $581,000,000 in cash afterward. France borrowed $1,970,000,000 in cash from us during the war, and after the war borrowed $1,027,477,800 in cash and got $407,341,145 worth of supplies on credit. Italy got $1,031,000,000 before the armistice and $617,034,050 afterward. All told, the United States loaned $10,338,058,352, and of this amount $3,260,934,602, or nearly one-third, was loaned after the armistice. It cannot be said that these post-armistice notes were signed by governments in fear of annihilation.

It can be readily understood from the figures contained in this editorial that there is a substantial difference between the money loaned to foreign governments for war purposes and the amount which was loaned after the armistice had been signed. I believe that the post-armistice debt should be treated in a separate and distinct manner from the ordinary war debts.

The suggestions contained in the correspondence in connection with the payment of this debt furnish unmistakable evidence that our foreign debtors are unable to pay, or do not intend to pay, regardless of the language in which their defaults were couched. The fact still remains that our Government will find itself without payment on the due date, tomorrow, June 15.

I have consistently supported President Roosevelt in all his efforts to restore peace and prosperity to our country, and I intend to continue my support of his legislative program. However, I feel compelled at this time to express my emphatic disapproval of any plan that has for its object the cancelation of these debts. I do not know that it is the intention of the President to advocate any further extensions of time for payment on the part of our foreign debtors; but if the President is considering such a plan, I hope that he shall not be unmindful of my opposition. I will oppose in every possible way any plan which aims to delay or shall indefinitely postpone the payment of these war debts, and particularly that portion of the debt which was contracted after the signing of the armistice.

Ladies and gentlemen, may I suggest as an appropriate way of observing Flag Day, which we are now celebrating, that you devote some time to a study of the debts now due our Government from the various foreign governments so that you may join with me in my fight for prompt payment of the so-called "peace debts."

FRAZIER-LEMKE BILL

Mr. GRISWOLD. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. GRISWOLD. Mr. Speaker, the days of the Seventy-third Congress are in the yellow leaf. We look back and see the panorama widen—we take stock of how much or how little we have accomplished. The one outstanding fact is that this Congress has failed to accomplish all that it might have accomplished for the benefit of the farmer in the great Corn Belt area.

Congress has made an effort. We have reduced acreage by law of Congress, and Nature by the law of drought has made a jest of our man-made law. We have destroyed millions of pounds of livestock to eliminate a surplus, and the god of rain has mocked us by destroying millions more. We still expect the farmer to take himself out of the hands of the money lenders by reducing his own production and at the same time consuming more of the things he must buy at increased costs. It cannot be done.

We have reduced the farmer's interest rate when he borrows from the Federal land bank. This is good. Congress should be commended for it. But Congress should be and will be condemned for not going further. Congress should be willing to go far enough to give the farmer at least an equal break with the railroads and the bankers.

In the past 24 months the railroads have received from the public as Government loans, refunds, and adjustments more than one and a quarter billion dollars. The farmer must pay his share of this burden, and most of the money found its ultimate goal in the vaults of the banker.

We have talked all this session of aiding the man with money, or who once had money, to recoup his losses. We have been constantly solicitous to see that the man—or woman—who had his investment in dollars did not suffer loss.

Mr. Speaker, money is the one thing that does not possess any inherent virtue. It produces nothing. It is a parasite that grows and grows from small beginnings to monstrous proportions without any effort whatever. It is without a soul and without a conscience, and does the will of whoever possesses it, without question. Its province is to destroy all other property that it may reign supreme. Interest is its servant that destroys the hopes and ambitions of man and takes from him the results of a lifetime of labor.

The farmer of this Nation is being reduced to a state of practical serfdom through the operation of this great destroyer, interest. It is time, if we expect the great agricultural population of the States of Indiana, Illinois, Missouri, Iowa, and the other Corn Belt States to survive, that we become as solicitous for it as we have been for the bankers. It is time that we begin to realize that if everyone else is to retrench, then these collectors of interest must retrench. If the farmer is to take his loss, then the Shylocks who live through the toil of other men must also take their loss.

The Frazier-Lemke bill involves the principle that will do justice to these men and women who are now endeavoring to hold on to the property that they have acquired consisting of producing land, not merely money property. The Frazier bill may not be all that everyone desires. It may have some fault of detail. If so those details, after free discussion on the floor of the House, can be modified. But the principle in the bill is one of fairness and justice. The plan is profitable to the Government and profitable to the farmer. It allows the Government to control the issuance of money instead of the money lender. It does not cost the owner of this money property anything. He does not take any loss. It merely prohibits him from having fed into his capricious maw these continuous and destroying interest payments. It ends the stamp of approval on the system that makes money all powerful and gives producing property and labor its just dues.

Mr. Speaker, months ago I was one of the two Members of Congress from Indiana who signed a petition along with 143 other Members to bring this legislation to a vote on the floor of the House. The filing of that petition was not a partisan political matter. The roll of signers shows an almost equal number of Democrats and Republicans. Among those signers appear the names of Members of prominence on both sides of the aisle. Likewise both Democrats and Republicans are found opposed to this legislation. Regardless of that petition and contrary to the intent of House rules, legislative action is still held in abeyance; and while it is held up, our farmers perish. Whether the majority of the Membership favors this legislation or not, at least so large a number of our citizens as the farm owners are entitled to their day in court. They only ask the right to be heard. The right can only be denied them at the peril of the destruction of free representation. I have no faith in my Republican colleagues who say this legislation is being held up by the Democrats. It was held up by the Republicans during 4 years of the Coolidge and Hoover administrations. They had the power then to correct this evil and did not. Instead, they nurtured these same money lenders and tightened their grip on these farms. During all that time they worshiped at the shrine of interest payments and glorified the property rights of money. The responsibility for the situation today is on their heads. The responsibility for curing the evil is on our hands.

These are the closing days of this Congress—only a little time is left for action.

> The moving finger writes; and, having writ,
> Moves on; nor all your piety nor wit
> Shall lure it back to cancel half a line,
> Nor all your tears wash out a word of it.

If we are only given an opportunity to express ourselves on this legislation, then we need have no regrets. There will be no longing to turn back and rewrite the record.

SOME COMMENTS ON LEGISLATION OF THE PAST SESSION

Mr. TREADWAY. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. TREADWAY. Mr. Speaker, as usual the work of the Ways and Means Committee has been extremely confining, perhaps more so during the past session than for several preceding sessions. Among the more important measures considered were the bill to adjust taxes on liquor, made necessary by the repeal of prohibition; the revenue bill; the bill giving the President authority to enter into reciprocal trade agreements with foreign nations and to adjust tariff duties to conform to such agreements; the bill increasing the ratio of silver to gold in the Nation's monetary reserves; and the bill authorizing the establishment of free trade zones in the ports of entry of the United States. In addition, some 15 or 20 other measures received the attention of the committee.

The foundation for the committee's work was laid at the close of the previous session by the passage of a House resolution setting up a subcommittee for conducting a preliminary study of the avoidance of taxes through loopholes in the law. The experts on the staff of the committee studied the problem during the summer of 1933, and the subcommittee commenced its work with daily sessions beginning the middle of October.

The main object of this work was to eliminate the possibilities for avoidance of taxes rather than to find new sources of revenue. This subcommittee has been again continued by another House resolution, adopted in the closing days of the present session. I wish, however, to say in advance of its labors that I and my associates of the minority of the committee will be very glad to continue the effort to

plug loopholes, but I shall oppose, as I did this year, a general tax revision or any move to distinctly increase taxes, which in effect was the character of the Senate's amendments to the recent revenue bill.

The American people are very heavily taxed at the present time, and are entitled to reduced rather than increased taxes, particularly when the excess taxation cannot be justified on the ground of balancing the Budget, but can only be used for continued increases in governmental expenditures. We are reaching the limit of cur ability to pay debts, either by borrowing or taxing. The credit of the Nation cannot long survive continually increased borrowing, nor can the people long continue to be unduly assessed. The only remedy for this situation is a return to normalcy in governmental expenditures. Any suggestion of finding new sources of revenue will be vigorously resisted.

THE REVENUE BILL

The subcommittee appointed to make a study of tax avoidance, of which I was a member, made its report to the full Ways and Means Committee early in December 1933, in advance of the regular session of Congress. Hearings were held on the proposed changes, and after careful consideration by the committee some were rejected and others modified. If they had not been, I was prepared to submit a minority report opposing the bill.

Finally, on February 9, 1934, the new revenue bill was introduced in the House. In the form presented it would have raised some $258,000,000 in additional revenue, wholly by administrative changes in the existing law and without the imposition of any new taxes. In other words, it was simply a bill to prevent tax avoidance.

In his Budget message the President took cognizance of the work of the Ways and Means Committee, and stated that probably $150,000,000 would be realized by administrative changes, whereas when completed the bill raised $100,000,000 more than the President indicated.

The bill passed the House substantially as introduced, with only seven Members voting in opposition. It then went to the Senate, where it was referred to the Finance Committee. That committee held hearings on the House bill and reported it to the Senate with only two major changes, namely, a slight increase in the estate-tax rates and the reenactment of the capital-stock and excess-profits taxes, which had expired with the repeal of prohibition. As reported by the Finance Committee the bill would have raised some $330,000,000. In the main, it was still a bill to prevent tax avoidance, and not a bill looking for new sources of revenue.

When the bill reached the Senate floor the so-called "progressives" virtually ran away with the Finance Committee. When they had finished with it, the estimated revenue yield had been increased to $480,000,000, and instead of being a bill to prevent tax avoidance it had become a bill to increase taxes. One of the amendments added by the Senate would have imposed a superincome tax of 10 percent for the taxable year 1934, estimated to raise $55,000,000; another amendment increased the estate-tax rates to a maximum of 60 percent, adding about $90,000,000 to the general tax burden.

When the bill went to conference the Democratic House conferees yielded to the Senate on almost every important item, as is evident from the fact that the compromise measure is estimated to yield $417,000,000. The only major Senate amendment which was not accepted by the House conferees was the $55,000,000 superincome tax. This item was reported in disagreement by the conferees and was rejected by the House on a separate vote, to which action the Senate yielded.

These changes were so contrary to the general purpose of the bill that I opposed the adoption of the conference report and still object to the final enactment of the bill, which calls for such a large additional contribution from the people. Out of the more than $400,000,000 in additional taxes levied $150,000,000 in round numbers is from new sources.

Among the provisions of the new law, with which I am not in agreement, are the increased income-tax rates, the confiscatory estate-tax rates, the abolition of consolidated returns, the continued exemption of dividends out of pre-March 1, 1913, earnings, and the publicity provisions.

Under the House bill, we gave substantial relief to the smaller taxpayer having income from salaries and wages and at the same time increased the tax somewhat on those having incomes from dividends and partially tax-exempt interest on Government obligations. The Senate, however, felt that the smaller taxpayers were not entitled to the relief which the House had given them and increased the tax in the lower and middle brackets. Thus the rates in the new bill are a compromise between the views of the two branches. Personally, I can see no justification for the increase over the House bill. In fact, there cannot possibly be any justification for increasing the taxes of persons with moderate incomes proportionately more than persons with the larger incomes.

In this connection I may say that when the bill was before the Ways and Means Committee the schedule of surtax rates which was first worked out put a disproportionate increase on taxpayers in the lower brackets. I presented a new schedule which shifted the burden of the increase further up in the scale, and this new schedule was made the basis of the rates finally provided in the House bill. However, the rates of the new law have the same defect as those which I previously opposed.

The new law increases the maximum estate-tax rate from 45 percent to 60 percent, with proportionate increases in the other brackets. It would appear that the former maximum rate of 45 percent is as high as we can honestly go without virtual confiscation of estates. Even during the period of the World War the rates were never in excess of 25 percent. A very great hardship in the settlement of estates comes about by reason of the fact that the tax is assessed on the value of the property at the date of the owner's death and by the time the estate is distributed to the heirs it may have depreciated until there is little left after the tax is paid.

Under the new law, consolidated returns cannot be filed by affiliated corporations, except in the case of railroads. Such returns have previously been allowed on the theory that affiliated corporations were in reality but one enterprise, like the several departments of a large store. While it sounds favorable to corporations to permit consolidated returns, as a matter of fact more revenue would result to the Government by reason of the higher rate of tax that would be imposed. The merit of consolidated returns is borne out by the fact that the Treasury Department has always favored this method, irrespective of which party happened to be in power. In the Senate, an amendment was adopted abolishing consolidated returns altogether in spite of the recommendations of the Treasury Department and the Senate Finance Committee. In conference, a majority of the House conferees yielded in favor of the Senate action, except as to railroads. In this instance, the Democrats went against the advice of their own Secretary of the Treasury.

The House has several times included in revenue bills a provision removing the exemption in favor of dividends declared out of corporate earnings accrued prior to March 1, 1913, the effective date of the first income tax. The Senate has always eliminated the House provision, and the item has gone out of the bill in conference. There is absolutely no justification for the exemption, and the Supreme Court has upheld the power of Congress to tax such dividends. Therefore, I cannot agree with the majority of the House conferees who yielded to the Senate on this provision.

The publicity of income-tax returns feature of the new bill is also the result of a Senate amendment. While the provision is not as drastic as the original amendment, it is sufficiently broad to satisfy the curiosity of those who wish to inquire into the private affairs of other people. There is already ample authority for the proper agencies outside the Treasury Department to inspect income-tax returns, and no reason exists why the data contained in the returns should be thrown open to snoopers and blackmailers, or be made the basis of "sucker lists" for all sorts of wildcat ventures.

RECIPROCAL TARIFF BILL

Mr. Speaker, if there is one issue that is clearly drawn between the Republican and Democratic Parties, it is the question of giving the President dictatorial authority over the tariff, as is provided in his reciprocal tariff law. The Republicans have fought this unprecedented, unconstitutional delegation of power every inch of the way, from the time it was introduced until it was finally enacted. The responsibility for this measure is clearly upon the Democratic Party. The roll call in the House on the passage of the bill showed 99 Republicans voting against and only 2 in favor of the measure. The vote in the Senate was also along party lines. Thus the Republicans have lined up solidly in opposition to this Democratic proposal to reduce the tariff and allow the displacement of domestic products by increased foreign importations.

We Republicans believe it is self-evident that more imported goods means less goods produced in this country; that less goods produced in this country means less work; and that less work means more unemployment. Surely, with millions of men out of work, with the millions who are dependent on them crying for food, and with our farmers vainly seeking a market for their products, it will not help matters to increase our purchases abroad. The domestic market is the birthright of our own people, and the Republican Party is in favor of holding on to it.

Under the terms of the law the President is given the power to enter into reciprocal-trade agreements with other countries and to proclaim such reductions in existing duties as may be necessary to carry out these agreements. In other words, he is given both treaty-making and tariff-making powers. The agreements which the President may enter into will be binding upon this country without ratification by the Senate, and he may fix tariff duties to suit his fancy. The only limitation is that he may not change an existing duty by more than 50 percent. Beyond that, his discretion is complete.

In fixing duties, the President may completely disregard foreign and domestic cost differentials. This means the abandonment of the Republican principle of protection to agriculture, industry, and labor, which more than anything else has been responsible for the development of this country and the maintenance of the American standard of living and the American wage scale. Republican Members in both the House and Senate, of whom I was one, attempted to amend the bill so that no duties could be reduced below the amount necessary to offset any foreign advantage in cost of production, but these efforts were futile in the face of the large Democratic majorities in both branches. The Democrats even voted down amendments to prevent reductions in the agricultural rates. They apparently wanted to give the foreigner every advantage in the domestic market.

Perhaps the greatest objection to the measure is the fact that it places in the hands of the President, or those to whom he will undoubtedly have to delegate his authority, the absolute power of life and death over every domestic industry dependent upon tariff protection, whether agricultural or industrial. Certain domestic industries will have to be destroyed in order to get foreign concessions for some of our export products. The President has full power to name those industries, and his word will be final. Destruction will come, of course, through a reduction of the tariff, thereby permitting a flooding of the domestic market with cheap foreign goods with which our producers cannot compete. No domestic industry can be assured that it will be spared. The threat of a lost domestic market will hang like a sword of Damocles over every farm and every factory, and over those dependent upon the farm and factory for a livelihood.

While it is true that only certain domestic industries are to be destroyed, yet no one knows in advance what industries will be selected. Representatives of the administration, in testifying before the House Ways and Means Committee and the Senate Finance Committee, refused to give any indication, although they were asked time after time. The most outspoken was the Secretary of Agriculture, who indicated that it was the "inefficient" industries who were marked for slaughter. He indirectly defined an inefficient industry as one which could not meet foreign competition without a tariff, and even went so far as to say that if foreign countries can produce goods cheaper than we can, we should buy them there, and not try to produce them at home. The Secretary also indicated that the so-called "inefficient" industries were small industries, which, of course, is the kind we have in New England.

As has been the case generally when a ready-prepared bill is sent up from the White House, it was difficult for the minority to secure time for the opponents of the bill to be heard. Notices were supposed to have been given the press on March 5 that the hearing would begin on March 8, 3 days later, but one representative of a large domestic industry testified that he just happened to be in Washington on other business and learned of the hearing after he arrived here. Another witness said practically the same thing. When the hearings began I asked for a week's postponement in order to give the country a chance to digest the proposal, and industry an opportunity to prepare its case. This suggestion was ridiculed by the majority members of the committee, although they should have realized that the administration had been preparing its side of the case for many months.

One witness, whom the minority wanted particularly to hear, was Mr. Samuel Crowther, a prominent economist and one of the leading writers on economic questions, but it was only after considerable wrangling that we were able to keep the hearing open long enough for him to come to Washington from his home in New Hampshire.

Our Democratic friends, in trying to find some excuse for voting for the reciprocal tariff bill, continually asked, "Cannot the President be trusted to use his powers wisely and in the interest of the whole country?" The answer is that while no one would question the good faith and high purpose of the President, he is not the one who is going to do the actual negotiation of the proposed trade agreements. His hands are fully occupied with other matters, and he will be obliged to rely upon some of the underlings in the State Department to handle the details. While I have implicit confidence in the President's sincerity, I have not that same confidence in the ability of some of his inexperienced and impractical advisers who constitute the "brain trust." Their recommendations will unquestionably have great weight with the President, and it will be they who will select the industries to be snuffed out by reduced tariffs. It will be they who will decide which industries are "inefficient", and therefore, according to the advocates of the bill, ought to be sacrificed for the benefit of other industries seeking foreign markets. Worst of all, there will be no appeal to Congress, because Congress has surrendered its authority to deal with the situation.

As prepared by the White House, no provision was made in the bill for notice to the industries to be affected by foreign-trade agreements, or for hearing interested parties. When the bill was before the House I offered an amendment to require hearings to be held, but it was voted down by the Democratic majority. In the Senate, the opposition to this feature of the bill was so great that finally an amendment was offered in behalf of the administration requiring reasonable notice to be given of the intention to negotiate a trade agreement in order that any interested person might have the opportunity "to present his views to the President, or to such agency as the President may designate, under such rules and regulations as the President may prescribe." This amounts to no more than an invitation to an industry to be "present at its own hanging", as one Member put it. There is no assurance that there will be any careful weighing of the evidence nor even an adequate opportunity for a full presentation of the facts.

Another unfortunate feature of the bill is the fact that the tariff concessions which this country obtains in foreign markets may be empty and wholly illusory. Foreign-tariff rates are generally known to be "padded" for bargaining

purposes, and in any event we cannot compel foreign countries to take any of our goods no matter how much we buy from them.

This so-called "tariff reciprocity or bargaining", is supposed to be something in the nature of "Yankee horse-trading", but there is a fatal distinction. In a horse trade, both parties get a horse, but in tariff bargaining the deal may be wholly one-sided. For example, suppose the President would lower the tariff on Japanese textiles in return for a lowered rate on our cotton in the Japanese market. Japan can then flood the American market with her textiles and put our New England mills out of business. At the same time, Japan is not bound to take a single bale of American cotton. Japanese importers may find it more advantageous to buy cotton from India or Egypt, in spite of the reduced tariff against our cotton, and we will be left holding the bag. Thus, while each party to the trade agreement is supposed to get some benefit, it may in fact turn out to be an empty bargain for us.

The fact is that reciprocal-tariff agreements can do no more than provide the avenue by which the nationals of the respective countries may carry on trade under more favorable conditions. Once the avenues are created they may or may not be used and many of our exporters will be unable to take advantage of them in competition with other foreign producers. Unless we can undersell the rest of the world we cannot expect to ship our goods abroad. Thus these avenues of which I speak will likely become one-way streets into our rich domestic market, which is the richest in the world and the envy of all other nations.

Even if we could be assured that the President would be able to effect an equal exchange of goods, would it be "worth the candle"? How can this country obtain any net benefit by destroying one industry to benefit another? Suppose we are able to sell more cotton to Japan by taking more of her textiles. How is that going to help the domestic situation? Though it may help the cotton-growing States, it will bring ruin to the textile industry of New England and even of the South. Moreover, for every additional bale of cotton that is sold to Japan, there may be two or three less bales sold to manufacturers in this country. The manufactured cotton that comes into this country from Japan may not be of American origin, and Japan may put our textile mills out of operation and still not benefit our cotton producers. While I have used cotton and textiles in this illustration, the same situation would exist with respect to any other commodities which might be made the subject of international bargaining agreements.

It is my opinion we have nothing to gain from these proposed reciprocal agreements, and everything to lose. We cannot hope to get more than an equal exchange, and the probabilities are that we will come out on the short end of the bargain. To secure even an equal exchange may result in the destruction of the local industries of many sections of the country, and New England is likely to suffer more than any other. The small industries which are thus endangered are often the lifeblood of whole communities, and while the loss of a particular industry would not mean much to the country at large, and especially to the "brain truster" in the State Department who marked it for extinction, it would be a hard blow to those dependent upon it for support.

Is it fair that one industry in the United States should be wiped out in order that some other industry may expand its export trade? Is it right to destroy industries in one section to build up other industries in other sections? Is it just to give one man the power to take away the livelihood of one group of men that another group may be made more prosperous? To these questions the Republican Party answers an emphatic "No"; the Democratic Party, an equally emphatic "Yes."

There are those who will say that industry, agriculture, and labor have nothing to fear; that the President will not, to use his own words, disturb any "sound and important American interest." Yet the fact remains that unless we offer some concession to foreign countries no trade agreements will be entered into. If the President expects to unload our surplus of cotton and pork in foreign countries, he must give these countries equivalent opportunities in our market. We cannot expect to sell without buying, and there is nothing additional we can buy that is not already made in this country.

The President cannot expect to take coffee, tea, rubber, and other noncompetitive products in trade for our surpluses, because these products are already on our free list. He must necessarily deal in articles on the protected list, which foreign countries would like to supply us. Japan wants to sell us more textiles; Germany, more cutlery; England, more woolens; France, more wines; Argentina, more wheat; Canada, more dairy products; Czechoslovakia, more shoes; and so on down the line. The President cannot enter into negotiations with foreign countries and hope to trade our wheat for lace handkerchiefs, or our cotton for fancy leather bags. Some important domestic industry must of necessity be sacrificed in each bargaining agreement.

In his message to Congress recommending the enactment of the reciprocal tariff bill, the President pointed to the decline in our foreign trade and stated that "this has meant idle hands, still machines, ships tied to their docks, despairing farm households, and hungry industrial families." This is undoubtedly true so far as persons engaged in the export industries are concerned, but the decline in international trade is world-wide and has followed the decline in internal business. Our own foreign trade was constantly on the increase, both in imports and exports, up to the time of the stock-market crash in 1929, and it is not going to help matters now to further destroy the domestic market.

The President's advisers clearly have laid too much stress upon foreign trade and have overemphasized its relative importance. Even in 1929 we consumed, at home, 90 percent of what we produced, and our exports in that year, great as they were, only accounted for 5 percent of the national income. To say that our foreign trade is the basis of our domestic prosperity is to say that the tail wags the dog.

It frequently has been alleged that our present tariff duties are so high that foreign countries cannot trade with us, and that this has been a large factor in the decline of our foreign trade. The best answer to this allegation is that during the whole period of the decline of our foreign trade the ratio of dutiable imports to free imports has remained constant, two-thirds being duty free. In other words, the tariff has not been a factor in our reduced purchase of foreign commodities. We have bought less abroad because our purchasing power has been reduced and foreign countries have bought less from us because their purchasing power has been reduced.

Our Democratic friends continually criticize in general the tariff rates in the present Hawley-Smoot law, but I have yet to hear mentioned, whether among the people themselves or from Members of Congress, a single specific rate which is too high to prevent proper interchange of goods.

I have discussed thus far only the economic phases of the bill. There is also the constitutional phase. Under our system of government Congress alone has the power to impose tariff duties, and the Supreme Court has many times held that Congress cannot surrender its legislative powers to the Executive. Yet that is precisely what it does by the reciprocal tariff law.

The Democrats have tried to say that the President's power under this measure is no more than he has under the so-called "flexible tariff." That, however, is not the case. The Supreme Court upheld the flexible tariff law because there Congress merely laid down a principle which it directed the President to follow in maintaining tariff rates at a point which would always offset the difference in cost of production of domestic and foreign articles. Under the reciprocal tariff law no principle or rule is laid down for his guidance. He may completely disregard foreign and domestic cost differentials, and may fix duties without reference to any legislative formula. Therefore, when he changes a tariff rate under the reciprocal tariff law he is in fact legislating contrary to the Constitution.

When the flexible-tariff provisions were under discussion in connection with the 1922 and 1930 Tariff Acts the Democrats fought bitterly against what they termed a surrender of the taxing power to the Executive. The present Secretary of State, Mr. Hull, was then a Member of the House, and he referred to the flexible-tariff provisions as being "subversive of the plain functions of the Constitution" and an "unjustifiable arrogance of the taxing power and authority to the President." The present Chairman of the Ways and Means Committee, Mr. DOUGHTON, said that it was—

> Too much power and authority to lodge in any man who has been, is now, or ever will be President of the United States.

Yet in the present Congress these same men have sponsored a measure which goes far beyond the flexible-tariff provisions in delegating authority to the President.

As a matter of fact, the reciprocal-tariff bill gives the President practically the same authority that the German dictator, Chancellor Hitler, has over the tariff in his country. It gives the President more power than Premier Mussolini has over the Italian tariff, since the Premier's decrees are subject to ratification by Parliament. Even in Soviet Russia there is no such thing as one-man tariff making. There tariffs can be changed only by action of the Central Executive Committee and the Council of the People's Commissars. Dictator Stalin has no authority in the matter.

Never did the Republican Party ask that the President be given power over the tariff other than to carry out the specific mandate of Congress, and never has it given a President discretionary authority in fixing duties. The reciprocal negotiations carried on by the Executive under the McKinley and Dingley tariff laws were limited to specified items on which Congress itself had fixed the retaliations to be imposed or the concessions to be offered. At no time in the whole history of the country, whether under a Republican or Democratic administration, has the President heretofore been given general authority in reciprocal negotiations without at the same time requiring him to submit for the approval of both the House and Senate any treaties or agreements arrived at. The recently enacted legislation, therefore, is without parallel or precedent.

It appears that the reciprocal tariff bill just about completes the Presidential program of gaining control over all governmental functions. With its passage the need for a Senate and a House of Representatives is practically gone. In order to give Congress some check on the President's authority under the bill, I offered a motion in the House, and a similar motion was offered in the Senate, to require all agreements entered into by him to be submitted to the House and Senate for ratification. With their overwhelming majorities in both branches, the Democrats easily voted these amendments down.

It is true that the President's powers are temporary, being limited to a period of 3 years, but unless there is a decided change in the membership of the House and the strict control of the overwhelming majority by the President, these powers could be extended from time to time or made permanent at his will.

In the coming elections the Democrats will have to justify their votes in giving the President this unconstitutional and dictatorial authority over the tariff and over all domestic industries dependent upon tariff protection. They will have to answer for giving him this power to say what our people shall produce at home and what they shall buy abroad. They will have to explain by what principles of fairness and justice one industry may be destroyed in order to benefit another. They will have to demonstrate by what economic laws the importation of foreign agricultural products can rid our farmers of their surpluses; how the importation of more industrial products can reopen our own factories, and how the displacement of American by foreign labor can reduce the army of the unemployed. This accounting to the people will be particularly true in New England, where everyone is brought to realize the benefits that have accrued from the Republican policy of reasonable protection to American industries.

The Republican Party awaits with expectancy the opportunity to meet the issues raised by this bill before the American people in November. Having adhered to our traditional position of preserving the home market for American industry, agriculture, and labor we are confident of the outcome.

THE SILVER PURCHASE ACT

The silver purchase bill was referred to the Ways and Means Committee for consideration only because of the provisions of the bill levying a 50-percent tax on speculative profits in silver trading. Ordinarily the committee does not have jurisdiction of coinage and currency bills, and our Members therefore are not familiar with the money problem. Hence we were not prepared to give the silver bill very careful consideration. It naturally would be supposed, under the circumstances, that information would be sought by the committee before attempting to sponsor a bill of this character. Such was not the case.

The silver bill was prepared at the White House and transmitted to Congress along with the President's message on the subject. It was introduced in the House on the following day. Without any general notice of hearings, as is customary, the committee was called into executive session 2 days later to consider the bill. At the meeting, from which the press were at first excluded but later allowed to be present, only the sponsors of the legislation were heard. A representative of the Treasury Department gave an explanation of the mechanics of the bill, but frankly stated that he was not competent to explain the reasons for the enactment of the legislation or its underlying purposes.

The only other witnesses were the Member who introduced the bill in the House and a Member from one of the silver-producing States. The Secretary of the Treasury was on the stand only a few minutes and did not enter into any general discussion of the bill.

The Republican members of the committee wanted to get some information on the other side of the question, but they were not successful. After first being denied the opportunity to invite an outstanding authority on money questions to testify, we were told at 4 o'clock one afternoon that he could be heard if he were present the next morning. The gentleman whom the minority desired to have testify was Dr. Edwin W. Kemmerer, of Princeton University, but he could not be reached in time to be present at the morning session. Thus the hearing was closed with only the proponents of the bill being heard.

In an executive session lasting only a few minutes, without any discussion of the principles involved in the bill, it was reported to the House by the Democratic majority. The Republican members filed a minority report on the bill, criticizing the procedure in committee, but we were unable to argue the merits or demerits of the legislation, as we had no information upon which to base a proper judgment.

The object of the bill is to increase the ratio of silver to gold in our monetary reserves to one-fourth, and to provide for the issuance of silver certificates against such silver. Why the present ratio should be increased no one was able to say, neither was there any explanation of the probable effects of the bill. It seemed clear, however, that there would be some benefit to the silver-producing States by raising the price of silver. Also, in view of the fact that the bill had the active support of the so-called "inflationists", it must be assumed that it is somewhat inflationary. Beyond that everything is rather hazy.

It is estimated that in order to bring the silver monetary reserve up to one-fourth the gold reserve, the Treasury will have to buy 1,312,000,000 ounces of silver. The production in this country is around 24,000,000 ounces per annum, while the holdings of free silver are estimated at from 150,000,000 to 250,000,000 ounces. This free silver is largely in the hands of speculators who have been buying up the metal in anticipation of just such legislation as this. They stand to make a very handsome profit in spite of the 50-percent tax on speculative transfers.

In discussing the possible effects of the bill I can do no better than quote from an article in the New York Sun of

May 24, giving Dr. Kemmerer's view of the legislation. The article says in part:

"The administration's latest program of doing something more for silver is one more step down the inflation path, weakening confidence in the dollar and wasting millions of dollars in the purchase of useless, dead silver at a time when other nations are selling, not buying, and in a depression when there is a large Government deficit", declared Prof. Edwin Walter Kemmerer, Walker professor of international finance at Princeton and noted monetary authority, in an interview with a Sun reporter here today. Professor Kemmerer was on his way to speak on sound money in Indianapolis.

I can only add that the Democrats again have either ignored or failed to recall their 1932 platform promise of a "sound currency at all hazards."

ESTABLISHMENT OF FOREIGN-TRADE ZONES

In keeping with their effort to make it easier for foreign producers to market their goods in this country, the Democrats have finally secured the enactment of the bill providing for the establishment of free zones in the ports of entry of the United States into which foreign merchandise may be brought duty free, there to await transshipment to other countries or sale in the United States. This legislation has been before Congress since 1919, and during that time the Republicans have consistently prevented its enactment. At the present time, however, we are hopelessly outvoted.

While the regular customs duties must be paid when merchandise is removed from the free zones for sale within this country, this does not prevent the legislation from operating unfairly against domestic producers. Everyone understands that accessibility for quick delivery is an important consideration in the sale of goods, and by setting the foreign producer up in business at our very doorstep the bill removes the natural advantage that the American manufacturer or farmer now has in this regard. Thus a merchant in Boston, for example, may be able to buy a thousand yards of cloth more readily from the foreign trade zone than from a textile mill located only a few miles outside the city. As a result, the domestic producer loses the business.

By encouraging the dumping of cheap foreign goods upon the domestic market, the bill will work to the detriment of American producers and American workmen. At the same time, the opportunity for smuggling will be increased, and enormous expenditures will have to be made for the protection of the revenue. On the whole, the establishment of foreign trade zones is out of harmony with the Republican policy of protection and is a step in the direction of free trade.

Although the legislation is ostensibly proposed as an aid to the transshipment of foreign merchandise to other foreign ports, it will be used chiefly as a means of consigning immense quantities of foreign goods to the free zones to await sale in the United States. These zones will become a veritable world's fair, where goods from all nations may be stored for ready access into the domestic market in competition with the products of our own farms and factories. The Atlantic and Pacific Oceans, which heretofore have formed somewhat of a natural tariff barrier, are obliterated by this legislation.

The establishment of free trade zones is in complete accord with the administration's program to make the domestic market more accessible to foreign producers. In conjunction with the reciprocal tariff bill, the legislation will go far toward the encouragement of importations from abroad and the consequent destruction of American industry. To this program the Republican Party is unalterably opposed.

TAXATION OF COMMUNITY INCOMES

In connection with the committee's study of tax avoidance, it was brought to our attention that in the eight so-called "community property" States, the property laws are such that a husband and wife may divide the husband's income for tax purposes, each returning one-half, and thereby paying substantially less tax to the Federal Government than persons in the other 40 States having the same income. For example, in Massachusetts, a man with a $10,000 salary would pay $480 to the Federal Government, but if he lived in one of the community-property States he and his wife together would pay a total tax of only $300. This is because the rates of the surtax are graduated, and by splitting up the income it is brought into lower brackets.

The eight States where this advantage in tax accrues are Arizona, California, Idaho, Louisiana, Nevada, New Mexico, Texas, and Washington. Under the laws of these States, the wife is deemed to be the absolute owner of one-half the husband's income, and because the liability for the Federal income tax is based upon ownership the husband and wife each make separate returns.

Two methods of treating this obviously unfair situation were proposed. One was to require husbands and wives in all the States to file a single return, and the other was to base the liability for tax in the community-property States on dominion and control over the income rather than ownership. The first method was suggested by the Treasury Department, and the second by the committee's own experts. The Treasury's proposal would have applied to husbands and wives in all the States, even where the wife had separate property. The other method was applicable only to the community-property States.

The committee, by a very close vote, adopted the second proposal rather than penalize 40 States to reach 8. With the exception of one member, who was from a community-property State, the minority members voted solidly in favor of the proposal. However, after having been included in the regular revenue bill, some of the majority members switched their votes and it was eliminated.

I was so concerned about the matter that I introduced a separate bill to carry out the proposed change, so as to put all taxpayers on an equal footing, regardless of the State in which they lived. This bill was introduced on March 1, 1934, and I endeavored to have it considered by the committee as soon as possible. The chairman promised to hold hearings on the bill, but left it up to the committee to decide whether the hearings would be before the full committee or a subcommittee. As consideration before a subcommittee would tend to delay action, the majority members voted over the protest of the minority for that method of procedure.

On May 1, 1934, the subcommittee began hearings, and they were concluded 6 weeks later, on June 12, although only 9 half-day sessions were held during that time. With Congress then on the verge of adjourning, it was obviously too late to hope for action on the bill.

Other than on the basis of partisanship, I do not see how Democratic Members from the 40 States which do not have community property laws could vote to allow the present avoidance of taxes to continue. By reason of this avoidance taxpayers in these other 40 States, including Massachusetts, must pay from $18,000,000 to $28,000,000 more in Federal taxes just because taxpayers in the community-property States do not pay their fair share. These eight States are all in the South and West, and, with the sole exception of California, are solidly Democratic so far as representation in the House of Representatives is concerned. Were it not for the fact that their present tax advantage is acquiesced in by Democratic Members from other States anxious to keep these eight States in the Democratic column, they could easily be outvoted and the bill enacted into law.

The community-property States cannot deny the unfairness of the present set-up which gives them an advantage over the other States, but they contend that the proposed legislation is unconstitutional on the ground that it would be taxing the husband for the wife's property. Of course, the income is only made the wife's by State law, and the Supreme Court has never directly passed upon the legal questions involved. Surely the Court would not countenance a situation which discriminates in favor of 8 States as against 40.

It is, therefore, perfectly obvious that this temporary victory of the Democratic majority is extremely partisan and that the party demonstrates it is more interested in retention of party control than in fairness to the taxpayers of all the States.

PROCESSING TAXES

The processing taxes imposed by the Secretary of Agriculture under the authority of the Agricultural Adjustment Act have resulted in a great burden upon the American

people, especially in the industrial States. It will be recalled that the President and the Democratic Congress have consistently opposed the manufacturers' excise tax, even with foods and clothing exempted, yet they have fastened upon the people a very onerous tax of the same character, which falls on the very things which the manufacturers' tax would have exempted. While the sales tax would have been levied at a very low rate, say of 2 percent, on what might be described as nonessentials, the processing taxes run as high as 60 percent and affect the daily necessities of every household in the land. At the same time, they bear more heavily on the poor than on the rich.

Consider the ad valorem rates of some of the processing taxes: With corn at 55 cents per bushel the 5-cent tax is equal to a rate of 9 percent; with wheat at $1, the 30-cent tax is equal to 30 percent; with cotton at 12 cents, the 4.2-cents tax is equal to 35 percent; and with hogs at $3.75 per hundredweight, the $2.25 tax is equal to 60 percent. These taxes are imposed on the first processing of the commodity with respect to which they are levied, and as the tax is added to the cost of each subsequent handling it is considerably magnified by the time the finished product reaches the consumer.

Not only are processing taxes imposed upon the so-called "basic farm commodities" but on competitive products as well. Thus, in order to offset the tax on cotton, a compensatory tax is imposed on paper products which compete with cotton, either directly or indirectly. This particular compensatory tax as well as the tax on cotton itself vitally affects two of New England's most important industries, namely, paper and textiles.

Among the compensatory taxes on paper products are the following: Multi-wall paper bags, 2.04 cents per pound; coated paper bags, 3.36 cents; open-mesh paper bags, 2.14 cents; and paper towels, 0.715 cent. I understand that the tax on paper bags is equivalent to 50 percent or more of the value of the paper that goes into them.

The tax on paper towels ultimately falls upon hospitals, schools, factories, and public institutions which use them in great quantities, and I am informed that in comparing the average number of uses of a cotton towel with a paper towel, the tax on the latter is 1,100 to 1,300 times greater per use.

So far as the effect of the cotton processing tax upon consumers' goods is concerned, it is difficult to say just how much of the increased cost is due to the tax and how much to the textile code. Last November the Department of Agriculture made an estimate of the proportion of the retail price of certain articles, which, in their opinion, was attributable to the cotton processing tax. These estimates were based wholly on the amount of cotton going into the articles, and do not allow for middlemen's profits on the tax, which to them is just another item of cost. Accepting the Department's figures as a minimum, they fix the tax on sheets at 7.6 cents; work shirts, 3.5 cents; overalls, 8.3 cents; and unbleached muslin, 1 cent per yard. Thus in the case of a sheet costing the housewife $1, the tax is not less than 15 percent of the cost, and probably much more; in the case of work shirts selling for 75 cents, it is not less than 4½ percent; and in the case of overalls selling for $1.25, it is not less than 6½ percent.

As evidencing the extent to which the processing taxes have worked to the disadvantage of the New England States, I wish to set forth the collections made in our section as against the amounts returned to our farmers in the form of rental and benefit payments. From July 1, 1933, to April 30, 1934, New England paid some $25,000,000 in processing taxes and received some $300,000 in benefit payments. This was a return of only 1.2 percent of the amount contributed.

The most startling figures are those relating to Massachusetts, which contributed $17,000,000 out of the $25,000,000 raised in the New England group and received only $96,000 in benefits. To put it another way, 99½ percent of the processing taxes which Massachusetts has paid thus far have gone to farmers in other States. These figures prove very clearly that the agricultural program of the administration is highly discriminatory against New England in general, and Massachusetts in particular. On the other hand, it is extremely favorable to other sections of the country, especially the South. Texas, for example, contributed only $8,000,000 in processing taxes, but received $47,000,000 in benefits; Arkansas contributed $500,000, but received $10,800,000; Oklahoma contributed $2,800,000, but received $16,400,000; and so on. Thus, the farm program amounts to nothing more than the taxation of one group of the people for the benefit of another group.

At this point I will include a table showing the collections and payments in the several New England States.

Processing tax collections and payments to farmers, July 1, 1933, to Apr. 30, 1934

State	Collections from processing tax	Rental and benefit payments to farmers
Maine	$1,780,648.63	None
New Hampshire	1,504,183.06	$2,288.60
Vermont	252,613.48	2,724.95
Massachusetts	17,107,741.54	96,468.40
Rhode Island	2,879,197.62	None
Connecticut	1,680,705.38	198,818.94
Total	25,205,089.71	300,300.89

THE DEMOCRATIC PLATFORM

Mr. Speaker, the Democratic Party, in their 1932 platform, made the following declaration:

> We believe that a party platform is a covenant with the people to be faithfully kept by the party when intrusted with power, and that the people are entitled to know in plain words the terms of the contract to which they are asked to subscribe.

A similar view was taken by the Democratic Presidential candidate, Mr. Roosevelt, when he said:

> A platform is a proposal and at the same time a promise binding on the party and its candidates.

Among the pledges in the Democratic platform were those promising a reduction in Federal expenditures; the elimination of extravagance; a balanced Budget; a sound currency; a fact-finding Tariff Commission free from Executive interference; and the strengthening of the antitrust laws.

Since the 4th day of March 1933 Federal expenditures have been enormously increased. The Nation is faced with the greatest peace-time deficit in history in spite of increased taxes. The currency has been inflated and our dollar debased. The President has sought and received from a subservient Congress autocratic powers over the tariff, and under the N.R.A. monopolistic practices have been allowed to grow up to the detriment of small businesses.

While the failure to keep its specific campaign promises is sufficient to condemn the Democratic Party, the subtlety with which it has forced upon the American people, in the guise of recovery legislation, a system of government foreign to our ideals and institutions is even more repugnant.

I submit that nowhere in the Democratic platform is there any intimation that when the party was intrusted with power constitutional government would be suspended. Nowhere do we find the suggestion that the President would become a virtual dictator over every phase of our economic life. Nowhere is it stated that this country was to undergo a "peaceful revolution", in which the whole concept of governmental powers was to be overhauled by a professional "brain trust" not responsible to the people. Nowhere do we find the suggestion that individual freedom and initiative was to be superseded by governmental restraint and regimentation. Yet all these things have come to pass under the present Democratic administration.

With the assurance in the Democratic platform that the people were entitled to "know in plain words the term of the contract to which they are asked to subscribe", the electorate had no reason to think that the Democratic Party had not laid all its "cards" upon the table.

Lest I be accused of partisanship in making these references, I shall offer a brief quotation from an outstanding Democrat upon this very matter. On May 24 of this year Hon. Bainbridge Colby, who will be remembered as Secretary of State under President Wilson, made the following

remarks in the course of an address before the Economic Club in New York City:

Gradually it has dawned upon the country, and it is now quite plain, that recovery was only partially the aim of the administration. A great part of its interest has been in radical institutional overturn and the new modeling of the State. * * *

The guaranties of the Constitution are dismissed lightly as if they were irrelevances in the present-day life of America.

Mr. Speaker, when the President took office on March 4, 1933, he had behind him the almost solid support of the American people. His legislative proposals were speedily enacted into law with a minimum of opposition. Bills were prepared by the White House and sent to Congress along with the President's recommendations for legislation. The country was in a desperate situation and was willing to try anything. In the hysteria of the moment little opportunity was afforded for mature consideration of the various measures. The full implications of their provisions were never understood. Every bill had ambiguous terms and hidden grants of power. In practically every instance Congress surrendered to the Executive some legislative function or granted to him some dictatorial authority.

Where did the President's program originate? We have seen that it was not inspired by the Democratic platform, and certainly Mr. Roosevelt did not sponsor it during his campaign for the Presidency. The only other possible conclusion then is that it is the work of the "brain trust."

In this connection Mr. David Lawrence asked some very timely questions in a recent issue of his publication, the United States News. Said he:

Did the American people in the 1932 election vote for Mr. Roosevelt or for a tricky group of lawyer "brain trusters"? Did the American people have the slightest inkling that the Cabinet would be relegated to a secondary position and that behind the scenes a group of new-fangled thinkers, with economic doctrines and experiments suited to other lands and other environs, would reign supreme in the making of a legislative program?

The answer, of course, is that the people thought they were voting for Roosevelt and recovery, not for the "brain trust" and revolution.

While practically all governmental powers have been concentrated in the Executive, he has necessarily delegated many of those powers to subordinates. It has therefore been said, and rightfully so, that we are actually being governed today by persons not elected to public office. General "Crackdown" Johnson is an outstanding example. Alphabetical bureaus and boards have sprung up like mushrooms, each to regulate some phase of our national life.

Taking cognizance of the charge that his administration has brought about what is, in effect, a revolution in government, the President says that nevertheless it is a "peaceful" revolution. Later, he said that he preferred to call it "evolution." But by whatever term it may be described, we are drifting inevitably toward collectivism in government and toward regimentation of industry and agriculture. While the administration's program has been put forward in the interest of relief and recovery, its deeper purpose apparently is to bring about what has been described by one of the "brain trusters" as a "planned economy."

It is well understood that the only constitutional justification for much of the recovery program is its emergency character. It is generally admitted that except for the emergency, it would not have a leg to stand on. Yet already we hear talk of making much of this legislation permanent. In fact, the ultimate realization of the "brain trust's" dream of a socialized state is entirely dependent upon this fond hope.

In view of the aim and purpose of those who are responsible for the "Roosevelt revolution", it is well to bring out into the light what is really taking place in this country today. The farmer is told by a bureaucratic agency in Washington how much he can plant, and of what, and if he happens to be a cotton farmer and plants more than his allotment he must pay a confiscatory tax. The business man is told how to run his business, and if he sells for less than the price set by the authority of the Government, he may be thrown in jail like the New Jersey tailor who pressed a pair of pants for 35 cents instead of 40 cents.

Again, lest I be accused of partisanship in referring to these conditions, let me quote a statement reported in the press to have been made by former Senator James A. Reed, of Missouri, a staunch Democrat, in announcing that he might seek to regain his seat in the Senate after several years in retirement. He said:

When I voluntarily left the Senate in 1928, no prospect would have tempted me to run again.

I don't know that I can make the grade this time, but someone has got to tell the people of these United States what is happening to them.

The Bolsheviks at Washington have got us by the throat, and what they are attempting to do, in my judgment, doesn't include the few defensible things of the Moscow regime.

That is rather strong language, but it is the language of a Jeffersonian Democrat, uttered in criticism of his own party. Other leading Democrats who have been extremely critical of administration policies are Hon. Alfred E. Smith and Hon. John W. Davis, both of whom were candidates of their party for the Presidency; Hon. Owen D. Young; Senators Glass and Byrd, of Virginia; Senator Gore, of Oklahoma; Senator Bailey, of North Carolina; and Governor Ely, of Massachusetts. I could quote from each of these men but will refer only to a statement made by Senator BYRD, who said:

In the face of this assurance in the Democratic platform we see today a bureaucracy being rapidly built up here at Washington to control the daily activities of our people such as no one has ever before remotely suggested or anticipated. Step by step the bureau chiefs are establishing new power to regiment the American people in all their daily activities.

One of the Members of the House, the gentleman from Texas [Mr. TERRELL], who has conducted practically a one-man opposition on the Democratic side to much of the recovery program, had this to say about his own party's policies:

If anybody can tell me where we are headed, I would be glad to have some comforting information, as I believe we are headed for the rocks. * * *

I would rather return to Texas and live under our Lone Star flag as an independent republic than to become a stepchild of a soviet union, which we are fast approaching.

As I stated above, it is my firm conviction that these revolutionary policies are the work of the "brain trust", and not of President Roosevelt. I have every confidence in the honesty and sincerity of purpose of the President and his desire to lead this country out of the depression and back to a normal condition. I fear, however, that this will be difficult of accomplishment so long as the President is handicapped by an impractical and theoretical "brain trust", on the one hand, and, on the other, by a Congress in which the majority party is so large as to preclude fair and unbiased consideration of legislation. Evidence of this was furnished during the closing days of the recent session, when the House by a large majority adopted gag rules so drastic that no legislation could even be considered without the approval of the majority House leader. When legislators vote away their right to pass upon legislation they have ceased to represent the people who sent them to Congress, and they have also nullified for the time being the system of representative government which is the foundation of our country.

EXTRAVAGANCE

The present Democratic administration has embarked upon the most extravagant and reckless peace-time spending program this country has ever known. It is apparently attempting to squander the Nation back to prosperity. Disregarding their promise to reduce governmental expenditures and to eliminate extravagance, and with no thought of where the money is coming from, the Democrats have sponsored one measure after another calling for the appropriation, not of millions but of billions of dollars.

Consider the cost of the recovery program to date. According to a statement issued last November, 2 months before the second session of the Seventy-third Congress began, the National Industrial Conference Board estimated that the authorized Federal recovery expenditures up to that time, both direct and contingent, exceeded $15,000,000,000.

This figure, of course, does not take into consideration the ordinary running expenses of the Government. The direct expenditures, which aggregated $5,000,000,000, included $3,150,000,000 for public works, $1,100,000,000 in benefit payments to farmers, $500,000,000 for emergency relief, and $250,000,000 to finance the Civilian Conservation Corps. The contingent liabilities, aggregating more than $10,000,000,000, included $2,485,000,000 for farm credits, $2,200,000,000 for the Home Owners' Loan Corporation, $50,000,000 for the Tennessee Valley Authority, $2,000,000,000 to guarantee bank deposits, and $3,400,000,000 for the Reconstruction Finance Corporation.

During the present session of Congress, beginning last January, many more billions of dollars have been added to the tremendous total authorized at the previous session. To date the total possible cost of the administration's recovery program has grown to approximately $25,000,000,000, including both direct and contingent liabilities. The new authorizations include an additional $850,000,000 for the Reconstruction Finance Corporation, $950,000,000 for civil works and unemployment relief, $1,825,000,000 for additional emergency relief, $40,000,000 for additional crop loans, $580,000,000 for naval construction, $1,200,000,000 for housing, $1,000,000,000 for increasing the borrowing power of the Home Owners' Loan Corporation, $580,000,000 for loans to industry, $550,000,000 for road construction, $525,000,000 for drought relief, $500,000,000 for public works, and $899,000,000 for emergency relief.

In the fiscal year ending June 30, 1933, the actual expenditures of the Federal Government were approximately $5,000,000,000. The Democratic Party, in its platform, called for a "drastic reduction in governmental expenditures" and the elimination of "extravagance", yet the President, in his first Budget message, sent to Congress estimates calling for the direct expenditure of more than $10,000,000,000 in the fiscal year 1934 and nearly $6,000,000,000 in the fiscal year 1935. The marked failure of the Democratic Party to carry out its pledge to reduce the cost of Government challenges the good faith of the party in making it. While it may be true that the money is being spent in relief and recovery work, yet the same condition existed in the country when the Democrats made their platform promise and criticized the more modest Republican expenditures.

In a speech made on July 2, 1932, after he had been nominated for the Presidency, the present Chief Executive said:

> I accuse the present (Republican) administration of being the greatest spending administration in peace times in all history.

That statement may have been true at the time—I do not know—but at any rate it is not true today. The present administration has made the former Republican administration look like a piker, so far as spending money is concerned. In fact, at the rate the administration has been pouring out public funds by the billions of dollars, it would appear that the Democrats do not realize what it means to speak in billions. In an article published some months ago in the Saturday Evening Post, Mr. David Lawrence pointed out that if we had $1 for every minute from the birth of Christ to the end of 1933, we would have slightly over a billion by that time. To this observation I might add that the administration is now spending on an average more in a single month than it took to pay the cost of running the Government in the entire fiscal year 1916.

In view of the extent to which the Democratic Party is passing out relief funds, doles, and subsidies, it is no wonder that it is popular with a large part of the people. The Democrats should realize, however, that this popularity will continue only so long as the public credit holds out. Then will come the rude awakening, and with it the day of reckoning. The fiddler who has been playing the accompaniment to Happy Days are Here Again eventually must be paid. Even now thinking people all over the country are beginning to wonder where this spending program will end and how the Government is going to be able to meet all its obligations.

Of course, I am not unmindful of the part which the distribution of public money can play upon the fortunes of a political party. With such vast spending power in their hands, the Democrats can virtually insure the indefinite continuance of their party in office. Any incipient revolt among the people can be quickly subsided by a distribution of Federal funds through one of the alphabetical agencies.

During the 1932 campaign the Democrats went up and down the country criticizing Washington bureaucracy, yet they have created more bureaus than the Republicans ever dreamed of. Every day there is born in the mind of one of the members of the professional "brain trust" some new alphabetical antidote for ridding the country of the depression.

The list of new Federal agencies set up by the Democrats since March 4, 1933, is simply astounding. In the total of some 40 or 50 are included such well known organizations as the N.R.A., the A.A.A., the P.W.A., the C.W.A., the H.O.L.C., the F.C.A., the F.D.I.C., the F.E.R.A., the F.H.L.B.B., the F.S.R.C., and the T.V.A. At this point I shall insert in the RECORD a more detailed list, giving the names of the organizations for which the alphabetical designations stand. The enumeration is neither intended to be complete nor authentic, as there seems to be no official listing of these agencies.

INCOMPLETE LIST OF THE DEMOCRATIC ADMINISTRATION'S ALPHABETICAL AGENCIES

A.A.A.—Agricultural Adjustment Administration.
B.P.A.C.—Business Advisory and Planning Council.
C.A.B.—Consumers' Advisory Board.
C.C.C.—Commodity Credit Corporation.
C.S.B.—Central Statistical Board.
C.W.A.—Civil Works Administration.
D.L.B.—Deposit Liquidation Board.
E.C.W.—Emergency Conservation Work; also Civilian Conservation Corps.
E.H.F.A.—Electric Home and Farm Authority.
F.A.C.A.—Federal Alcohol Control Administration.
F.C.A.—Farm Credit Administration.
F.C.C.—Federal Communications Commission.
F.C.T.—Federal Coordinator of Transportation.
F.D.I.C.—Federal Deposit Insurance Corporation.
F.E.R.A.—Federal Emergency Relief Administration.
F.F.M.C.—Federal Farm Mortgage Corporation.
F.H.A.—Federal Housing Administration.
F.H.L.B.B.—Federal Home Loan Bank Board.
F.S.H.C.—Federal Subsistence Homestead Corporation.
F.S.R.C.—Federal Surplus Relief Corporation.
H.O.L.C.—Home Owners' Loan Corporation.
I.A.B.—Industrial Advisory Board.
L.A.B.—Labor Advisory Board.
N.C.B.—National Compliance Board.
N.E.C.—National Emergency Council.
N.R.R.B.—National Recovery Review Board.
N.L.B.—National Labor Board.
N.P.B.—National Planning Board.
N.P.S.A.C.—Nonmember Preferred Stock Advisory Committee.
N.R.A.—National Recovery Administration.
P.A.B.—Petroleum Administrative Board.
P.L.P.B.—Petroleum Labor Policy Board.
P.W.A.—Public Works Administration.
P.W.A.P.—Public Works Art Projects.
P.W.E.H.C.—Public Works Emergency Housing Corporation.
S.A.B.—Science Advisory Board.
S.L.I.C.—Savings and Loan Insurance Corporation.
S.B.P.W.—Special Board of Public Works.
S.E.C.—Securities and Exchange Commission.
S.E.S.—Soil Erosion Service.
T.V.A.—Tennessee Valley Authority.
U.S.I.S.—United States Information Service.
U.S.U.S.—United States Unemployment Service.

In February 1933, just before the Democratic administration came into office, there were 563,000 persons employed in the executive branch of the Government. According to the latest figures, which are for April 1934, this total has been increased to 644,000, which means that the Democrats have added 81,000 persons to the Federal pay roll during the first 13 months of their administration of the Government. These totals do not include the employees of the legislative and judicial branches of the Government, nor the military forces of the United States.

Besides the 81,000 new civil employees, the administration has put on the Federal pay roll the 300,000 men in the Civilian Conservation Corps. An additional 1,300,000 men are being given employment through the funds expended in the Public Works program, and those receiving aid under the Emergency Relief program are estimated to number over

11,000,000. Thus we have the spectacle of more than 13,000,000 people, exclusive of the Army and Navy and the legislative and judicial employees, who are directly receiving support from the Federal Government. This is a ratio of 1 out of every 10 of the population.

The administration has set up its relief agencies on a temporary basis, and it is only on this basis that their cost can be charged off on the national debt rather than being provided for out of current revenues. However, we have already had evidence that authority will be sought to make some of the agencies more or less permanent.

When the Civilian Conservation Corps was set up in the spring of 1933, the expectation was that by fall industry would be sufficiently recovered to absorb the men. Fall came and the President obtained funds out of the public-works appropriation to continue the reforestation work until spring. Spring came and we have seen the C.C.C. continued again, and there is no telling when it will be dropped. Yet all the time the expenditures for this agency are coming out of emergency funds, which are charged off to the national debt.

The same situation exists in connection with the Public Works program. The $3,300,000,000 provided by Congress for this purpose in 1933 has been exhausted, and additional funds have been provided for its continuation. This, again, was supposed to be a temporary relief measure, but the end is not yet in sight. The whole project is largely a waste of public money, as a large percentage of the work being done is wholly unnecessary, and in normal times never would have been undertaken.

When the Public Works project failed to come up to expectations, the Civil Works project was initiated with a view to giving immediate employment to some 4,000,000 men. This venture was so expensive, and it became so involved in graft and corruption, that it was later abandoned. In its place we now have the F.E.R.A., or Federal Emergency Relief Administration. The original appropriation for the C.W.A. was $400,000,000, and later an additional $450,000,000 was provided. Referring to the C.W.A., one commentator on economic questions stated that its termination "marked the end of what is reasonably safe to say has been the most expensive, wasteful, and extravagant unemployment relief program ever indulged in by a government in modern times."

UNBALANCED BUDGET

Among other things which the Democratic Party promised in its platform but failed to live up to was a balanced Budget. During the 1932 Presidential campaign, Democratic orators were loud in their denunciation of the Republican administration for permitting a deficit in the Treasury, even though incurred in an endeavor to bring the country out of the depression. They termed the 1931 and 1932 Republican deficits of $900,000,000 and $2,800,000,000 as "staggering" and "stupendous."

I would ask our Democratic friends today what has become of their promise to balance receipts against expenditures. At the beginning of the present session of Congress, in January of this year, the President presented Budget estimates which called for expenditures in the fiscal year just closing of more than $7,000,000,000 over and above the estimated revenues. His estimates for the fiscal year 1935 showed an anticipated deficit of $2,000,000,000 additional, or a total for the 2 years of $9,000,000,000, all of which must be added to the national debt.

While it now appears that the deficit for 1934 will be smaller than at first estimated, it is only because the administration cannot spend the money as fast as Congress has appropriated it. The unexpended balances will be carried forward into the fiscal year 1935, thus increasing the contemplated deficit for that year and making certain that by July 1, 1935, the full $9,000,000,000 Democratic deficit will have been added to the national debt.

In this connection it may be interesting to review the President's attitude toward an unbalanced Budget. In his first campaign speech after his nomination for the Presidency he said:

> When the depression began the administration, instead of reducing annual expenses to meet decreasing revenues, became sponsor for deficits which at the end of this fiscal year will have added $5,000,000,000 to the national debt.
>
> * * * * * * *
>
> Let us have the courage to stop borrowing to meet continued deficits. Stop the deficits.

In his economy message of March 10, 1933, just after he had been inducted into office, the President began with the doleful assertion that "for 3 long years the Federal Government has been on the road toward bankruptcy." Referring to the deficits of 1931, 1932, and 1933, and the contemplated deficit for 1934, which he then fixed at only $1,000,000,000, he said:

> Thus we shall have piled up an accumulated deficit of $5,000,000,000.
>
> With the utmost seriousness I point out to the Congress the profound effect of this fact upon our national economy. It has contributed to the recent collapse of our banking structure. It has accentuated the stagnation of the economic life of our people. It has added to the ranks of the unemployed. Our Government's house is not in order, and for many reasons no effective action has been taken to restore it to order.

Further on in his economy message he added:

> Too often in recent history liberal governments have been wrecked on rocks of loose fiscal policy. We must avoid this danger.

I am in complete agreement with these sentiments, but I would like to know why the administration has not seen fit to stand by them. What has happened since these statements were made to render Budget balancing no longer an "emergency" matter, no longer essential to the "unimpaired credit" of the United States, and no longer a necessity to our "basic security"? Why was it so imperative that the Government save $400,000,000 by reducing the salaries of its employees and benefits to war veterans when the administration contemplated unbalancing the Budget in other directions by some $10,000,000,000? Perhaps the answer is that a Democratic deficit is more holy than a Republican one, especially when it is several times as large.

THE PUBLIC DEBT

At the close of the World War the public debt of the United States stood at $26,600,000,0000. This figure was reached on August 31, 1919, and it was then the all-time peak. By 1930 successive Republican administrations had reduced it to approximately $16,000,000,000, or at the rate of about $1,000,000,000 per year. However, as a result of the depression which struck this country in the fall of 1929, and which brought increased financial responsibilities upon the Federal Government along with decreased revenues, this figure gradually rose until at the time the Democratic administration came into power on March 4, 1933, it stood at $20,900,000,000.

On June 15, 1934, after the first 15 months of the Democratic Party's administration of the affairs of the Government, the public debt was $27,000,000,000, an increase during that time of $6,100,000,000, and approximately $400,000,000 in excess of the World War peak.

I have previously pointed out that the Democratic Party was swept into power on a platform which called for a cessation of further borrowing to pay the expenses of the Government. Nevertheless, the Democrats have committed this country to a spending program which by July 1, 1935, will increase the public debt to $32,000,000,000, or more than $5,000,000,000 in excess of the World War peak. Thus, after condemning the Republicans for having a $5,000,000,000 deficit in 3 years, the Democrats have piled up a $11,000,000,000 deficit in 2 years.

The Republican Party made an honest effort to balance the Budget in the fiscal year 1932, at which time Secretary of the Treasury Mellon came before the Ways and Means Committee and said:

> The administration is determined, with your cooperation, to arrest this borrowing process on June 30 next.

The revenue bill of 1932 imposed more than a billion dollars in new and additional taxes, which was the amount estimated by the Treasury to be necessary to meet the Budget needs, both ordinary and emergency. Thus, the Republican administration attempted to put the Government on a sound financial basis, even though later events

proved that the receipts from the revenue bill did not come up to expectations.

The Democratic administration has made no attempt thus far to balance receipts against expenditures. The revenue from liquor only takes the place of the taxes levied under the Industrial Recovery Act to finance the $3,300,000,000 Public Works program. The anticipated additional revenue under the Revenue Act of 1934 will come largely through closing loopholes in the present law. There has been no attempt made to raise sufficient taxes to meet the Democratic deficit, and, in fact, it would be almost impossible to do so.

The administration promises a balanced Budget in 1936, but many things can happen between now and then. Everyone realizes that the credit of the United States is not without limit. If it is going to be strained by continued borrowing for emergency purposes and alleged emergency purposes, this country may be plunged into an economic chaos even greater than that in which it now finds itself. When the Government's credit fails, all credit fails; and if the national debt is permitted to grow beyond all reasonable bounds, either repudiation will have to result or the Government will be forced to issue fiat money.

In the meantime, if the country is to be saved from bankruptcy, provision must be made for paying the interest on the existing indebtedness and setting up a sinking fund for its retirement. The interest charge alone for the fiscal year 1935 is estimated at $824,000,000, which is more than it cost to run the entire Government a year before the World War. While the interest charges must be paid annually the sinking fund is optional, and during the past several years it had not been set up. If restored to the Budget in 1935, it would amount to $526,000,000 annually, making a total cost incident to the public debt of $1,350,000,000 per annum. This does not represent a very happy outlook for the taxpayer, since the regular functions of the Government require a minimum Budget of approximately $2,500,000,000, to which must be added all extraordinary expenditures.

MONETARY POLICY

The monetary policy of the administration has been directly contrary to the Democratic Party's campaign promises. Its platform calls for a "sound currency to be preserved at all hazards", and the President subscribed to that platform and amplified his views on the subject of money in several campaign utterances. He ridiculed Republican charges that if the Democratic Party were victorious at the polls the country would be taken off the gold standard and branded as a "libel on the credit of the United States", the statement made by President Hoover to the effect that the country was near to being forced off the gold standard in 1932.

What has been the administration's record with respect to the monetary question since coming into power? The country has been taken off the gold standard. Gold is no longer a circulating medium of exchange. It is unlawful to possess gold coin or gold certificates. The gold content of the dollar has been reduced until it is now worth but 59 cents. Contracts requiring payment in gold, including currency and other obligations of the United States, have been declared to be against public policy. The President has been empowered, under the Thomas amendment to the farm bill, to issue $3,000,000,000 in greenbacks, and under the silver-purchase bill the currency will be further depreciated by increasing the ratio of silver to gold in the monetary reserves.

Before the Democratic administration came into power, the Nation's currency was redeemable in gold upon demand. The new currency being issued bears only the promise to redeem in "any lawful money."

The administration has frankly stated that its monetary program is experimental, and it is, therefore, quite evident that the Democrats have no definite policy. The country does not know from one minute to the next what direction it is going to take, or for how long. In view of this uncertainty, any permanent business recovery is virtually impossible.

LOANS TO INDUSTRY

One measure that had the almost unanimous support of both Houses was the bill providing for direct Federal loans to industries. While as a matter of principle I am not in favor of putting the Federal Government in the banking business, I do feel that there are circumstances which warranted the enactment of this legislation.

One of the greatest impediments to recovery has been the contraction of credit. The banks of this country, in their effort to keep liquid, are either unwilling or unable to make commercial loans, and the result has been that many industries and businesses have been unable to borrow money to make purchases and to meet pay rolls. In spite of the many billions of dollars that have been spent in the various recovery measures, unemployment has not been substantially reduced, and unless industry can secure capital the unemployed cannot be put back to work.

Money spent for relief does not come back to the Treasury, and at the same time it does not cure the unemployment situation. The funds to be loaned under the industrial loans bill will come back to the Treasury, and by rehabilitating industry will give employment to labor and bring about a measure of real recovery.

Under our present banking regulations, commercial banks are without power to make long-term loans to industry, even were they so disposed. Short-term loans, in most cases, would be of little benefit. This bill extends the lending power of the Reconstruction Finance Corporation and the Federal Reserve banks so that they can make 5-year loans to industry. Thus it should be a real aid to recovery. In order that the smaller businesses, which are the backbone of industry, will be able to secure a fair share of the funds, the bill provides that no loan may be made in excess of $500,000.

VETERANS' LEGISLATION

Under the authority given him by the economy act the President reduced veterans' benefits by some $400,000,000. This saving was accomplished by rerating veterans with service-connected disabilities, by removing presumptive cases from the rolls, by removing dependents of veterans with presumptive service-connected disabilities, by restricting hospitalization, and so on.

On June 6, 1933, following a wave of criticism over the harshness of his action, the President was obliged to liberalize his regulations to some extent, restoring approximately $50,000,000 in benefits, principally to widows and dependents and to veterans with service-connected disabilities. Under the act of June 16, 1933, Congress itself restored some $46,000,000 additional, and on January 19, 1934, the President restored another $21,000,000.

The last legislation with respect to veterans' benefits was in connection with the independent offices appropriation bill, which carries the funds for the Veterans' Administration. It will be remembered that this measure was vetoed by the President because, as he said, it went some $228,000,000 beyond his recommendations in restoring compensation to veterans and in returning part of the Federal pay cut.

His figure of $228,000,000 was made up of $125,000,000 for partial restoration of the Federal pay cut and $103,000,000 for veterans' benefits. Actually the cost of the pay-cut restoration was $63,000,000, while the increased cost of veterans' benefits over the restorations made under the President's regulations issued the day of his veto message was but $21,250,000.

The President's veto message was sent to Congress on March 27, 1934. At the same time he issued certain new regulations restoring benefits to veterans in the amount of $61,750,000. This amount must necessarily be subtracted from the amount carried in the independent offices appropriation bill, which was $83,000,000. The net cost of overriding the veto, therefore, at least so far as veterans' benefits were concerned, was but $21,250,000.

In spite of the restorations made to date, there is still a saving in force of $250,000,000 under the economy act. If Congress had not eased some of the drastic regulations issued by the President under that act, I feel sure that in a

short time the mounting dissatisfaction and unrest among the veterans would have resulted in wiping out the whole saving.

PROCESSING TAX ON COCONUT OIL

Mr. BLANCHARD. Mr. Speaker, I ask unanimous consent to address the House for 2 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

Mr. BLANCHARD. Mr. Speaker, on May 28, 1934, President Roosevelt addressed a message to Congress on the subject of the processing tax on coconut oil. Reference is made in that message to the Philippine Independence Act and the revenue act, which imposed the 3-cent per pound tax on coconut oil from the Philippines.

I now quote from the message:

> It is, of course, wholly clear that the intent of the Congress by this provision—

Referring to the Independence Act—

> was to exempt from import duty 448,000,000 pounds of coconut oil from the Philippines.

The President further states as one of his reasons for his request for reconsideration by Congress of the provision for the processing tax that—

> It is a withdrawal of an offer made by the Congress of the United States to the people of the Philippine Islands.

And his request for reconsideration of that provision of the revenue act contains the following language:

> In order that the subject may be studied further between now and next January, and in order that the spirit and intent of the Independence Act be more closely followed.

Now, I have made a study of the Independence Act in its relation to the revenue act, and I fail to find where in any respect the Congress has committed itself to the policy of permitting 448,000,000 pounds of coconut oil entry into the United States without the payment of the tax. If any commitments were made by individuals, they could have no effect upon Congress. Congress itself, I hope, still retains the right to make its own commitments.

There are four distinct steps required before the Independence Act can be made effective and the new government established. First, a constitutional convention approves a constitution and submits it to the President of the United States within 2 years; second, if the President certifies that the constitution conforms with the provisions of the act, it is submitted within 4 months to the people of the Philippines for ratification; third, after the approval the Governor General shall within 30 days provide for an election of officers; fourth, when an election shall have been held the results are certified to the President of the United States, who shall then issue a proclamation announcing the results of the election. All of these things are required before the new government is established.

What is the situation in the meantime during these months while the machinery of the Independence Act is in motion? Does the act say that in this interim the United States Congress can pass no laws changing the trade relations with the Philippines? Well, let us see what the act provides. Section 6 reads as follows:

> After the date of the inauguration of the government of the Commonwealth of the Philippine Islands trade relations between the United States and the Philippine Islands shall be as now provided by law—

Subject to certain exceptions, among which is the one which exempts the 200,000 long tons of coconut oil. Note the language reads that after the date of the inauguration of the Philippine government, and not before. In other words, in the interim we have the right to impose this processing tax on coconut oil.

I want to live up to any promises we have made in Congress to the Philippines; I want to do justice to them, but I want to do justice at the same time to the American farmer. This tax, in my humble opinion, should not be disturbed.

Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include therein excerpts from the President's message and likewise a statement from the revenue act of this year.

The SPEAKER. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

EXTENSION OF REMARKS

Mr. BYRNS. Mr. Speaker, I do not know whether the request was made yesterday or not, but I am informed the RECORD does not show it if it was made. I ask unanimous consent that all Members may have 5 legislative days in which to extend their own remarks on the housing bill which we passed yesterday.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

PROTECTION OF GOVERNMENT BUILDINGS

Mr. BLANTON. Mr. Speaker, I ask unanimous consent to proceed for 2 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. BLANTON. Mr. Speaker, the late edition of the Washington Times last night advised us that union carpenters in Washington went out on strike May 1, for $1.37½ per hour; also that they voted down two different proposals of compromise made by the contractors, one for $1.25 per hour for a 40-hour week, and the other for $1.25 for a 32-hour week. It also advised us that the strikers would hold out for $1.37½ per hour.

The Times also advised that because a man named William A. Gray, working on the roof of a church, refused to quit work when they ordered him to do so, some of the strikers held him, while others beat him, and his nose was broken.

We also learned from the Times that a carpenter named T. J. Jackson, who refused to quit work when ordered, was beaten up by the strikers; also that a fire occurring in the Remington-Rand building under construction was reported to have been of incendiary origin; also that six strikers attacked a carpenter engaged in putting up laths, and fled in automobiles when police were summoned. The Times reports that all of the carpenters who were beaten were union carpenters, and had their union cards in their pockets, but had failed to obey the general strike order.

This morning's Washington Herald carried about the same news items I have mentioned, but adds that contractors advertise that they will pay any carpenter who is willing to work $1.10 per hour and a 40-hour week. The Herald also reports that W. L. Hutcheson, president of the International Brotherhood of Carpenters and Joiners, said he—

> will not order carpenters to work for less than $1.37½ per hour,

And further that—

> if contractors put men to work on the Government projects in Washington on a nonunion basis, I will call a Nation-wide strike on their projects everywhere.

The Herald also tells us that on the union demand for $1.37½ per hour, the contractors offered a compromise of $1.25 per hour on a 40-hour week, but the unions refused, saying, "We are determined to have all or nothing."

Under the big headlines "Police Guard United States Projects in Strike", the Herald tells us that a cordon of police was thrown around all of the many fine Government buildings now under construction in Washington. There was an all-night guard around the fine $10,000,000 Supreme Court Building, to prevent it from being burnt or blown up. Police guarded the new $10,000,000 Post Office Department Building. They were around the new Department of Justice Building. They were thrown around the new Archives Building. It was necessary to have special police guards to protect the property of this Government from sabotage right here in our Nation's Capital.

I think this is a reflection upon the thousands of honest men who belong to labor unions everywhere in the United States. I hope that Mr. Green, president of the American Federation of Labor, will assure the authorities of this city

that it is no longer necessary for them to put police around the public buildings in order to protect them from being demolished by union laborers in the Nation's Capital. I have members of labor unions in my district who are Knight Templar Masons, who are high officers in churches, who stand for law and order, and who would not countenance any such lawlessness and sabotage, and this disgraceful situation in Washington does them grave injustice.

I have many fine union carpenters, and painters, and paper hangers, and brick masons, and other artisans in my district who would be glad to get $7 and $8 per day, and some of whom have been without steady jobs for months, yet in Washington, on the $100,000,000 building construction which this Government has been carrying on during the past few years, carpenters and painters have been getting $10 and $12 per day right along, with continuous employment.

The carpenters and painters in my district would be glad to work for the $1.25 per hour on a 40-hour-per-week basis, which has been offered by the contractors here in compromise, but which the carpenters here have refused to accept.

There must be no lawlessness here in Washington by strikers who have refused $1.25 per hour for steady employment. There must be no burning of Government property. There must be no sabotage of any kind. Law and order must prevail. The Metropolitan Police Department must understand that it has charge of the situation here, that it must prevent sabotage, that it must prevent lawless attacks upon citizens, that it must prevent sabotage, that it must protect the property here from injury of every kind, and that it is to be held responsible for the peace and order of this Capital, and must take all steps necessary to see to it that law and order prevails.

I think it is a ridiculous situation that in the Nation's Capital we must guard American citizens, and guard Government property to prevent strikers, who have refused $1.25 per hour, from demolishing public property that belongs to the Government, when 10,000,000 heads of families have no jobs at all. On behalf of the law-abiding citizens of America, I am registering my protest against such a situation.

CRIMINAL CODE OF THE UNITED STATES

Mr. SUMNERS of Texas. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 8912) to amend section 35 of the Criminal Code of the United States, with Senate amendments thereto, and concur in the Senate amendments.

The Clerk read the title of the bill.

The Clerk read the Senate amendments, as follows:

Page 2, line 5, strike out all after "whoever" down to and including "stockholder", in line 11.

Page 2, line 18, after "entry" insert: ", in any matter within the jurisdiction of any department or agency of the United States or of any corporation in which the United States of America is a stockholder."

Page 3, line 2, strike out "or any branch or department thereof."

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

The Senate amendments were agreed to.

OPERATION OF THE HOME OWNERS' LOAN CORPORATION IN THE STATE OF VIRGINIA

Mr. ROBERTSON. Mr. Speaker, I ask unanimous consent to address the House.

The SPEAKER. Is there objection to the request of the gentleman from Virginia?

There was no objection.

Mr. ROBERTSON. Mr. Speaker, I am pleased that on yesterday the House, in passing the housing bill, made provision for an increased amount of money to be used for the purposes of the Home Owners' Loan Corporation.

There is a branch office of this Federal agency located in my district, at Harrisonburg, Va., which has been functioning in a most efficient and satisfactory manner; in fact, the Home Owners' Loan Corporation has proved to be a distinct success in the State of Virginia, and its operations have not only been of great benefit to thousands of home owners but also to other thousands of Virginians in various walks of life. Remembering the disappointing failure of the Home Loan Board under the previous administration, there was a feeling of doubt and uncertainty and considerable skepticism all over the State last July when the Home Owners' Loan Corporation began its organization for operations under the new act. The general public were inclined to believe that this might prove to be another disappointing experiment without any real benefit to the distressed home owners. However, it was not long before the people saw that this experiment was going to be genuinely successful and tremendously helpful.

An able lawyer of Richmond, Mr. John J. Wicker, Jr., was appointed State manager, and in less than 1 month had perfected a splendid State-wide organization.

According to Government figures, approximately $14,000,000,000 in urban home mortgages were held by banks, insurance companies, and building and loan associations throughout America at the time the Corporation began operations. Approximately $81,000,000 of these mortgages were located in Virginia. In proportion to the total volume of mortgage loans refinanced by the Corporation throughout America up to May 25, 1934, the Virginia branch of the Corporation should have completed the refinancing of approximately $5,000,000 of these mortgages. Instead of doing that, however, the Virginia branch, by May 25, 1934, had actually made over 3,500 loans in all parts of Virginia, aggregating in volume over $11,000,000. Consequently it will be seen that the Virginia branch has made more than double the volume of loans which could normally have been expected. This is a record of which the people of Virginia are justly proud.

Bankers and real-estate mortgage loan authorities agree that the operations of the Home Owners' Loan Corporation in Virginia have been of benefit to the general mortgage loan situation throughout the State. In addition to refinancing distressed home mortgages which could not be financed elsewhere, an important by-product to the Corporation's operations has been the liberalization of credit on the part of commercial mortgage lending agencies to other home owners.

Counties, cities, and towns of Virginia have experienced a very direct benefit in the matter of delinquent taxes which have been paid by the Corporation as an incident to its refinancing of old mortgages. As of May 25, 1934, the Corporation had paid to the counties, cities, and towns of Virginia over $400,000 in cash to settle delinquent taxes, and the majority of these taxes had been delinquent for years and probably would not otherwise ever have been paid.

Furthermore, over $200,000 has been paid out in cash throughout the State for building materials and for labor, both skilled and unskilled, in connection with the making of necessary repairs to the homes which have been saved by the Corporation.

All of these good results have been obtained at exceedingly low cost. In fact, the entire overhead cost connected with these loans in Virginia has amounted to less than 2 percent of the total volume of loans.

While the material benefits that the people of Virginia have derived from the Corporation's operations have been substantial, we are also conscious of the benefits that have accrued in the improvement of the spirit and mental outlook of the distressed home owners of Virginia. In over 3,500 small homes throughout our State today the fear and despair that formerly held sway have been dispelled and a spirit of confidence and gratitude exists. This new spirit can be typified best by a quotation from a letter written by a widow whose home was saved a few months ago by the Corporation. She wrote, in part, as follows:

My husband served with the Twenty-ninth Division in France. After the war we saved all we could and began the purchase of a little home. We paid all we could in cash and received a deed, subject to a first mortgage and a second mortgage. By monthly payments, we succeeded in paying off the second mortgage, but just as we were hoping to make a dent in the first mortgage my husband died and left me facing the world with three small children and a mortgage hanging over my head. Then the depression came on, and the mortgage holder demanded a curtail,

which I could not possibly meet. Just as everything seemed hopeless, and the future was dark indeed, the Home Owners' Loan Corporation came along and saved our home. With the work that I do, I am confident that I can pay off the new loan in the small monthly installments that are called for. Words cannot express my gratitude, and you cannot imagine the joy I have in a brand-new outlook in life, which I now face with confidence.

With a new and deeper significance, she can tell her three small children that their father used to sing Keep the Home Fires Burning.

Mr. TERRELL of Texas. Mr. Speaker, I ask unanimous consent to address the House for 3 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. TERRELL of Texas. Mr. Speaker, a few days ago I received a letter from a friend enclosing a clipping from a newspaper, which reads as follows:

Jefferson T. Baker, a Dallas lawyer, recently changed his name through court action to George B. Terrell and then filed his name as a candidate for State treasurer.

The Terrell name has long appeared in Texas politics; GEORGE B. TERRELL is now serving as Congressman at large and was formerly State commissioner of agriculture; C. V. Terrell is a member of the State railroad commission; H. B. Terrell, a brother of GEORGE B. TERRELL, was State comptroller of public accounts and was later followed by his son, Sam Houston Terrell, as comptroller; A. W. Terrell was a noted figure in earlier days and was author of the Terrell election law. In filing his ex parte proceedings last week to have his name changed, Mr. Baker said that he wanted his name changed to Terrell for business reasons. The petition was granted by Judge T. A. Work of the sixty-eighth district court.

If they had gone a little further back in the history of the Terrell family they would have found that my grandfather, George W. Terrell, was attorney general of Tennessee and also of Texas, and that he was Minister to England, France, and Spain during the days of the Republic of Texas to try to get those countries to recognize Texas as an independent republic. My grandfather was at the Court of St. James when Queen Victoria had just ascended the throne, and he was compelled to conform to court customs and had to wear knee pants. He brought back this cream-colored, flowered, silk suit with knee pants, and I remember that suit very well. It was very attractive, and the people all over the country would assemble there to look at this suit of clothes.

In conclusion, I want to say that I should like to see if there is some way for the wise men of the east, including the great White Chief on the throne, to establish a code under the N.R.A. which would naturally supersede all State laws and protect the people against crooks in politics as well as in business so that we can stop these lawyers from practicing such legal legerdemain to purloin a man's name for the sake of politics. If we are to have more Terrells in politics, they should be created according to the divine plan and not made by court decree. [Laughter and applause.]

THE PRIVATE CALENDAR

The SPEAKER. Under the special order for today, it is in order to call Senate bills on the Private Calendar and Senate bills on the Speaker's table where similar House bills are on the Private Calendar, the call to begin at no. 629.

CONCRETE ENGINEERING CO.

The Clerk called Private Calendar No. 629, the bill (S. 1540) for the relief of the Concrete Engineering Co.

Mr. HOPE. Mr. Speaker, reserving the right to object, this is a bill which has been previously objected to on two separate occasions and I am very sorry to say I shall feel compelled to again object. I may say there have been a number of bills on the Private Calendar similar to this one and I think it has been the practice on both sides of the House, among those of us who have been given the duty of scrutinizing these bills, to object to bills of this character, and I see no reason to make any exception in the case of this particular bill.

Mr. BLACK. Mr. Speaker, will the gentleman yield to me?

Mr. HOPE. Yes.

Mr. BLACK. There have been some bills in an analogous situation to this that have been passed by the House during this session. I have a list of them, but I do not have it with me now.

I have always thought that under ordinary circumstances these bills should properly go to the Ways and Means Committee, but the Ways and Means Committee has had so much of the big policy legislation and general legislation it just could not handle these small claims based on tax situations and our committee has had to handle them. We have studied them very carefully and have not given approval to any one of them unless we thought it was absolutely justified, and I was rather hopeful the gentleman would not take a position against this bill simply because it is in a class with other bills, when similar bills have been passed. I can assure the gentleman that other bills bearing on taxes have passed the House. This is just a burden on our committee and we do not like it any more than the gentleman does. They should not come to us, but we have had to take on the work, that is all.

Mr. HOPE. I may say to the gentleman that bills of this character may have passed the House during this session, as the gentleman says—and undoubtedly they have passed, if he says so. However, I know I have objected to some bills of this same character and others have made a similar objection and, personally, I do not feel I could conscientiously withdraw the objection which I have made to the bill, as much as I should like to do so.

Mr. BLACK. Will the gentleman yield?

Mr. HOPE. I will.

Mr. BLACK. I thought the gentleman objected to this bill because it fell within a class of cases, and that the gentleman has no objection to the bill on its own merits. I tried to point out that other bills of that character on the calendar had passed, and I thought it rather unfair to object to a bill, if it is objected to, on the ground that it is in a certain class.

Mr. HOPE. Perhaps I have not made myself clear. I do object to the bill on its merits. I also made a statement which I know is true, that many similar bills on the calendar have been objected to.

Mr. BLACK. That is true.

Mr. HOPE. I think this is hardly the proper time to change the policy on the part of those who have been studying these bills.

Mr. ZIONCHECK. Will the gentleman yield?

Mr. HOPE. I yield.

Mr. ZIONCHECK. The objectors to these bills do not claim that they are infallible. I think the real principle involved is that no one man should hold up all the bills because there has been an objection to his bill. Under those circumstances a Member could force any bill through the House.

Mr. BLACK. I agree with the gentleman that no Member should be able to force a bill through with the power of objection to pass bills. But if the gentleman feels that his bill has been objected to simply because it falls within a certain class and not on its merits, he has the right to resort to any parliamentary device to protect himself.

Mr. JENKINS of Ohio. Will the gentleman yield?

Mr. HOPE. I yield.

Mr. JENKINS of Ohio. Is this bill of sufficient dignity so that it could be passed under suspension of the rules, and thus obviate this difficulty?

Mr. ZIONCHECK. This bill is an attempt to get a refund on a certain number of carloads of cement. They made a claim for 17 carloads, and the attorney neglected to make the claim for 5 others. The statute of limitations has long since run.

Mr. BLACK. Will the gentleman from Kansas reserve his objection and let the introducer of the bill make a statement?

Mr. HOPE. I shall be glad to.

Mr. EAGLE. Mr. Speaker, I did not intend to inject myself into this matter, but I am requested to explain the bill, and will gladly do so.

A firm in my city of Houston, Tex., overpaid to the Treasury of the United States $4,300. It had a total of 22 ship-

ments. It paid the tariff upon 22 shipments. They instructed the Government warehouse agent, who is a certified Government official, to file a protest on the entire 22 shipments.

The Concrete Engineering Co. that made the shipment made the payments under section 304 of the Tariff Act of 1922, as required, and instructed the warehouse agent to file a protest in 22 cases, on the ground that the tariff should be paid under section 312 of the Tariff Act of 1922. There is in the Senate report, and it is in the House report, an affidavit by the agent that he did file a protest on excessive charges in 17 instances out of 22 total instances.

In each instance the excess payment was refunded. By clerical error, within the 60-day period of time in which to file a protest the warehousing agent neglected, solely on account of a clerical error and through no fault of the Concrete Engineering Co. who had instructed him to file protest also of the five additional cases, to file within that period. The Secretary of the Treasury, Mr. Mills, in the year 1932, by a report sent to the Senate committee, and now printed in the House report of this committee, certifies that the Treasury of the United States erred in holding that these people should have paid under section 304, and that they were right in claiming that they should pay under section 312, and, therefore, that the Treasury has now an excess of $4,300 above what the Treasury should have. There is no question of the excess payment, there is no question of the effort of those who were required excessively to pay, to have it protested within the 60-day period of time. The Senate committee so found and unanimously reported. The Senate unanimously passed the bill. The House committee unanimously so reported. It is upon this calendar. There is no question involved whatever that it is right for these people to receive payment back of the sum of $4,300, which they were required to pay currently from the year 1926 to the year 1927 for deformed iron bars used in the making of concrete buildings. These claimants have acted in good faith. This is a just claim. The only reason that could possibly be advanced why this bill should not instantly pass this body is that within the 60-day period required by article 514 of the Tariff Act of 1922, no formal written protest was filed with the collector of the port, and with the lower Court of Customs Claims protesting the excess payment. That is explained by the fact that while those who made the payment instructed the only persons they could, to wit, their Government-certified warehousing agents, to make the protest, as they did in the other 17 instances wherein they made a protest, those agents neglected, through a clerical error, within the 60-day period of time to do it. This is an honest claim, and if the Private Calendar is a calendar for gentlemen to deal with at all, it ought to be paid. The Senate has passed it, and I hope that the House will not object to at least its consideration. [Applause.]

The SPEAKER. Is there objection?

Mr. HOPE. Mr. Speaker, I reserve the right to object.

Mr. ZIONCHECK. Mr. Speaker, does the gentleman think that even though he has a just claim and that it unjustly is objected to, he is doing the gentlemanly and fair thing to object arbitrarily to every bill that comes up regardless of its merits? That is the gentleman's repeated threat.

Mr. EAGLE. I will ask the gentleman to pardon me any reply to that inquiry.

The SPEAKER. Is there objection?

Mr. HOPE. Mr. Speaker, further reserving the right to object, I have taken into consideration everything that the gentleman from Texas [Mr. EAGLE] has said in connection with this claim. It came up in this way—over a dispute under which section of the tariff act duties were to be paid on these particular imports. Under the law an importer has a right to file a claim within 60 days and have it considered by the Customs Court which will decide under which section the duty should be paid. In this particular case there were 22 shipments and in 17 of them there was filed a claim within the prescribed statutory time and the matter came before the Customs Court and that court decided in favor of the claimant in the case, to the effect that the duty should be paid at the lower rate. The other five claims could have been filed, but they were not filed through some error or neglect of the claimant. The statute is very specific in that regard. The claimant does not have any rights here except those that the statute gives him, and having failed to take advantage of the time within which the claims must be filed, he has no inherent rights here which he can come before the Congress of the United States and ask to have adjudicated. There are thousands of similar cases, where duties have been paid under the wrong law, perhaps, and thousands of cases where the parties did not know their rights, cases where the parties were not a large corporation with the benefit of the best legal talent in the country, as was the case here, and in none of those cases do those parties have or claim any right to a refund of duty.

There was no neglect or fault upon the part of the United States in this case. The sole fault was on the part of this company and its agents, and in view of the fact that we have objected to many more meritorious claims for refunds during this session and other sessions of Congress, in view of the further fact that there are no charges of any kind here that this neglect is due to the act of any agent or employee of the Government of the United States, I fail to see where the claim is one that is just and valid and one which should be passed by this Congress.

There may be many here who will disagree with me in that opinion, but that is the view I have reached after giving careful study to all the facts in the case.

Mr. COX. Will the gentleman yield?

Mr. HOPE. I yield.

Mr. COX. The gentleman states that this condition is the result of no wrong committed by the Government. Was not the Government wrong in assessing a tax under the wrong provision of the act of 1922, and may I ask the gentleman the further question, Has the Treasury $4,300 of a citizen's money that it is not entitled to or would not have been entitled to if it had applied the right provision of the law?

Mr. HOPE. Answering the gentleman's first question, the Government of the United States and this company entered into a dispute. There was a question between them as to just which law applied. It was purely a question of law. There was no question of fact involved. Under the provision of law, if a party makes a claim within a certain period, 60 days in this case, he is entitled to have that question of law decided in the particular case in which he makes application for refund.

Mr. COX. But the same question was decided in other cases that are identical, where an adjustment was made. Now, does the gentleman contend that under the application of the proper provisions of the tariff act the Government is entitled to this $4,300? If it is not, then how in good conscience can the Government refuse to return it?

Mr. HOPE. There was no charge made here that that assessment was made in bad faith by the Government or that there was any wrongful intent on the part of the Government of the United States to collect excessive customs duty. There was simply a question of law involved.

Mr. COX. No intent to commit a wrong, but the actual commission of a wrong in doing what the Government thought was the proper thing to do.

Mr. HOPE. Of course, if that is true, there are probably thousands and thousands of cases where a wrong rate of duty has been charged, for which citizens have no redress. There is no way that they can come in except by asking Congress to pass legislation, yet I do not believe the gentleman should contend that we should pass blanket legislation here today to do away with all the requirements that private claims must be filed within certain periods of time, and doing away with all statutes of limitation. That is what we are asked to do in one specific case today. If we are going to do it in one case, we ought to do it in all cases.

Mr. JENKINS of Ohio. Will the gentleman yield?

Mr. HOPE. I yield.

Mr. JENKINS of Ohio. But did the injustice to these claimants result in any way from any fault on the part

of the Government? If so, I think the gentleman's claim would be in a different category than if he found himself in this predicament as the result of his own negligence.

Mr. HOPE. In this case it was the result of his own negligence, because if he had filed his claim as he filed the other 17 claims he would have had a refund.

Mr. JENKINS of Ohio. I am trying to effect a fair adjustment, if possible. I think if the Government, through its negligence, in any way caused these people to suffer this loss, they are to blame and the Government ought to make amends.

Mr. COX. Did not the Customs Court of Appeals hold that the wrong law was applied?

Mr. JENKINS of Ohio. I do not know anything about the case.

Mr. COX. That is what the court holds.

Mr. EAGLE. Will the gentleman yield?

Mr. HOPE. I yield.

Mr. EAGLE. It is perfectly certain that the Government did nothing wrong. It is perfectly certain that good faith has been observed, even here, this day. It is perfectly certain, however, that the instructions issued by the Treasury Department to the Internal Revenue Department were to assess this tax under section 304 of the Revenue Act of 1922. In perfect good faith they thought that was the section under which to assess it. In perfect good faith the Concrete Engineering Co. thought it should be assessed under section 312. In perfect good faith they instructed their Government-certified warehousing agent to protest this payment under section 304 and to insist upon its payment under section 312, currently, at the time of the payment, with reference to the entire 22 items. That agent on whom these claimants had to rely, performed his duty with reference to 17 of those 22 items, and the Treasury, in perfect good faith, promptly refunded the excess payment. But the Treasury had no legal authority to refund payment as to the other five, because within the 60-day period after the time provided by section 514 of the Revenue Act of 1922, no written protest was filed, although the claimant had instructed its filing, had known of the excess payment, had relied upon this very Government certified warehousing agent to make the filing, and that Government certified warehousing agent certifies that by virtue of a clerical error alone in his office, did he fail to file it. For that reason I respectfully submit to your consideration whether this claim is not entirely out of that proper category so ably and so conscientiously mentioned by the gentleman from Kansas, of those who, either ignorant of their rights to protect themselves in case of excess payment, failed to protest, or of those who, indifferent to it, failed to protest, because these people in every step did everything except that the Government agent they employed to do this, by clerical error, failed to do it. That is all I can say and all I care to say.

Mr. ZIONCHECK. Mr. Speaker, regular order.

Mr. HOPE. Will the gentleman withhold that a moment? I wish to ask the gentleman from Texas a question.

Mr. ZIONCHECK. I will withhold it for the time being.

Mr. HOPE. I understood the gentleman to say that a Government certifying agent failed to perform his duty in filing these claims within the proper time.

Mr. EAGLE. That is what I understand.

Mr. HOPE. Does the gentleman contend that this man, T. E. Ash, was an employee of the Government of the United States and that he was instructed to file these claims on behalf of this corporation?

Mr. EAGLE. I will answer the twofold question by this statement, that I am not for the moment familiar with just what the legal requirement or function of a certified warehousing agent is such as this man Ash was at the time, whether an employee of the Internal Revenue Department or whether a mere licensee authorized to file protests and perform such duties. Therefore, as to the first subdivision of the question, I cannot answer.

Mr. HOPE. Right there, does not the gentleman think that is an important question? If this man as an employee of the United States and acting in the capacity of his employment, agreed that he would accept these protests, or if he agreed to file them even though he had no authority, I think the gentleman would have a very much stronger case than otherwise.

Mr. EAGLE. Anxious as I am to see what I think should be done here, I would rather lose my case in court than to assure, without full knowledge, that he was acting on behalf of the Government while being such warehousing certified agent. I cannot, therefore, assure the gentleman of that legal distinction. I do not know and cannot answer.

Mr. HOPE. Let me call the gentleman's attention to the fact that in this report this party is referred to as the broker for the Concrete Engineering Co.

Mr. EAGLE. That is the trade title. They do not say in the report that a person is a certified warehousing agent, they say "the broker"; but his official title was certified warehousing agent authorized to appear for others before Government boards having to do with the collection of tariffs at ports.

Mr. JENKINS of Ohio. And his action was accepted in the other 17 cases?

Mr. EAGLE. Yes; and accepted by the United States Customs Court to which they brought the 17 other refund claims, and accepted by the Court of Customs Appeals.

Mr. JENKINS of Ohio. I think, from the gentleman's statement, that his strongest point is that officials all the way through acted in good faith.

Mr. EAGLE. In perfect good faith; and the other five cases would have been allowed had this broker, in the slang, or certified warehousing agent, in the language of the statute, not omitted clerically to present these other five instances.

Mr. JENKINS of Ohio. And this action by the House is necessary to correct an honest mistake.

Mr. EAGLE. Absolutely.

Mr. JENKINS of Ohio. Mr. Speaker, the Government made an honest mistake.

Mr. ZIONCHECK. Mr. Speaker, I demand the regular order.

Mr. HOPE. Mr. Speaker, I ask unanimous consent that this bill may be passed over for the time being.

Mr. ZIONCHECK. I object to that. I object to the bill, Mr. Speaker.

Mr. MARTIN of Oregon. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. MARTIN of Oregon. Would it be in order to move to suspend the rules and pass Senate bill 1540?

The SPEAKER. No.

Mr. SNELL. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. SNELL. Will suspensions be in order during the consideration of Private Calendar bills?

The SPEAKER. They will not.

Mr. SNELL. The purpose of the inquiry was to know whether others interested in the bills to be called up under suspension should be here during the consideration of the Private Calendar.

The SPEAKER. There will be suspensions later this afternoon, but not during the call of the Private Calendar.

WESTERN UNION TELEGRAPH CO.

The Clerk called the next bill, S. 2139, for the relief of the Western Union Telegraph Co.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. EAGLE. There is objection, Mr. Speaker. I think the Private Calendar is a failure when justice cannot be done, when one man can do what has been done in this case.

RESERVE OFFICERS' TRAINING CORPS AND CITIZENS' MILITARY TRAINING CAMPS

The Clerk called the next bill, S. 2688, to validate payments for medical and hospital treatment of members of Reserve Officers' Training Corps and citizens' military training camps.

Mr. EAGLE. Mr. Speaker, I object.

The SPEAKER. It is evident we cannot proceed with the calendar.

The Chair recognizes the gentleman from North Carolina [Mr. DOUGHTON].

CONTAINERS OF DISTILLED SPIRITS

Mr. DOUGHTON. Mr. Speaker, I ask unanimous consent for the present consideration of House Joint Resolution 370, to protect the revenue by regulation of the traffic in containers of distilled spirits.

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

Mr. CELLER. Mr. Speaker, a parliamentary inquiry. Has the gentleman from North Carolina [Mr. DOUGHTON] asked for suspension of the rules?

The SPEAKER. The gentleman asked unanimous consent for the present consideration of the resolution. Is there objection?

Mr. CELLER. Mr. Speaker, I object.

Mr. DOUGHTON. Mr. Speaker, I move to suspend the rules and pass House Joint Resolution 370, to protect the revenue by regulation of the traffic in containers of distilled spirits.

The Clerk read the joint resolution, as follows:

House Joint Resolution 370

Resolved, etc., That whenever in his judgment such action is necessary to protect the revenue, the Secretary of the Treasury is authorized, by the regulations prescribed by him, and permits issued thereunder if required by him (1) to regulate the size, branding, marking, sale, resale, possession, use, and reuse, of containers (of a capacity of less than 5 wine-gallons) designed or intended for use for the sale at retail of distilled spirits (within the meaning of such term as it is used in title II of the Liquor Taxing Act of 1934) for other than industrial use, and (2) to require, of persons manufacturing, dealing in, or using any such containers, the submission to such inspection, the keeping of such records, and the filing of such reports as may be deemed by him reasonably necessary in connection therewith. Whoever willfully violates the provisions of any regulation prescribed, or the terms or conditions of any permit issued, pursuant to the authorization contained in this joint resolution, and any officer, director, or agent of any corporation who knowingly participates in such violation, shall, upon conviction, be fined not more than $1,000 or be imprisoned for not more than 2 years, or both; and, notwithstanding any criminal conviction, the containers involved in such violation shall be forfeited to the United States, and may be seized and condemned by like proceedings as those provided by law for forfeitures, seizures, and condemnations for violations of the internal-revenue laws, and any such containers so seized and condemned shall be destroyed and not sold. Any requirements imposed under this joint resolution shall be in addition to any other requirements imposed by, or pursuant to, existing law, and shall apply as well to persons not liable for tax under the internal-revenue laws as to persons so liable.

The SPEAKER. Is a second demanded?

Mr. CELLER. Mr. Speaker, I demand a second.

The SPEAKER. Is the gentleman opposed to the resolution?

Mr. CELLER. I am opposed to the resolution.

The SPEAKER. Without objection, a second will be considered as ordered.

There was no objection.

Mr. DOUGHTON. Mr. Speaker, this resolution was proposed and is urged by the Secretary of the Treasury and the Alcohol Control Administration; in other words, those in control of the enforcement of the law relating to the manufacture and sale of liquor. It is designed to give the Government closer surveillance and control over the manufacture and distribution of bottles and other containers in which distilled liquors are contained and distributed.

This resolution has the unanimous support of the Committee on Ways and Means, and was unanimously reported.

Mr. Speaker, we all know that two of the greatest evils that afflict this country are moonshining and bootlegging, and that nothing is more essential to the protection of society, law, and order than the suppression of the illicit liquor traffic. This bill is designed to accomplish that purpose. It has been found that the illicit manufacturers and purveyors of liquor, the moonshiner and bootlegger, resort to the device of using the same standard containers as used by legitimate distilleries. Those engaged in the illegitimate industry take advantage of these containers and they get the same containers or containers with the same brand and lettered in the same way as the manufacturers of the standard brands of legitimate liquor.

The Alcohol Control Administration and the Treasury Department state that this legislation is absolutely necessary in the enforcement of the law and for the protection of the revenues of the Government. One of the prime reasons for the legislation is for the protection of the revenues of the Government, because every gallon of illicit or illegal liquor that is sold robs the Government of that much revenue. I cannot see why there should be any objection to this legislation.

Mr. COOPER of Tennessee. Will the gentleman yield?

Mr. DOUGHTON. I yield to the gentleman from Tennessee.

Mr. COOPER of Tennessee. I am sure the gentleman will recall that the situation that is sought to be met and remedied by this measure and certain other measures that have been recommended by the Treasury Department and the administration is a very bad one. This and other measures to which I have made reference are requested and urged by the Treasury Department and the administration to save what they estimate to be about $50,000,000 of revenue that is now being lost. Through the operation of this measure and other similar measures recommended by them the Treasury Department will save this enormous amount of money.

Mr. DOUGHTON. The gentleman from Tennessee has made a correct statement, and I thank him for his very pertinent observation. May I say to the Members of the House that if we are not to give consideration to the suggestions, recommendations, and earnest requests of those who are in charge of the enforcement of the law and the protection of the revenues of the Government, then I do not know to whom we should look or can look for correct information.

Mr. Speaker, I reserve the remainder of my time.

Mr. CELLER. Mr. Speaker, it is with great reluctance that I offer any kind of opposition to this resolution. I have great respect for the gentlemen on the Ways and Means Committee, including the chairman of the committee, the gentleman from North Carolina [Mr. DOUGHTON], the gentleman from Kentucky [Mr. VINSON], the gentleman from Tennessee [Mr. COOPER], and the gentleman from New York [Mr. CULLEN]. I assure you it is with a great deal of hesitation that I offer this opposition. It is with reluctance that I offer an objection to anything that the eminent Secretary of the Treasury recommends to this House, but I believe it is incumbent upon us in the pursuance of our oaths of office, regardless of the toes we may tread upon when necessary, to offer constructive criticism. It is our duty to object when we have a conscientious reason for objecting, and I hope that the gentlemen whose names I have mentioned will not deem my opposition personal. I make objection whole-heartedly and with all sincerity.

I do not believe that there is a scintilla of evidence anywhere that this resolution will accomplish the purposes which have been very briefly outlined by the esteemed Chairman of the Ways and Means Committee, the gentleman from North Carolina [Mr. DOUGHTON]. It will be a vainglorious and abortive effort to protect the revenue and to do away with moonshining and bootlegging. It will have no such effect whatsoever. This resolution is highly drastic and should not be brought up at the very end of the session without an adequate explanation of its provisions.

As I understand it, there was no hearing before the Ways and Means Committee. Although I am not certain, I think it was the result of a communication received from the Secretary of the Treasury that he wanted this legislation. We should not slavishly, willy-nilly, ipso facto, abide by such wishes without fathoming and probing and going into carefully the propositions involved in the bill.

The gentleman from New York [Mr. CULLEN], for whom I have the greatest regard, has simply repeated the statement of the gentleman from North Carolina that this bill will eliminate bootlegging, but nobody can tell me how it will do it or that it will do it successfully. We have bootlegging, we have moonshining, we have illicit manufacture,

and we have illicit sale of alcoholic beverages. We have always had a degree of it and you must remember that repeal is only 6 months old. Let the industry attempt to govern itself without any undue interference. There is too much governmental interference. The industry, if let alone, will curb itself and free itself in time of some of its present evils. The liquor traffic changes daily. We do not know what permanent form it will take. Let more time elapse. Let adequate study be made and then legislate. It is too early for permanent legislation of this character.

Remember that the Democratic platform provided in no uncertain terms that this industry and the control and regulation thereof should be relegated back to the States. It should be a matter of State control. We have codes which give the Federal Government a modicum of control over the industry, but this is by consent of the industry—the consent of the distillers, rectifiers, wholesalers, retailers, and all those who deal in alcoholic beverages. Now they come forward with a bill replete with coercion and drastic penal provisions. Do you not know that the more burdens you place upon the legal trader the more comfort you give to the bootlegger? He does not have to satisfy the regulations. He is too slick. He avoids them. Merely passing laws will not catch the bootlegger. Enforcement will. But, as usual, there will not be enforcement.

There is a provision here which provides for permits. You may remember that under the eighteenth amendment and the Volstead Act there was provision made for the permissive use of alcoholic beverages and distilled spirits of all kinds for various purposes. Most of the evils, most of the graft, most of the chicanery and deceit and hypocrisy emanated from these permits. The inspectors who went into the highways and byways of the country, marauding, as it were, brigands, as it were, filching from the permittees all manner and kind of filthy lucre in the form of grafts for special privileges and immunity from prosecution.

Now, are you going to have a recrudescence of that? That is what you provide here and you do it in a very unusual way. Why is it necessary to include a permit provision—a permit provision that covers all types of liquor dealers?

The Secretary of the Treasury is permitted by regulations to prescribe permits to regulate the size, branding, marking, sale, resale, possession, use, and reuse of containers designed for sale of distilled spirits at retail. This means that the Secretary of the Treasury could issue a permit for trading to every little tavern keeper, hotel keeper, or retailer. Why was the bill not devised so as to limit these permits to manufacturers and distillers and traders in these spurious bottles or the bottles that are used and reused for bootlegging? It would have been a simple matter to redraft this bill so that there would have been no need for the provision for the issuance of permits or the power to issue permits to all liquor dealers who are already possessed to what is known as the "occupational tax certificates." No man can trade in liquors, be he wholesaler or retailer, properietor of a beer garden or a tavern or a hotel, unless and until he obtains an occupational tax certificate. The Secretary of the Treasury would have the right of visitation upon the premises of the holders of these occupational tax certificates. His inspectors could easily determine by search whether or not these dealers were possessed of this spurious bottles or bottles which are banned. In other words, the statute is entirely too broad. That is the gravamen of my opposition. As the statute now reads, some poor little devil of a dealer might purchase a case of liquor from a wholesaler in perfect innocence. Subsequently, it is developed that the bottles are spurious or imitative of the original. An inspector could pounce down upon him under the terms of the bill, have him fined $1,000 or sent to jail for 2 years.

Drastic bills of this character never get us anywhere. I recall distinctly the vigorous opposition to the Jones-Stalker bill, often called the "5-and-10 bill", prescribing penalties from 5 to 10 years for liquor violations. This bill provided for the ridiculous branding of the violator as a felon. The bill was so drastic that it got nowhere. There were few convictions under it.

The F.A.C.A., namely, the "Federal Alcohol Control Administration", already has the power under codes to determine the proper use of bottles and to preclude and prevent improper use. It determines standard of fill. There are many statutes empowering the Department of Agriculture through its Pure Food and Drug Division, to prosecute for misbranding. This bill is aimed at misbranding. Why should not the Department of Agriculture under present statutes take the culprits by the nape of the neck and punish them? Furthermore, there are many civil remedies. Dealers and rectifiers can secure injunctions and prosecute for infringement of their packages. There is therefore no need for the bill—especially since it is so broad in delegation of power to the Secretary of the Treasury and so drastic.

I say to you that aside from the constitutionality of this provision—and it is unconstitutional and I shall give you the reasons therefor in a moment—you buy a pig in a poke. You legislate blindly here. You give carte blanche, you give the fullest authority, to the Secretary of the Treasury to make any kind of regulations he wishes. I would not mind if you stopped with regulations for the purpose of controlling the branding, the size, the marking, the sale and resale, possession and repossession, use and reuse of containers used and designed for distilled spirits. If you would stop there I would not object, but what do you do further? You provide that for any violation, be it consequential or inconsequential, be it important or unimportant, there is prescribed, not for a violation of law, not for a violation of statute, but for a violation of a regulation made by the executive branch of the Government, these extreme penalties: $1,000 or to imprisonment for not more than 2 years, or both.

This is what I object to. That is very serious.

Reference has been made to my bill pending before the Ways and Means Committee to re-codify all liquor internal revenue laws. I am accused of encouraging more Federal control of liquor thereby. No; the gentleman has not read my bill, and I do not depart one iota from the proposition of leaving, as much as possible, this industry to the States, save when it comes to the matter of protection of the revenues or the matter of interstate commerce. The bill I introduced had an entirely different purpose. It was to bring up to date all the internal revenue statutes—statutes of a purely revenue character that go back to the Civil War days.

It was to recodify the old statutes, which go back to the time of the Civil War. Incidentally, we passed a portion of that bill last week with reference to distance between distilleries and rectifying plants. At the suggestion of the Speaker, the gentleman from Illinois [Mr. DIRKSEN] took a part of my bill, had it referred to your committee and you passed it by unanimous consent. I happen to be acquainted with the subject matter. I have given it mature study; otherwise the House and the Committee on Ways and Means would not have accepted the bill without opposition. My credo is keep the Government out of the liquor business, especially in the beginning. Here you are putting the Government into it and placing in the hands of the Secretary of the Treasury this enormous power. If you will amend the bill and define definitely what you mean by a violation, so that the country can know what the violation is, I have no objection. But here you give the Secretary the right to make any kind of a regulation he sees fit, and the violation of a mere regulation carries a penalty of 2 years in jail and a thousand dollars fine or both. The citizenry cannot know what the regulation is to be. Yet you provide severe penalties for a violation of a regulation to be issued in the future.

As to the constitutionality of this bill, I have my grave doubts. It is certainly a delegation of legislative powers to an administrative officer. There is no limitation upon the delegation of the powers. Presumably, to protect the revenue, the Secretary of the Treasury can do the regulating concerning these containers. We are not told how he is to regulate. There is no limitation upon his authority. He can regulate any way he sees fit. There is no standard or cri-

terion by which he should act. There is no rule or guide for him to follow.

I should gladly insert cases from the Federal courts to support my contention if I had time. This bill came up suddenly, without warning. I am therefore compelled to give a "horseback" opinion. If time would permit I could muster up a host of decisions to show the unconstitutionality of this statute.

You can pass all the statutes of this type and you will never get rid of the bootleggers, but if you have the proper enforcement, if you have sufficient experienced officers, properly trained, conscientious in the performance of their duty, you might succeed. But where will you get these men? Also you will need thousands and thousands of them.

But there is another question that I must address myself to. The statutes will not destroy the bootlegger. You might help the manufacturer of bottles. It plays into their hands. The bill probably is the result of the bottle-makers' lobby.

Let me read you a report from the interdepartmental committee, composed of very eminent gentlemen. I understand it was presided over by a representative of the Secretary of the Treasury, who took the position that I take.

These were the men composing the interdepartmental committee:

Edward G. Lowry, special assistant to the Secretary, Treasury Department; J. M. Doran, Commissioner of Industrial Alcohol, Treasury Department; D. Spencer Bliss, head of the Sales Tax Division, Miscellaneous Tax Unit, Bureau of Internal Revenue, Treasury Department; J. D. Nevius, general counsel, Customs, Treasury Department; Herbert Feis, economic adviser of the State Department; John C. Wilen, counselor of embassy; Harry L. Lourie, chief economic analyst, Tariff Commission; South Trimble, Jr., Solicitor of the Department of Commerce; Willard L. Thorp, Director of the Bureau of Foreign and Domestic Commerce, Department of Commerce; W. A. Tarver, chief counsel Division of Investigation, Department of Justice (unit of prohibition); Harris E. Willingham, chief beverages section, Agricultural Adjustment Administration, Department of Agriculture.

Here is what they say:

The assurance by tax adjustment and other means of an adequate supply of inexpensive legal alcoholic beverages which will be able to drive out the illegal competing production by price competition.

The attempts to control this illegal industry solely by policing the production and sale of illegal alcoholic beverages have not been wholly satisfactory. The enforcement problems of the prohibition period will still remain in those States which continue to be dry after the repeal of the eighteenth amendment. It is believed that the price of legal liquor to the ultimate consumer in the post-prohibition period will be one of the important factors in determining the success or failure of the general effort to eliminate the illegal industry. This competitive factor, of course, will only operate in those States which permit the manufacture and sale of alcoholic beverages.

Moreover, the prices which will determine the issue will be the prices of the basic alcoholic beverages already referred to in this report. Unless the price of the more expensive domestic and imported spirits and wines is made unreasonably high by excessive taxation it is not believed that trade in illegal imitations or smuggling of the genuine product will be substantial.

The comparative prices at which legal and illegal basic alcoholic beverages can be supplied to legal and illegal retail dealers would indicate that the legal industry will be able to carry a substantial tax burden and still meet the competition of the illegal industry if it is willing to forego excessive profits (chart no. 11). Price estimates in this chart for legal alcoholic beverages were obtained from available statistics of the Tariff Commission; price estimates for the illegal alcoholic beverages are based on estimates made for the Rockefeller report.

CHART No. 11.—*Estimated comparative cost to retail dealers of legal and illegal alcoholic liquors in bottles*

	Price to retailer per gallon	Price to local bootlegger per gallon	Price to organized illegal trade per gallon
Beer	$0.56	$0.64	$0.72
Spirits	1.20	2.20	4.20
Wines	1.00	1.20	2.20

Chart no. 11 divides the prices of illegal liquor to the retailer into two categories; that is, prices to the local bootlegger and prices to the organized illegal industry. Prices to the local bootlegger are not considered of primary social significance on the ground that the small illegal liquor peddler does not carry with him the evils of organized crime. In any event, if the estimates here used are reasonably accurate, there would appear to be little possibility that the legitimate industry can compete on a straight price basis with his activities.

For the purposes of this report, therefore, the prices of illegal liquor which will be considered will be the prices to the organized illegal industry. It will be noted that these prices are materially higher than prices to the local bootlegger. The explanation would appear to be that the former price represents large-scale operations requiring a large overhead for protection, organized violence, etc.

In measuring the competition between the legal and the illegal liquor industries other factors beside competitive prices must be considered. (a) The illegal industry must make a substantially higher gross and net profit on its sales than the legal industry. If it does not, it will not be profitable to run the risks involved. (b) As between legal and illegal products of substantially similar price the buying public will have greater confidence in and will prefer to buy the legal product.

It seems reasonable to suppose that a more drastic price competition by the legal industry will be necessary in the earlier post-prohibition period while the illegal industry is still organized and well financed. It would probably require considerably higher prices to revive a defeated illegal industry than it would to keep a well-entrenched one in business. This price competition could be facilitated by keeping the tax burden on legal alcoholic beverages comparatively low in the earlier post-prohibition period in order to permit the legal industry to offer more severe competition to its illegal competitor. When that competitor has been driven from business the tax burden could be gradually increased. Investigators for the Rockefeller report estimate that it will require 3 years of such competition to break the organization of the illegal industry.

Any such tax program, however, requires the cooperation of the legal industry which must be persuaded to resist the desire to demand high prices and large profits in the post-repeal market.

To have the assurance, therefore, that the legal liquor industry will offer its product to the ultimate consumer at prices substantially below the level at which the illegal liquor industry can operate at a profit it is not sufficient to keep the taxes on legal liquors at reasonable figures. It is also necessary that the legal industry as a whole shall accept a reasonable margin of profit and not take advantage of the prospective keen demand by exacting high prices from the ultimate consumer. There is reason to believe that the producers of the various types of alcoholic beverages will be able to control in large measure the prices charged by wholesalers and retailers and thus to control the price of alcoholic beverages to the ultimate consumer.

Representatives of the legal industry have indicated that the legal industry, particularly the producers of distilled spirits, intend to use this power to maintain price levels which will eliminate an important and unscrupulous competitor. On the other hand it is not altogether unlikely that keen popular demand, limited supply, and the temptation of sudden profits will cause unreasonably high prices in the initial post-repeal market. Any such period of price dislocation, however, would probably be comparatively short. Competition fostered by potential production capacity and a reasonably liberal import policy should shortly correct any temporary evils which may occur.

In other words there are certain factors that must be considered. This bill disregards these factors. You can only rid the country of bootlegging and illicit traffic by: First, lower tariffs; second, lower excise taxes, and third, a plentiful supply of wholesome whisky at reasonable prices. There is a duty, therefore, in addition to our duty of decreasing tariffs and taxes of manufacturers and distillers, to give us wholesome liquor at fair prices. I believe the reputable distillers are doing their best in this regard. There are, however, some disreputable ones that are profiteering and are not cooperating with the Government, therefore, in its endeavor to stamp out the illicit-liquor industry. There is a great temptation to make huge profits, particularly in the beginning. This causes high prices against which the bootlegger can easily compete.

In other words, this is an economic proposition. You can pass all the statutes you want. If the price that the bootlegger sells his ware for is a price cheaper than the price offered by the legitimate trader, the people will buy from the bootlegger. That is the situation in New York; it is the situation in every town. It is an economic proposition.

Mr. DOCKWEILER. Would it not be a great help if at this time we would suspend some of the tariff being charged?

Mr. CELLER. I am coming to that. The interdepartmental committee recommended and said that you could not bring about the result that the Ways and Means Committee seeks to achieve except by this method, namely, to reduce the tariff and to reduce the revenue and to hold the distillers in line and have them sell at reasonable prices.

Mr. VINSON of Kentucky. Mr. Speaker, I make the point of order that the gentleman's remarks should be confined to the bill under discussion.

Mr. O'CONNOR. Mr. Speaker, this bill pertains to liquor, and I do not think the mere fact that the gentleman is talking about another way of preventing some of the evils that the bill seeks to correct is out of order.

Mr. VINSON of Kentucky. The bill comes up under suspension, and it does not permit of amendment.

Mr. CELLER. I am not offering any amendment.

Mr. O'CONNOR. Under suspension there are no rules of the House that a man must speak to the bill. That of itself destroys the gentleman's point of order.

Mr. VINSON of Kentucky. If the gentleman wants to conduct a filibuster, well and good.

The SPEAKER pro tempore. The gentleman from New York will proceed in order.

Mr. CELLER. I assure the gentleman from Kentucky that I do not desire to conduct any filibuster, and am not. I shall probably conclude my remarks in a very short time. If we can be assured by those who manufacture liquor that they will give us a cheap and yet wholesome whisky, we will go a great way toward wiping out bootlegging. Many distillers are doing all they can to help, but there has been some profiteering on the part of some manufacturers. My position is exactly that taken by all these experts called the "interdepartmental committee." I say experts advisedly, because they are experts from the State Department, from the Department of Justice, from the Department of Commerce, the Department of Agriculture, the Department of the Treasury.

The SPEAKER pro tempore. The time of the gentleman from New York has expired.

Mr. DOUGHTON. Mr. Speaker, I yield 5 minutes to the gentleman from Massachusetts [Mr. TREADWAY].

Mr. TREADWAY. Mr. Speaker, I have a good deal of sympathy with the remarks of the gentleman from New York [Mr. CELLER] about the setting up of penalties and making actual statutes out of regulations issued by the Department officials. I think it is the wrong method of procedure, but we are facing a situation here that has developed since prohibition was repealed. The situation is this: The recommendations that are coming to Congress at the present time, are the results of the experience that the Department is having in their efforts to overcome bootlegging. I do not believe in this rapid legislation or final-day legislation. Nevertheless the situation is so apparent that as a result of the experience that is being had in the Treasury and in the Internal Revenue Bureau, the officials have asked for certain drastic rights and this bill contains one of them. It is the permission of the Department to control the containers in which legal liquor can be dispensed. That is a perfectly fair and right effort. They are trying to prevent bootlegging. I have no doubt the gentleman from New York [Mr. CELLER] is as much interested in it as is the Department, but the Department is acting from their experience, whereas the gentleman from New York has offered certain criticisms based on his knowledge of law. I would rather, for the time being, try to accomplish something toward overcoming the evils of bootlegging, by regulation, if necessary, based upon statute to be carried out by the department having the administration of the law.

Mr. CELLER. Will the gentleman yield?

Mr. TREADWAY. I yield.

Mr. CELLER. I notice, for example, this gives the Secretary of the Treasury the right to regulate the sale and resale. That would mean he would have the right to control prices.

Mr. TREADWAY. All this has to do with the container; not the article itself; not the contents of the bottle.

Mr. CELLER. For example, I would not object to this bill if it only covered those who sell bottles, but this covers everybody who deals in bottles, regardless of what is in the bottles.

Mr. TREADWAY. That might be true, but the intent is to reach the container in which the illicit beverage is contained. Now, the experience of the Department shows that bottles are resold. For instance, I understand there is a brand of pretty good liquor known as "Old Taylor." An empty bottle with the name "Old Taylor" blown in it could very well be refilled by a bootlegger and disposed of to my friend from New York [Mr. CELLER] or others. This is an effort to overcome that situation. Therefore, I think the gentleman ought to go along with us and agree that, for the time being at least, some kind of regulatory power must be given the Treasury Department in order to overcome that situation. There is no end of bottles marked, as the gentleman knows—not from practical experience, perhaps, but the gentleman can go down the street anywhere today and see in windows names blown into bottles, so-called "trade marks." I think the Department ought to have some power by which it can prevent that bottle, when emptied by the rightful purchaser—not the gentleman from New York, of course, but there are certain gentlemen who would help empty it, I have no doubt—whoever he might be, say Mr. "X" or John Doe—I think the Department ought to have authority to prevent bootleg liquor being put back into that bottle and sold to us innocent patrons, especially when that name is blown in the bottle. That is exactly what we are accomplishing by this bill.

Mr. HOEPPEL. Will the gentleman yield?

Mr. TREADWAY. I yield to the gentleman from California.

[Here the gavel fell.]

Mr. DOUGHTON. Mr. Speaker, I yield 2 additional minutes to the gentleman from Massachusetts [Mr. TREADWAY].

Mr. HOEPPEL. Is it not possible for us to eliminate or at least reduce the number of bootleggers by lowering the tax on liquor?

Mr. TREADWAY. I agree; yes.

Mr. HOEPPEL. And also see that our distillers make as good whisky as does the bootlegger.

Mr. TREADWAY. Now, the tax question is another problem that we must face some day, and that is the answer to the question which the gentleman from New York raised about the departmental committee. The departmental committee brought in its recommendation as to tax and tariff rates before prohibition became effective. I am confident from information I have that there will be an effort on the part of the Administration to reduce taxes on liquor in order to aid in this method of beating the bootlegger. [Applause.]

Mr. CELLER. Will the gentleman yield?

Mr. TREADWAY. I yield.

Mr. CELLER. I agree that the situation to which the gentleman adverted, with reference to the Old Taylor, should be covered, but why do you go so far as to require permits to be issued to every dealer, whether he limits his sale and dealings to containers or actually sells liquor; in other words, this bill is broadly drawn and would allow an elaborate permit system to cover all liquor dealers to be developed?

Mr. TREADWAY. The explanation of that is that the experience of the Treasury Department requires this very harsh enforcement.

Mr. CELLER. Does the gentleman think it is necessary to go as far as that?

Mr. TREADWAY. Oh, I think so; yes.

Mr. MAY. Will the gentleman yield?

Mr. TREADWAY. I yield.

Mr. MAY. When the bill was under consideration I offered an amendment reducing the tax from $2 to $1.

Mr. TREADWAY. Undoubtedly the Department some day will come to the gentleman's viewpoint on that question, or at least partially.

Now, Mr. Speaker, I want to call attention to the word "reuse", the first word in line 8. The purpose of the bill is to have that read "re-use." In this instance there is a question with the Public Printer or some clerk in his office as to the use of the hyphen. The hyphen is a proper mark to use in the English language, and I insist that that word be spelled in the bill which we pass today in the form in which it was intended to be, and that the Public Printer act

under authority of Congress rather than Congress acting under the authority of the Public Printer. [Applause.]

Mr. DOUGHTON. Mr. Speaker, I yield 5 minutes to the gentleman from Illinois [Mr. DIRKSEN].

Mr. DIRKSEN. Mr. Speaker, I think if the Members of the House understand the practical implication of the present bill, it will dispel any doubt in their minds about the need for a bill of this kind. If you go to a liquor store in Washington, D.C., I venture to say that 18 out of 20 never quite know when they are getting a pint of liquor. There are many bottles on the market that have 13, 14, and 15 ounces instead of 16 ounces. Under the provisions of this bill, whereby the Secretary of the Treasury is authorized to issue rules and regulations to take care of the size, marking, and branding of bottles, the consumer is going to be guaranteed that when he asks for a pint of liquor he will get it.

Now, with respect to the bootlegging phase of this bill, you may be interested to know that in some of the large hotels empty bottles constitute a real concession for which these maitres d'hotel pay. When a convention comes to a hotel they will leave perhaps a carload of bottles. Many of them have the brands blown into the glass. You can go to a bottle dealer and get as much as 20 cents for a used bottle which has the wire and all the other frippery intact.

He can get 20 cents for one of these bottles; why? Because if it is a standard brand with the brand blown in the bottle, the bootlegger is willing to pay 20 cents for the genuine container. He will put in it the stuff that he makes, stick a fake stamp over the top, and sell it nine times out of ten even to many reputable dealers who cannot discern the difference. So it will be seen that from the practical standpoint this bill, first of all, seeks to stop the deception and the fleecing of the public. Secondly, it is going to stop these bottles finding their way into the hands of dealers who will turn them over to bootleggers to fill with a doubtful kind of whisky, to be sold to the consumer ostensibly as good liquor with the brand name of a reputable distiller blown in the bottle.

Let me tell you just how aggravated this condition is. About 2 months ago over 3 tons of labels were confiscated up in Long Island. There were labels for Old Crow, Old Taylor, Canadian Club, Four Roses, labels for every brand imaginable; and some of the experts in the employ of the distilleries state that these labels were so carefully executed that even their own label men could scarcely tell the difference between the counterfeit label and the real thing. How easy it is, then, having a bottle with a popular brand name blown in the glass, to stick on a fake label, put a strip stamp over the top, and sell bootleg liquor, which to all intents and purposes is sold as liquor from a legitimate distillery.

This is not only a good bill, it is a splendid bill, and it goes right to the very heart of an aggravated moonshining, bootlegging trouble at the present time. Unless this authority is conferred upon the Treasury you are going to continue to have the misbranding with expertly prepared fake labels, the use of legal bottles that are taken from hotels or wherever people who have drained the contents leave them, bottles sold to the bootleggers in order to carry out this wide-spread deception of the public.

Mr. CELLER. Mr. Speaker, will the gentleman yield?

Mr. DIRKSEN. I yield.

Mr. CELLER. I agree with the gentleman that the evil should be scotched; but this bill gives the Secretary of the Treasury power to issue permits to every tavern keeper, to every hotel keeper, to every retailer throughout the length and breadth of this land.

Now, about the liquor-tax certificate, the Secretary of the Treasury now has the right of visitation and the power to enforce compliance. Why impose this additional burden on the Treasury structure?

Mr. DIRKSEN. It is absolutely necessary, for on the basis of seizures and forfeitures over the last 6 months, it is estimated that 270,000,000 gallons of illicit whisky is being manufactured annually, yet permits for legal liquor amount to only about 240,000,000 gallons. The evil is so wide-spread that we have got to use drastic means to stop it.

[Here the gavel fell.]

Mr. DOUGHTON. Mr. Speaker, I yield 2 additional minutes to the gentleman from Illinois.

Mr. O'CONNOR. Mr. Speaker, will the gentleman yield?

Mr. DIRKSEN. I yield.

Mr. O'CONNOR. I hope the gentleman is not trying to convince the House that the so-called "bootleg liquor" is inferior in quality to the awful stuff being put out by the Whisky Trust.

Mr. DIRKSEN. That is not the question at issue at all.

Mr. Speaker, I refuse to yield if the gentleman intends to go into a dissertation on the quality of whisky, because that is an extrinsic matter entirely.

Mr. MAY. Mr. Speaker, will the gentleman yield?

Mr. DIRKSEN. I yield.

Mr. MAY. As I understand this legislation, it is the product of an actual, practical application of the law as it exists; that experience shows it requires some correction.

Mr. DIRKSEN. The pending bill supplements and implements existing law and is going to mean millions of dollars in revenue to the Treasury.

Mr. BOYLAN. Mr. Speaker, will the gentleman yield?

Mr. DIRKSEN. I yield.

Mr. BOYLAN. Is it not a fact that under the provisions of the bill the Government becomes the big policeman for the manufacturers of the standard brands?

Mr. DIRKSEN. No; I will not concede that to be the fact.

Mr. BOYLAN. The gentleman had already conceded it by the evidence he has adduced.

Mr. DIRKSEN. I will, however, go so far as to say that during the present time until the novelty of legal liquor has passed away, and until we can contend with unauthorized bootleg liquor, some policing efforts are going to become more or less necessary; but this does not mean that it is going to be a permanent imposition on the people of the country.

Mr. BOYLAN. Then, does not the gentleman think in all justice and fairness that the manufacturers of these standard brands should pay for the policing that is to be done by the Government?

Mr. DIRKSEN. That also is a rather extrinsic matter, which does not enter into this discussion.

[Here the gavel fell.]

The SPEAKER pro tempore (Mr. MEAD). The question is on the motion of the gentleman from North Carolina to suspend the rules and pass the bill.

The question was taken; and two-thirds having voted in favor thereof, the rules were suspended, and the bill was passed, and a motion to reconsider was laid on the table.

SUBSTANCES USED IN THE MANUFACTURE OF DISTILLED SPIRITS

Mr. COOPER of Tennessee. Mr. Speaker, I ask unanimous consent for the present consideration of House Joint Resolution 373, to protect the revenue by requiring information concerning the disposition of substances used in the manufacture of distilled spirits.

This resolution, Mr. Speaker, is directly in line with the resolution we have just passed. It is recommended by the Treasury Department.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

The Clerk read the House joint resolution, as follows:

Resolved, etc., That every person disposing of any substance of the character used in the manufacture of distilled spirits shall, when required by the Commissioner, render a correct return in such form and manner as the Commissioner, with the approval of the Secretary of the Treasury, may by rules and regulations prescribe, showing the names and addresses of the persons to whom such disposition was made, with such details, as to the quantity so disposed of or other information which the Commissioner may require as to each such disposition, as will enable the Commissioner to determine whether all taxes due with respect to any distilled spirits manufactured from such substances have been paid. Any person who willfully violates any provision hereof, or of any such rules or regulations, and any officer, director, or agent of any such person who knowingly participates in such violation,

shall upon conviction be fined not more than $500 or be imprisoned for not more than 1 year, or both. As used in this joint resolution (a) the term "distilled spirits" has the same meaning as that in which it is used in title II of the Liquor Taxing Act of 1934; (b) the term "person" includes individuals, corporations, partnerships, associations, trusts, and other incorporated and unincorporated organizations; (c) "Commissioner" means the Commissioner of Internal Revenue; and (d) the term "substance of the character used in the manufacture of distilled spirits" includes, but not by way of limitation, molasses, and corn, cane, and malt sugar.

With the following committee amendment:

Page 2, line 18, after the word "molasses", strike out "and corn, cane" and insert in lieu thereof "corn sugar, cane sugar."

The committee amendment was agreed to.

The House joint resolution was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

Mr. BLANTON. Mr. Speaker, I ask unanimous consent to extend my remarks and to insert some exhibits I desire to discuss.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

TRADING WITH THE ENEMY ACT

Mr. VINSON of Kentucky. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (S. 852) to amend section 24 of the Trading with the Enemy Act, as amended, and ask for its immediate consideration.

The Clerk read the title of the bill.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That section 24 (b) of the Trading with the Enemy Act, as amended by the Settlement of War Claims Act of 1928, approved March 10, 1928, is amended by adding at the end thereof the following: "Notwithstanding the expiration of any period of limitation provided by law, credit or refund of any income, war-profits, or excess-profits tax erroneously or illegally assessed or collected may be made or allowed if claim therefor was filed with the Commissioner of Internal Revenue by the Alien Property Custodian on or before February 15, 1933."

Mr. VINSON of Kentucky. Mr. Speaker, may I say that the bill S. 852 is identical with H.R. 4798, which has a unanimous report from the Committee on Ways and Means. I have informed the ranking minority member on our committee, the gentleman from Massachusetts [Mr. TREADWAY], and likewise the gentlemen who were on the subcommittee, that we would bring this matter up at this time.

Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include therein certain excerpts from the committee report on this bill.

The SPEAKER. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

Mr. VINSON of Kentucky. May I say further that this bill is requested by the Alien Property Custodian and the Secretary of the Treasury, and I may say by every Alien Property Custodian and every Secretary of the Treasury in office since the erroneous and illegal assessments and collection of taxes—since they became known to the departments. The excerpts from the committee report on H.R. 4798 are set forth, viz:

The bill as amended merely extends the period of limitations with respect to claims filed with the Commissioner of Internal Revenue by the Alien Property Custodian on or before February 15, 1933, for refund or credit of income, war-profits, or excess-profits taxes erroneously or illegally assessed or collected by the Commissioner of Internal Revenue out of property seized by the Alien Property Custodian. It limits the extension to some 52 claims which the Alien Property Custodian has heretofore considered to be just and for which refund has been sought by him.

It may be stated briefly that these claims are based on the erroneous determination of ownership of seized property by the Alien Property Custodian; that is, property that stood in the name of other than the actual owners. The Commissioner of Internal Revenue, after seizure by the Alien Property Custodian, examined the records of the Alien Property Custodian and took his determination of ownership as a basis of determining the taxpayer and the taxes were accordingly computed, levy made upon the Custodian and paid. In the case of German, Austrian, and Hungarian nationals the actual ownership of the property was not known by the Alien Property Custodian or the Commissioner of Internal Revenue until the statutes of limitations for filing claims for refund had expired as a full accounting of the property of these nationals was not authorized until March 10, 1928.

The Commissioner of Internal Revenue in computing taxes determined that certain taxpayers who were partnerships were corporations in the purview of the revenue acts, and that certain corporations, due to their title on the records of the Alien Property Custodian, were partnerships, and in some cases partnerships which were dissolved prior to seizure were determined by the Commissioner, from the records as they then stood, as corporations.

In some cases taxes were assessed against persons whom it subsequently developed were not the owners of the property, whereas the actual owners of the property proved that there was no profit or income growing out of the transactions (particularly liquidations) taking place prior and subsequent to seizure, where the Custodian either liquidated or shared in the proceeds of liquidation.

The actual taxpayer and the persons whose money was used to pay erroneous taxes could only secure a day in court by the indulgence of the Custodian as in the cases of Germans, Austrians, and Hungarians; they were not entitled to an accounting until the passage of the settlement of the War Claims Act of March 10, 1928. Had the Custodian known the actual ownership, the Commissioner of Internal Revenue would, undoubtedly, have collected the correct taxes, or, at least, he would have levied taxes against the proper taxpayers even though the taxes were computed improperly.

In other words, the object of this bill is to permit the correction of errors made by the Alien Property Custodian and Commissioner of Internal Revenue which have done great injustices to parties who had no right, whatsoever, to defend themselves during the time the property was in the trusteeship of the United States Government through the Alien Property Custodian and it seems reasonable to ask the Congress to permit the two Government departments to right acts done by them, premised on erroneous knowledge. To empower the correction of these errors will be giving a right and proper account of the trusteeship of the United States with respect to enemy property, which cannot be done without authority of the Congress.

It will be shown by the following letters from the Alien Property Custodian and the Secretary of the Treasury that there is no question as to the merit of the claims and the duty of the Government to correct its admitted errors:

ALIEN PROPERTY CUSTODIAN,
Washington, December 4, 1933.

Hon. FRED M. VINSON,
House of Representatives, Washington, D.C.

MY DEAR CONGRESSMAN: Referring to House bill 6017, amendment to the Trading with the Enemy Act, as amended, which you recently sent me, I beg to advise that the necessity which existed for the passage of the bill, at the time Mr. Harwood, of this office, testified, still exists and will affect only a limited number of claims.

Therefore, I see no reason why this bill should not be passed.

Thanking you for your courtesy, I am,

Very truly yours,

UREY WOODSON,
Alien Property Custodian.

ALIEN PROPERTY CUSTODIAN,
Washington, March 2, 1934.

Hon. R. L. DOUGHTON,
Chairman Committee on Ways and Means,
House of Representatives, Washington, D.C.

DEAR MR. DOUGHTON: In reply to your letter of February 24, with which you enclosed copy of H.R. 4798, introduced by Hon. EMANUEL CELLER, of New York, providing for an amendment to section 24 of the Trading with the Enemy Act, as amended, be advised that the situation which this amendment seeks to relieve has not changed since March 1, 1932. On that date Senator Sutherland, as Alien Property Custodian, wrote you that 48 taxpayers were involved and that the total amount of refund claimed was $370,215.21. Senator Sutherland's letter appears on page 3 of Report No. 2109 to accompany H.R. 6017, submitted by Mr. VINSON of Kentucky, from the Committee on Ways and Means and ordered to be printed on February 24, 1933.

Nothing has since occurred to alter the views of this office and we, therefore, recommend this amendment to the favorable consideration of your committee.

Respectfully,

J. J. GREENLEAF, *General Counsel.*

The letter of Senator Sutherland, former Alien Property Custodian, referred to in the above letter, is as follows:

ALIEN PROPERTY CUSTODIAN,
Washington, March 1, 1932.

Hon. ROBERT L. DOUGHTON,
Chairman Subcommittee on Administrative Provisions,
Washington, D.C.

MY DEAR CONGRESSMAN: In reply to your letter of February 27, 1932, in reference to Mr. CELLER's bill, H.R. 6017, you are advised that this office has filed claims on behalf of 48 taxpayers whose property was seized under the provisions of the Trading with the Enemy Act. These claims cover 77 taxable years, and the amount of refund claimed is $370,215.21. This amount will be greatly reduced by applying against this sum credits for actual taxes due by the rightful taxpayers; in fact, taxes in excess of $100,000 will

be asserted against them, and unpaid taxes for subsequent years, if any, will be offset against the amount refunded.

These taxes were paid by my predecessors in office and were premised on the then record ownership and best obtainable knowledge and were computed by representatives of the Commissioner of Internal Revenue, premised on review of the records of this office.

This legislation is desirable in order that this office may return seized property in compliance with the provisions of the Trading with the Enemy Act, as amended by the Settlement of War Claims Act, and without denying the owners of the seized property any privileges which they would have enjoyed in the matter of erroneously collected taxes had the property not been seized and held in the trusteeship of the Alien Property Custodian during the taxable years for which the Commissioner of Internal Revenue has rejected claims for refund on the ground that the statute of limitations has run against the Alien Property Custodian.

In most cases the representatives of the persons out of whose funds the taxes were paid had no knowledge of the acts of this office until the property was returned under the provisions of the Trading with the Enemy Act, as amended. All claims were filed immediately upon receipt of notice of actual conditions by this office.

For the information of your committee, we attach hereto copies of communications from the Commissioner of Internal Revenue giving his reason for rejecting claims for refund. From these communications it will be noted in many cases that there were no such taxpayers under the revenue laws and that the property in many cases belonged to others than the persons or corporations taxed, and this information came to the Custodian's office after payment of the taxes assessed by the Commissioner of Internal Revenue.

Respectfully,

HOWARD SUTHERLAND,
Alien Property Custodian.

DEPARTMENT OF THE TREASURY,
Washington, May 14, 1934.

Hon. ROBERT L. DOUGHTON,
Chairman Committee on Ways and Means,
House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: Receipt is acknowledged of your letter of April 19, 1934, transmitting a copy of the bill (H.R. 4798) to amend section 24 of the Trading with the Enemy Act, as amended, and requesting a report thereon.

The bill would amend the Trading with the Enemy Act so as to authorize the making or allowance of a credit or refund of any internal-revenue tax erroneously or illegally assessed or collected if claim was filed with the Commissioner of Internal Revenue by the Alien Property Custodian on or before February 15, 1933.

This Department has no objection to offer to the enactment of the bill, provided the amendment be limited to the "credit or refund of any income, war-profits, or excess-profits tax erroneously or illegally assessed or collected" and not be allowed to extend to the "credit or refund of any internal-revenue tax erroneously or illegally assessed or collected." Strong equities exist for extending the period of limitations for filing claim for credit or refund in the case of income and profits taxes, since the taxpayer whose property was seized by the Alien Property Custodian had no way of knowing that income or profits taxes had been paid by the Alien Property Custodian and had no opoprtunity of protecting his rights against the running of the statute of limitations. This is not true, however, as to internal-revenue taxes generally, and for that reason it is believed that there should be no statutory extension of the period of limitation except in the case of income and profits taxes.

Respectfully,

H. MORGENTHAU, Jr.,
Secretary of the Treasury.

It is apparent from the testimony of the representatives of the Treasury Department and of the Alien Property Custodian, that the Commissioner of Internal Revenue took his determination of ownership and the nature of the owners, whether personal, partnership, or corporation, from the records of the Alien Property Custodian. The taxes were paid without the knowledge of the alien, and without possibility for him to know the amount of such tax assessment or payment. In each case the period of limitation, namely, 4 years from the payment of the tax, had run before the Alien Property Custodian or the owner of the property knew that there had been an erroneous or illegal payment of such tax. Immediately upon being properly advised, in each instance, the Alien Property Custodian filed application for credit or refund. In each instance, the application was rejected because it was filed after the expiration of the 4-year period from the payment of the tax. So, in brief, we have the illegal collection of taxes out of property seized and beyond control of its owner, and when the error of the Alien Property Custodian is discovered, the right to his day in court on behalf of the owners of the seized property is barred by technical plea of the statute of limitations.

It is the conclusion of your committee that as a matter of good faith and simple honesty, the bar of the statute of limitations should be raised for the limited number of claimants in order that they may have their day in court. It may be said that Germany did not assess or collect any taxes whatsoever upon the property owned by American nationals and seized by it. It should be stated that while the amount of the claims here involved totals $370,215.21, this amount will be reduced by more than $100,000 on account of taxes legally due from the rightful owners of the seized property. Failure of the claimants to prove the merits of the claims they have made will further materially reduce the amount to be credited or refunded. Further additional taxes due for later years will be assessed against these claimants and the amount thereof will be used to reduce any refunds finally made. This legislation permits a just and honest adjudication of the limited number of claims involved.

The committee amendment limits the refunds and credits to income, war-profits, and excess-profits taxes. No interest will be paid or allowed with respect to such refunds and credits for under the provisions of subsection (e) of the same section no interest is allowed in the ordinary case and these claims would have no superior privilege.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

INVESTIGATION OF OPERATION AND EFFECT OF INTERNAL-REVENUE LAWS

Mr. DOUGHTON. Mr. Speaker, I call up House Resolution 418, and ask unanimous consent for its immediate consideration.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

The Clerk read the resolution, as follows:

House Resolution 418

Resolved, That for the purpose of obtaining information necessary as a basis for legislation the Committee on Ways and Means, as a whole or by subcommittee, is authorized to further conduct an investigation (1) of the operation and effect of the internal-revenue laws of the United States and the existing rules and regulations for the administration thereof, with a view to determining methods of improving and simplifying, and of preventing evasion and avoidance of such laws, and (2) of possible new sources of revenue.

The committee shall report to the House at the earliest practicable date the results of its investigation, including such recommendations for legislation as it deems advisable.

For such purposes the committee, or any subcommittee thereof, is authorized to sit and act during the present Congress at such times and places, in the District of Columbia or elsewhere, whether or not the House is sitting, has recessed, or has adjourned, to hold such hearings, to require the attendance of such witnesses, and the production of such books, papers, and documents, and to take such testimony, as it deems necessary. Subpenas may be issued under the signature of the chairman, and may be served by any person designated by him.

The resolution was agreed to.

A motion to reconsider was laid on the table.

PHILIPPINE CURRENCY RESERVES

Mr. BANKHEAD. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 400 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

House Resolution 400

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of H.R. 9459, a bill relating to Philippine currency reserves on deposit in the United States, 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 1 hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Insular Affairs, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the consideration of the bill for amendment the Committee shall rise and report the bill to the House with such amendments as may have been adopted and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

With the following committee amendment:

On page 1, line 4, strike out "H.R. 9459. A bill" and insert in lieu thereof "S. 3530. An act."

Mr. BANKHEAD. Does the gentleman from Pennsylvania desire any time on the rule?

Mr. RANSLEY. We have a number of gentlemen on this side who desire to speak on this matter.

Mr. BANKHEAD. Does the gentleman desire the usual 30 minutes? I hope he may be able to get along with 20.

Mr. RANSLEY. It is possible that we may be able to do that.

Mr. BANKHEAD. Mr. Speaker, I yield 20 minutes to the gentleman from Pennsylvania [Mr. RANSLEY].

CALL OF THE HOUSE

Mr. McFADDEN. Mr. Speaker, I make the point of order of no quorum.

The SPEAKER pro tempore. The Chair will count. [After counting.] Evidently there is no quorum present.

Mr. BANKHEAD. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 188]

Allgood	Condon	Kvale	Rayburn
Auf der Heide	Cooper, Ohio	Lea, Calif.	Reid, Ill.
Bacharach	Corning	Lee, Mo.	Rich
Bacon	De Priest	Lewis, Md.	Rogers, N.H.
Bailey	Dingell	Lloyd	Romjue
Biermann	Doutrich	McClintic	Scrugham
Boehne	Fernandez	McGugin	Seger
Brennan	Fish	McKeown	Shoemaker
Browning	Fitzpatrick	McLean	Simpson
Buckbee	Ford	McSwain	Sirovich
Bulwinkle	Fuller	Mansfield	Stalker
Burch	Gambrill	Marland	Sullivan
Burke, Calif.	Gifford	Martin, Oreg.	Swank
Burnham	Haines	Monaghan, Mont.	Taylor, Colo.
Cannon, Wis.	Hamilton	Mott	Thurston
Carley	Hart	Muldowney	Wadsworth
Chapman	Harter	Norton	West, Ohio
Chase	Healey	O'Connell	White
Church	Huddleston	Parks	Wood, Ga.
Clark, N.C.	Jeffers	Peavey	Wood, Mo.
Collins, Miss.	Kleberg	Randolph	

The SPEAKER pro tempore. Three hundred and forty-six Members have answered to their names. A quorum is present.

On motion by Mr. BANKHEAD, further proceedings under the call were dispensed with.

Mr. BANKHEAD. Mr. Speaker, before proceeding with a very brief explanation that I shall attempt to make with reference to the provisions of this rule, may I make an appeal, particularly to the Democratic Members of this House, to remain in the Chamber, if it is possible to do so, until we dispose of the legislation that we have on the program this afternoon. I think I am justified in reiterating the sentiment I expressed a few days ago, that the more assiduous we are in attendance upon meetings of the House the sooner is the prospect of our getting through with the program and adjourning this session of Congress.

This is a very simple resolution. It provides for a consideration of the Senate bill 3530, which passed the Senate yesterday. The Senate bill is identical in terms with the bill which was reported out of the House Committee on Insular Affairs with an amendment. It will be recalled that this bill was under consideration here in the House a few days ago under suspension of the rules, but unfortunately it lacked a very few votes of receiving the required two-thirds. I think probably only some 15 votes were lacking in order to give it the required two-thirds majority. So that on the record vote upon the merits of this bill on that occasion it received at the hands of the House approval by something like a majority of 100 votes.

This is a bill of considerable importance evidently in the eyes of the administration and those who are acting with the administration with reference to the fiscal affairs of the Philippine Islands. I think at this time it may be proper for me to read a very brief statement and to direct attention particularly to gentlemen on this side of the Chamber to the following letter from the President of the United States with reference to this proposal. It is addressed to Mr. DOUGHTON, Chairman of the Committee on Ways and Means, and is dated May 7, 1934.

THE WHITE HOUSE,
Washington, May 7, 1934.

HON. ROBERT L. DOUGHTON,
Chairman Committee on Ways and Means,
House of Representatives, Washington, D.C.

DEAR MR. DOUGHTON: With the approval of the United States, the government of the Philippine Islands has for many years maintained in banks in this country the major portion of the currency reserves of its monetary system, and has always considered these deposits the equivalent of a gold reserve.

The effect of my proclamation of January 31, 1934, was not only to reduce, in terms of gold, the value of these currency reserves, but indirectly to devalue, in terms of gold, the entire currency circulation of the Philippine Islands. The United States enjoyed an increase in the value of its currency reserves corresponding to the decrease in the value of the dollar.

As the Philippine currency is interlocked with the United States gold dollar under laws enacted by the United States Congress, it would be equitable to reestablish the Philippine currency reserves on deposit in the United States at their former gold value as of January 31, 1934.

I am advised that H.R. 9459, now under consideration before your committee, is designed to accomplish this purpose. I recommend its enactment.

Very sincerely yours,

FRANKLIN D. ROOSEVELT.

Mr. MAY. Mr. Speaker, will the gentleman yield there?

Mr. BANKHEAD. Will the gentleman allow me to proceed for just a moment, and then I shall be pleased to yield.

In addition to this direct request from the Executive, if you will read the majority report of the committee that reported this bill, you will find it is endorsed very strongly by the Secretary of the Treasury, it is endorsed by the Secretary of War, it is endorsed by the Governor General of the Philippines, and it is endorsed by the Director of the Budget.

Please let there be no confusion with reference to the operation of this bill. As I understand it, this is a transaction not between individuals in the Philippine Islands and individuals in this country, but is a direct transaction, and very largely, I understand, a bookkeeping transaction, between the government of the Philippine Islands as such and the Government of the United States as such; and I have been further advised that from the standpoint of equity the Government of the United States and the Treasury of the United States will not lose any money by virtue of this transaction.

Mr. BEEDY. Mr. Speaker, will the gentleman yield?

Mr. BANKHEAD. I yield to the gentleman from Maine.

Mr. BEEDY. As a member of the committee, I am in entire accord with what the gentleman is saying; and since he has referred to the equities of the situation, I thought perhaps I might be of help if I made this statement. Just before the Executive order of January 31, 1934, devaluing the dollar there had been several requests from officials in the islands that we set aside a sum of gold for them equaling the value of their deposits then in this country as a basis for their circulating medium. We put them off and assured them there was nothing to worry about. Therefore, we had in our gold a sum in excess of what we otherwise would have had; and when we computed our profit, we therefore took an additional profit of $23,000,000 on the gold which they asked us to set aside and earmark for them, and held that profit for ourselves. This bill simply asks that we now give them that profit which they would have had if we had honored their request as they were then entitled to have it honored.

Mr. BANKHEAD. I am very much indebted to the gentleman from Maine for his very clear statement of the merits of the bill.

I now yield to the gentleman from Kentucky.

Mr. MAY. The statement of the gentleman from Maine has, perhaps, answered the question I was going to propound to the gentleman from Alabama. I voted against the bill when it came up 2 or 3 days ago under suspension, upon the idea that it meant we were going to pay out of the Treasury of the United States the sum of approximately $23,000,000, irrespective of the devaluation of the gold dollar. I am not committed on the proposition further than that it looks a little inconsistent to vote one way under suspension and another way on a rule——

Mr. BANKHEAD. I will say for the comfort of my friend from Kentucky——

Mr. MAY. Just a moment. Let me make this further statement. I believe in doing equity as between the Philippines and the United States; and if we are not going to subject the Treasury to any additional loss in order to do this, and if it is just an effort to make good what we have undone by the devaluation of the gold dollar, then I would be inclined to vote for it; and I should like to be informed on that point.

Mr. BANKHEAD. I will say to the gentleman I am not prepared by sufficient knowledge of the details of the bill to

undertake an explanation along that line. It will be presented by the gentleman from Alabama [Mr. McDUFFIE] and others who are familiar with the terms when we come to a discussion of the merits of this bill. We are only now considering whether or not we shall give the House the right to consider this bill under this rule.

As I started to say to the gentleman from Kentucky with reference to his possible discomfiture about being placed in an inconsistent position, that has very frequently occurred to me and to many other Members of the House. I have had the unfortunate experience on many occasions of voting improvidently upon bills about which I had erroneous information, but when I obtained real information as to the merits of the measure I had no difficulty in changing my mind and in changing my vote.

Mr. MAY. Will the gentleman yield just there?

Mr. BANKHEAD. Yes.

Mr. MAY. I vote for nearly all rules on the idea that the Membership of the House is entitled to vote on the measures on their merits.

Mr. BANKHEAD. If the gentleman will vote for the rule, that is all I am interested in just at this time.

Mr. MAY. I almost always vote for rules on the theory I have just stated, but I think a vote for a rule does not preclude a Member from voting either way on the merits of the bill.

Mr. BANKHEAD. Undoubtedly that is a safe position.

Mr. BLANTON. Mr. Speaker, will the gentleman yield?

Mr. BANKHEAD. I yield for a question, because I want to expedite this matter as much as possible.

Mr. BLANTON. I want to ask the gentleman if it is not a fact if we pass this bill that to the amount of money that the Filipinos now have on deposit with us there will be added an additional credit of $23,000,000, approximately?

Mr. BANKHEAD. I would rather some member of the committee answered that question.

Mr. BLANTON. That will be done; in other words, they will have $23,000,000 more than they have now, or we will be giving them $23,000,000 which comes from our taxpayers.

Mr. BANKHEAD. I am going to remit the merits of this case to the argument of its proponents when we go into the Committee of the Whole, if this rule is adopted.

Mr. DUNN. Mr. Speaker, will the gentleman yield to me?

Mr. BANKHEAD. Does the gentleman from Pennsylvania desire some time on the rule?

Mr. DUNN. I was going to ask the gentleman from Texas [Mr. BLANTON] a question, if he will yield.

Mr. BANKHEAD. The gentleman from Texas does not have the floor, I may say to the gentleman from Pennsylvania.

Mr. DUNN. Will the gentleman from Alabama yield?

Mr. BANKHEAD. I yield.

Mr. DUNN. Speaking of the amount of money the Filipinos are going to get from the United States, is it not a very insignificant sum compared with what the United States has got out of the Philippine Islands?

Mr. BANKHEAD. I imagine there is a great deal in that statement, but I do not know what the facts are in reference to it.

Mr. Speaker, this is all I want to say on the rule. The gentleman from Kentucky [Mr. BROWN], who opposed this resolution before, has requested me to yield him 5 minutes. I understand he is in favor of the adoption of the rule.

Mr. BROWN of Kentucky. I may say to the gentleman that I shall have to decline that 5 minutes, because I have decided to vote against the rule, also.

Mr. BANKHEAD. Very well. Then, Mr. Speaker, I shall ask the gentleman from Pennsylvania [Mr. RANSLEY] to use some time.

Mr. RANSLEY. Mr. Speaker, I yield 8 minutes to the gentleman from Kentucky [Mr. BROWN].

Mr. BROWN of Kentucky. Mr. Speaker, the other day in the consideration of this bill the gentleman from Alabama [Mr. McDUFFIE] took occasion to single me out for an attack, which I consider in the nature of a personal attack, in a manner which he had not indulged in toward any other Member of the House.

Heretofore, when other Members have voted against the avowed wishes of the President, when they have voted against the President's program, the gentleman from Alabama did not make a personal attack upon them because they took that side.

The other day, as will be seen on page 11085 of the RECORD, the gentleman from Alabama [Mr. McDUFFIE] said:

> I regret the gentleman from Kentucky [Mr. BROWN] is today joining the gentleman from Pennsylvania [Mr. McFADDEN], who can see no good apparently in any suggestion that might come from any President, whether he be a Democrat or a Republican.

I submit that that statement was eminently unfair, and I do not know of any occasion when a Democratic Member has ever been singled out to link him as trying to embarrass a Democratic President. I have voted for everything in the President's program.

Now, I think the House deserves to know why the gentleman from Alabama made that remark. I am going to have opposition from a sitting Member in my district. I would not have brought the matter up had not the gentleman made that statement, which has gone into the RECORD and which will be read down in my district. I told the gentleman from Alabama the other afternoon that that speech was made for the sole purpose of allowing my opponent to read it down there in the election campaign, and the gentleman from Alabama did not even disclaim an intention of putting these remarks in the RECORD for that purpose.

I do not think the matter of personalities or politics ought to be brought into the consideration of a measure like this. I argued the measured for 2 brief minutes. I mentioned nobody's name. I used some arguments as to why I thought the measure ought not to be adopted, and I shall give those arguments again today. When I walked into our committee room the other day and they said to us that the President wanted this measure, I was immediately willing to vote for the bill. The only thing that caused me to change my course was the fact that I asked a witness over there one question too many. I asked him where the Philippine government got this money and his answer was, from a bond issue floated in the United States. The testimony disclosed that the Philippine government now owes to the people of America $75,000,000. The testimony also disclosed that when they pay that money off, they will pay it with a depreciated dollar, and will make a profit of $30,000,000, and when we add to that this $23,000,000 gift, it makes a total of $53,000,000, and that leaves $22,000,000 that this loan of $75,000,000 of the American people's money will cost the people of the Philippine Islands. I submit to you as a Representative of the taxpayers of Kentucky and of this Nation that I could not sit idly by and watch that thing skid on through.

There is something else that I wish you would read in the hearings. The gentleman from Maine, Mr. BEEDY, following the question asked by me, asked the General who was representing the Philippine attitude on this question, "Did you tell the President when you got that letter that they borrowed the money from the American people?" and the General's answer was, "We did not discuss that question." Sure, they have a letter from the President.

Mr. BEEDY. Mr. Speaker, will the gentleman yield to me, inasmuch as he has mentioned my name?

Mr. BROWN of Kentucky. Yes.

Mr. BEEDY. The gentleman does not think for a moment that his President and mine is so ignorant that he does not know that the $75,000,000 of bonds were sold in this country, does he?

Mr. BROWN of Kentucky. I say it is not a question of the ignorance of the President of the United States, but I merely quote this to show that the War Department at the time of getting this letter did not discuss the question of the debt of the Philippines to the people of the United States. I did not know that they borrowed it from the people of the United States and the gentleman did not know it, or he would not have asked that question.

Mr. BEEDY. Oh, yes; I knew it and everybody in this House knew it.

Mr. BROWN of Kentucky. I submit that you cannot find a half dozen men on the floor of this House who knew that the people of the Philippines borrowed that money from the people of this country and that they still owe it. [Applause.]

Mr. MAY. Mr. Speaker, will the gentleman yield?

Mr. BROWN of Kentucky. I have only 8 minutes, but I yield to the gentleman.

Mr. MAY. I suppose the gentleman will agree that the President of the United States cannot look into every detail and be advised as he has to be. He has to take the word of many people about matters.

Mr. BROWN of Kentucky. I say to you that one of the duties of a Member of this House is to save the President of the United States from some of the things that some of these departments may get him into by getting letters from him. [Applause.] I consider this morning that I am playing the part of a friend of the United States when I exercise my right as a representative here to oppose one of these measures which happens to be brought before the House, and I resent any attempt of any Member to link me with any movement to embarrass the Democratic President of this country, whose program I have supported from beginning to end. [Applause.] This is a matter that is solely up to your sober judgment. If the question cannot be considered upon its merits, if its merits will not convince you that it ought to be voted for, then you ought not to be persuaded by a letter from the President or by a letter from the Secretary of War or by a letter from the Director of the Budget or by a letter from anyone else. It is your duty to vote here on the merits of this bill. When you do that, you will be representing truly the people who sent you here. [Applause.]

Mr. WEIDEMAN. Mr. Speaker, will the gentleman yield?

Mr. BROWN of Kentucky. Yes.

Mr. WEIDEMAN. Inasmuch as the gentleman from Kentucky and I engaged in a controversy on one occasion, I take this occasion to say to the Members of the House that I consider the gentleman from Kentucky [Mr. BROWN] one of the most vigorous and attentive and able Members of the House. We have disagreed some on questions of policy, but I think he is one of the ablest Representatives from the State of Kentucky.

Mr. BROWN of Kentucky. I appreciate the gentleman's statement.

Mr. FLANNAGAN. Mr. Speaker, will the gentleman yield?

Mr. BROWN of Kentucky. Yes.

Mr. FLANNAGAN. I should like to know if the money that the Philippine government has here in the United States was kept here as a sinking fund to retire the bonds?

Mr. BROWN of Kentucky. It was not kept as a sinking fund to retire the bonds. The record will show that they kept this money in the Philippine Islands up until 1919; that is, in their banks over there. Also, their banks dissipated their funds, and it was after that that they started keeping the funds in the United States, it is true, with the encouragement of the War Department, but for the safety of their own funds.

The SPEAKER. The time of the gentleman from Kentucky has expired.

Mr. RANSLEY. Mr. Speaker, I yield 10 minutes to the gentleman from Pennsylvania [Mr. McFADDEN].

Mr. McFADDEN. Mr. Speaker, this bill was defeated on the floor of the House the other day when it was brought in under suspension of the rules, and now again we find a special rule issued for the purpose of forcing the legislation through the House.

Mr. BANKHEAD. Mr. Speaker, will the gentleman yield?

Mr. McFADDEN. I am sorry but I cannot at this point. The bill proposes:

> That the Secretary of the Treasury is authorized and directed, when the funds therefor are made available, to establish on the books of the Treasury a credit in favor of the Treasury of the Philippine Islands for $23,862,750.78, being an amount equal to the increase in value (resulting from the reduction of the weight of the gold dollar) of the gold equivalent at the opening of business on January 31, 1934, of the balances maintained at that time in banks in the continental United States by the government of the Philippine Islands.

I call the attention of the House to the fact that this was a book credit. Money was deposited and held then and is now in certain banks in this country and was not and is not now in the United States Treasury. There was no gold shipped here from the Philippines to establish that credit. As the gentleman from Kentucky [Mr. BROWN] has so well said, the proceeds of money were derived from the loans from borrowing in the United States and from interest paid by the banks upon those funds. Under the act entered into March 2, 1903, which established the ratio of the Philippine money to the United States money, it was on the basis of ₱2 for $1.

I have just received information from the Bureau of Insular Affairs that that same ratio is maintained since we have revalued the dollar. There are ₱2 now for 1 of the new American dollars; our new dollar is no longer redeemable in gold. What is the net result of this bill, if it is passed? On the books of whatever banks in which these funds are held, or in the Treasury of the United States, as deposits, the book balance due the Philippine government upon their deposits is increased by $23,862,000. I ask you whether that will not permit the purchase of ₱2 for every present American dollar, just as it did before? The net result is, if this bill is passed, we are making an outright gift to the Philippines, simply because the Philippines were trying to force the United States for the last 2 or 3 years to earmark some of their balances in gold coin for some purpose or other and because, until the value of the dollar was changed in the United States, we had refused to do that. And this puts no obligation upon us to give them gold now or to give their bank account a credit of $23,000,000. Let me show you how far they went in that connection to force us to give them these millions. I quote from the majority report on this bill. On June 29 the Governor General of the Philippine Islands officially requested—and bear in mind what he says—representing the demand of the Philippines:

> There will be, however, no necessity for withdrawing the above-mentioned deposits from the present depository banks at this time, if it is possible to obtain Government assurance that conversion into gold of the standard existing, as above outlined, may be made at a later date.

There was a threat on the part of the Philippines to withdraw those deposits from the United States if the Treasury did not agree to this scheme of making them a present of $23,000,000, money now in our Treasury which belongs to the taxpayers of the United States and to the people of the United States.

There is no more basis for this present than there would be to pay to any foreign country who had money on deposit in the United States when our dollar was changed, and there were many such cases.

I was surprised that our officials would be inveigled into the embarrassing position which has resulted in presenting this particular measure to the Congress for ratification at this time. They had no right to enter into any such agreement as they have entered into, as indicated by this bill.

Mr. MAY. Will the gentleman yield?

Mr. McFADDEN. I yield.

Mr. MAY. If the Treasury is authorized under this bill to set up a credit on the books of the Philippine treasury of $23,750,000, is there any way to get that credit off except by paying it in taxes or money recovered?

Mr. McFADDEN. No; there is not now. If the Filipinos want to do this, they can buy ₱46,000,000 with that money, which is today's rate of exchange value, which will discharge $46,000,000 worth of bills or other obligations in the Philippine Islands, whereas with $23,000,000 of their own money today they could only discharge $23,000,000 worth of bills or other obligations. It just doubles their capacity to settle bills in their own country, and, of course, if they use

this $23,000,000 to pay their debts or bonds in this country it will pay $23,000,000 worth of debts or bonds.

Mr. SNELL. Will the gentleman yield?

Mr. McFADDEN. I yield.

Mr. SNELL. Are the Philippine bonds that were sold in the United States payable in gold?

Mr. McFADDEN. They are.

Mr. SNELL. What is the situation if they should pay any of them at the present time?

Mr. McFADDEN. The situation would be that if the Philippines were to pay off all of their bonds today, amounting to $75,000,000, they would do it with $40,000,000 under the new devalued dollar.

Mr. SNELL. And what would be the situation if we pass this bill giving them $23,000,000, if we should go back on the gold basis in the next 8 or 10 years? What would be the situation then?

Mr. McFADDEN. It would still be a present to the Philippines.

Mr. SNELL. There would be no way of getting it back?

Mr. McFADDEN. There would be no way whatever of getting it back. It is a closed issue.

Mr. BLANTON. Will the gentleman yield?

Mr. McFADDEN. I yield.

Mr. BLANTON. It is asserted that this is just a book transaction. Is it not a fact that, if we pass this bill, it means taking $23,000,000 of tax money and crediting it to the Filipino people?

Mr. McFADDEN. It is just nothing else than, if your bank account stands at $10,000,000 today, and which I hope it does, and this additional deposit is made to it by the United States Treasury, tomorrow your balance will be $33,000,000; and you could check against it just as the Philippines could do.

Mr. BLANTON. And we would have to tax the American people for that $23,000,000 to pay it?

Mr. McFADDEN. The gentleman is quite right in that respect. This $23,000,000 gift comes out of the United States Treasury.

Here is another angle that I want to call attention to. We have a concrete example at this time of the amount of money that is due Panama, a situation quite similar to that of the Philippine Islands, $450,000 annual payment, payable in gold of the old standard, which the Panaman Government has refused to accept in the new dollar and is demanding payment in gold on the old basis. That matter is now in the courts. There are other cases where obligations, not only represented by our own money but represented in the form of our bonds and other contracts that are payable in gold of the old standard, are held in continental European countries. They are deliberating now as to whether or not they are going to demand payment of those obligations on the old gold basis. They are watching these legal attempts that are being made. We do not now know what may be the ultimate decision in regard to these outstanding contracts.

There is another case in the St. Louis courts in connection with one of the southwestern railroads where their bonds are maturing and this same question is raised. Some of those bonds are held abroad and they are likewise payable in the old gold standard. The bondholders are demanding that those bonds shall be paid at the old gold rate. These matters will be affected by a decision like this. This may be a very dangerous precedent. It is preposterous to think of making this gift of money to the Philippine government.

Mr. REED of New York. Mr. Speaker, will the gentleman yield?

Mr. McFADDEN. I yield.

Mr. REED of New York. If the power to reduce the gold content of the dollar is again exercised, as it can be, then they will be back here again, will they not?

Mr. McFADDEN. The gentleman is quite right. If the gold content is again reduced in accord with the power now in the hands of the President, of course, another present would be in order. It establishes a precedent, a dangerous precedent. Anyone in the United States engaged in the administration of this experimental change in gold and its values and relationships in exchanges and transactions with all the countries of the world should know that to establish this precedent is a dangerous thing to do.

Mr. FIESINGER. Mr. Speaker, will the gentleman yield?

Mr. McFADDEN. I yield.

Mr. FIESINGER. Has the gentleman any information as to how the price level in the Philippine Islands has been affected?

Mr. McFADDEN. No; I am sorry to say I have not.

Mr. FIESINGER. The theory is that it has depreciated their currencies and raised their price level. What are the facts with reference to that?

Mr. McFADDEN. The gentleman is a student of this subject and I presume he is correct. I am sorry that my time has expired.

[Here the gavel fell.]

Mr. RANSLEY. Mr. Speaker, I yield 5 minutes to the gentleman from Texas [Mr. BLANTON].

Mr. BLANTON. Mr. Speaker, if this were a part of our President's economic program for the recovery of this country, I would go along with him unhesitatingly. If the President said he needed this bill passed as a part of his recovery program, I would shut my eyes and vote for it and for anything of that kind that he told us he needed. But this is not that kind of a measure.

Under the Constitution of the United States you and I are made custodians of the Treasury of the people, not the President. There is not a dollar that can be taken out of the people's Treasury except by your vote and mine; the President cannot take it out. The Constitution has fixed it this way, and our constituents back home are relying upon us to protect their Treasury; so you cannot unload your responsibility to the people by saying that the President has recommended it.

What about the United States gold bonds that the people of the United States hold? Is there any effort here to make good their losses by reason of the devaluation of gold? Every American holder of a United States gold bond has to stand up to the lick log and take his medicine. He must bear his loss. Are you going to do this for the Filipinos and not do it for the American citizens in your district and mine?

Mr. McDUFFIE. Mr. Speaker, will the gentleman yield?

Mr. BLANTON. If the gentleman will yield me some more time, I will answer every question he asks me.

Mr. McDUFFIE. I will yield the gentleman more minutes.

Mr. BLANTON. How much?

Mr. McDUFFIE. I will yield when we take up the consideration of the bill.

Mr. BLANTON. I want it on the rule. It is this rule that makes this bill in order. I am sorry; I cannot yield. There is no man here who thinks more of my friend from Alabama [Mr. McDUFFIE] than I do, and he knows it. I have followed him in many fights, but I am not following him in this one.

Now, this is a question we Members of Congress must determine for ourselves. It is unthinkable, of course, because he would not do it, but suppose the President were to recommend to us that we cancel all the foreign debts.

Mr. KELLER. He would not do it.

Mr. BLANTON. Of course, he would not do it. But for the purposes of argument, suppose he were to do it; would the gentleman go along with him? Why, no. Would not the gentleman from Alabama think for himself on that proposition? I would. That is one matter about which I am unalterably determined, the noncancelation of any foreign debt.

Now, my friend the gentleman from Alabama [Mr. BANKHEAD] said that it lacked the other day just a few votes of passing. A change of 34 votes would have given a majority against it. I want to tell you something: If you pass this bill, it is going to cost your taxpayers and mine back at home $23,000,000 in spot cash. That is what it will cost. If this bill is passed, you will have to add to the deposits of the Filipinos the sum of $23,000,000 more than they have

now, and tomorrow they could withdraw it all from the United States. If tomorrow they did withdraw it from the United States, you would have to tax the American people to raise this gift of $23,000,000 you are giving them. This is inescapable; it is a fact that proponents cannot deny.

If every man here who voted against this measure the other day will vote against it today and if we can get 34 Members to change their votes and come with us, we will defeat this bill. That is all we need; if all of you who voted against it the other day will vote against it today and if we can get 34 of the Members who went along with the suspension the other day, we will beat this bill, and we will save for the taxpayers, who are already overburdened, this $23,000,000. Are you not in favor of it, Fred? Are you not in favor of it, Doctor? Why, of course you are. You could not go back to Illinois and Iowa and face those people in their want if you voted to take $23,000,000 of their tax money and give it as a Christmas present to the Filipinos.

Mr. MAY. Mr. Speaker, will the gentleman yield?

Mr. BLANTON. Certainly, to my good friend from Kentucky.

Mr. MAY. The gentleman, being a very able and experienced lawyer, knows the danger of establishing precedents. I wish the gentleman would discuss this bill from that viewpoint.

Mr. BLANTON. Oh, all of us know the bad precedent it would establish. If you are going to give this $23,000,000 to the Filipinos, and if you are square and honest, ultimately you will have to make it good to every government and corporation and individual who suffered a loss by reason of the devaluation of our gold.

(Here the gavel fell.)

Mr. RANSLEY. Mr. Speaker, I yield five additional minutes to the gentleman from Texas [Mr. BLANTON].

Mr. BEEDY. Mr. Speaker, will the gentleman yield?

Mr. BLANTON. My friend, the gentleman from Maine, is usually such an able legislator and a man usually of such splendid judgment that I am surprised he has gone off now. [Laughter.] I yield to the gentleman.

Mr. BEEDY. Mr. Speaker, as I recollect, the gentleman said he was unalterably opposed to the cancelation of any foreign debts.

Mr. BLANTON. Yes; certainly, I am; is not the gentleman?

Mr. BEEDY. Did you vote for the devaluation of the gold dollar?

Mr. BLANTON. Certainly, I did. I went along with the President as it was a part of his economic policy, and a part of his recovery program. [Applause.]

On every part of his economic program for recovery, I have gone along with the President.

Mr. BEEDY. Exactly; and by that action the gentleman voted to cut the foreign debts by 40 cents on every dollar.

Mr. BLANTON. No; that is a mistaken idea entirely. And some day, we are going to make them pay.

Mr. BEEDY. I want to say——

Mr. BLANTON. I decline to yield further. I have only a few minutes, and the gentleman from Maine is in control of some time, and can use his own time.

Mr. Speaker, I still have an abiding faith that great Great Britain, regardless of the times that the gentleman from Illinois [Mr. BRITTEN] has twisted the lion's tail, will pay her debt to us some day in full. I have an abiding faith that some of these days the inherent honesty in the British breast will rise up and require her Parliament to pay every dollar that Great Britain owes us, and this, in spite of the Bolsheviks over there who are now in control of her legislative body.

Mr. FIESINGER. Will the gentleman yield?

Mr. BLANTON. I yield to the gentleman from Ohio.

Mr. FIESINGER. When those dollars were placed in the banks by the Philippine government, gold was worth $20.67 an ounce. Gold is now worth $35 an ounce, and the United States Government must maintain that price?

Mr. BLANTON. I will answer that in a moment.

Mr. FIESINGER. There is no loss of gold because we have increased the price.

Mr. BLANTON. May I tell the gentleman another thing. The Filipinos got this money by selling their bonds here. They can always find a ready market among the Americans for their bonds. Those bonds are outstanding at the present time, and when they pay them they will pay with the depreciated dollar. They will get at least a net profit of $30,000,000 by the transaction. You gentlemen overlook that feature.

Mr. MAY. Will the gentleman yield?

Mr. BLANTON. May I say to the gentleman that I like to throw my flowers while the man is living. I consider the gentleman from Kentucky [Mr. MAY] one of the ablest men on this floor and I do not believe that the sophistry of the Chairman of the Rules Committee is going to lead him astray on this issue. I yield to the gentleman from Kentucky.

Mr. MAY. As Democrats, I think it is our position to see that the President is not led into a mistake by admitting that the devaluation of the gold dollar was wrong.

Mr. BLANTON. Certainly.

Mr. MAY. If we are asked to do equity as between the United States Treasury and the Philippine treasury, we will be asked to do equity between the bondholders that hold gold bonds in this country and the Government.

Mr. BLANTON. Yes. The remains of one of the greatest Presidents of this Nation is now lying here in the Washington Cathedral because of the disloyalty of his friends. Do not let that happen to the present President of the United States. There are men daily besieging him down there in the White House, when he has serious problems of state confronting him, asking him to do this, that, and the other thing, for instance, to pay out $12,000,000 more to Minnesota on a debt that has already been paid. They are just simply overcoming him with these many insistent importunities. I want to say that it takes men with backbone in this House to stand up and protect the President from some of his own friends, and to protect the Treasury and the taxpayers of this Nation from such assaults for money. [Applause.]

[Here the gavel fell.]

Mr. BANKHEAD. Mr. Speaker, I yield 5 minutes to the gentleman from Texas [Mr. THOMPSON].

Mr. THOMPSON of Texas. Mr. Speaker, this bill is very simple, if you consider only the facts involved in it, but we have gone far afield and are considering personalities and everything else except facts.

May I make just one observation. The gentleman who has just preceded me said that he believed in the Government paying its obligations. Yet he stands up here and tells us not to pay the obligation that this Government owes to the dependent Philippine government. The two statements are somewhat out of balance somewhere.

Mr. O'MALLEY. Will the gentleman yield?

Mr. THOMPSON of Texas. I yield to the gentleman from Wisconsin.

Mr. O'MALLEY. If we owe the Philippines in money the difference that is supposed to be represented by the bill, if we pass the bill is it not an admission that the President's gold-devaluation proposition was dishonest and deprived everybody of the same amount of money?

Mr. THOMPSON of Texas. No; for the reason that this is the only case where there is an interlocking currency system involved.

The gentleman who spoke against the rule a few minutes ago called to mind the fact that the Philippine peso is still on a parity with the American 50-cent piece—two for one with the American dollar. That is true until the time comes when we issue more currency against the appreciated gold which we now have in our Treasury, and we expect and the world expects the Philippine peso to keep pace with us. They are then no longer in possession of the full amount of gold reserve which they should have to keep their system in balance with ours; therefore their currency system becomes out of balance with ours.

Mr. O'MALLEY. Does the gentleman believe that the Filipinos have lost anything through the devaluation policy?

Mr. THOMPSON of Texas. Not until that time comes, except on the world market. On the world market they will, as soon as the world realizes that the full amount of gold is no longer back of their currency. As a matter of fact, this is already taking place; the peso is not worth 50 cents on the world market today.

Mr. O'MALLEY. When will that be? They have not sustained any loss now?

Mr. THOMPSON of Texas. That is going on now.

Mr. O'MALLEY. Yet we are going to give them $23,000,000 to make up this so-called "loss."

Mr. GREEN. Will the gentleman yield?

Mr. THOMPSON of Texas. I yield to the gentleman from Florida.

Mr. GREEN. Is it not a matter of the Federal Government upholding its integrity with the Philippine people? Is this bill not a matter of the Federal Government upholding its integrity with the Filipino people?

Mr. THOMPSON of Texas. Yes; absolutely.

In the act of 1903 passed by this Congress their monetary system was forced to be in balance with ours. All through history we have kept it in balance, and it now has come to a time when the President of the United States has asked you to pass this bill in order to keep faith with the Philippine people.

I do not subscribe to the assertion that the President of the United States does not know what he is talking about. If he did not know what he was talking about, certainly the Secretary of the Treasury would have set him straight. If he did not see the point, certainly the Secretary of War would have seen it; and if all of them missed the point, certainly the Director of the Budget would have seen the point and would have stopped the negotiations then going on and so informed the President.

Mr. O'MALLEY. Mr. Speaker, will the gentleman yield?

Mr. THOMPSON of Texas. Yes.

Mr. O'MALLEY. The Filipinos, as I have tried to get across here, have suffered no loss yet upon our gold devaluation policy. The passage of this bill would supply them with a $23,000,000 credit for the possibility of a future loss if we inflate. Does the gentleman think we are going to inflate the currency against the gold we gained by devaluation and does the gentleman think we ought to establish a precedent of appropriating $23,000,000 for a future loss of the Filipino people?

Mr. THOMPSON of Texas. I think when this Government has agreed to maintain an equity between our monetary system and the Philippine monetary system, we should, whenever we are called upon by the administration which dictates the policies of the Government, establish that equity.

Mr. O'MALLEY. But they have not lost anything.

Mrs. McCARTHY. Mr. Speaker, will the gentleman yield?

Mr. THOMPSON of Texas. I yield to the gentlewoman from Kansas.

Mrs. McCARTHY. If we pass this bill now and the President should put a higher price on an ounce of gold, which he has the authority to do under the act passed by this Congress, and he places that price of gold at, say, $41, which is the limit, instead of the present value of $35, then will the gentleman come in here with another bill and ask us to make another appropriation for the benefit of the Philippine Islands?

[Here the gavel fell.]

Mr. BANKHEAD. Mr. Speaker, I yield the gentleman from Texas 1 additional minute.

Mr. THOMPSON of Texas. Yes; I may say to you now and if I am here at the time I shall say to you then, when this Government owes an honest obligation I shall expect the Government to pay it, just as I expect the other governments to pay us ultimately.

Mrs. McCARTHY. Then we may have a series of bills involving this kind of legislation.

Mr. BRITTEN. Mr. Speaker, will the gentleman yield?

Mr. THOMPSON of Texas. I yield to the gentleman from Illinois.

Mr. BRITTEN. Does the gentleman agree with previous speakers that if this bill is passed we will be granting to the Filipinos a preference which we have refused to give to the American people themselves?

Mr. THOMPSON of Texas. Certainly not. There is absolutely no comparison between the Philippine government and the individuals in America. This is a matter between governments and not between individuals.

Mr. BRITTEN. But does not the gentleman believe the American Government has a responsibility to pay its gold bonds held by American citizens at this new value, just as you are aiming to make the Filipino a preferred creditor?

[Here the gavel fell.]

Mr. THOMPSON of Texas. I shall answer the gentleman in the later discussion on the bill itself.

Mr. BANKHEAD. Mr. Speaker, I ask your attention for just a moment. I want the House to bear in mind that this discussion we have had so far relates to the proposition of whether or not you will adopt the resolution now pending, which is to give the House an opportunity to pass upon the merits of this measure.

There have been injected into this debate, upon the consideration of the rule, some matters that really do not tend to throw any real light upon the merits of the controversy. The gentleman from Texas [Mr. BLANTON] made reference to the fact that he hoped the gentleman from Kentucky [Mr. MAY] would not be misled by any of the sophistry in which I indulged in presenting this resolution. [Laughter.] Well, I do not know what the gentleman's definition of sophistry is. I did not undertake to make any arguments that would subject me, as I understand it, to that criticism. I merely undertook to present to the House the reasons for the proposal of this rule. I merely attempted to set out that here is an administration measure endorsed by every executive of the Democratic administration that is interested in a proper administration of its fiscal and international affairs, and I merely urged the Members of this House to adopt this resolution, which is an open rule, in order to give the Membership an opportunity to hear the bill discussed upon its merits and then to register their votes.

I am somewhat surprised at my friend who has charged me with sophistry in connection with this matter upon the very peculiar argument he has made here.

Mr. BLANTON rose.

Mr. BANKHEAD. In just a moment; let us follow this matter a moment.

Mr. BLANTON. I want to show the gentleman what the sophistry was.

Mr. BANKHEAD. If the gentleman cannot throw any more light on it than he did in his previous statement, I do not think he will help us very much. [Laughter.]

Mr. BLANTON. Will the gentleman yield for a question?

Mr. BANKHEAD. No; I want to make some comments on the gentleman's attitude with reference to the measure and with reference to the administration.

The gentleman admitted here a few moments ago that on the great question of devaluation of gold and other fiscal policies of the Government of the United States, when they were sent up here he just closed his eyes and voted blindly to follow the President of the United States. Well, we are all glad to see that type of loyalty to the President of the United States. [Laughter.] It is very refreshing to us, and it is very stimulating and inspiring to those of us who attempt to assume, very largely, a similar attitude with reference to the President's recommendations, but I want to say to the gentleman from Texas and to those, particularly, on this side who have spoken upon this question, that, in my opinion, you do no credit to the President of the United States when you take your place here upon the floor of this House and say that on a question of this grave importance, affecting what the President of the United States conceives to be the doing of a matter of equity to our dependent wards in the Pacific Ocean—and the Philippine Islands were our wards at that time—to say that the President of the United States, recognizing the dignity and the responsibility of undertaking to settle this distressing claim or counterclaim between the Philippines and the United States, was so overreached by those who were making recommendations to him, that he had so many other matters of tremendous domestic

and international importance to consider, that a mere trifling detail involving our relations with the Philippine Islands that he did not know what he was talking about when he sent this solemn message to the Congress of the United States urging the adoption of this resolution. [Applause.]

Is this the attitude the gentleman from Texas is willing to assume before the people of this country—that our President, a man who is charged with the solemn responsibility of making recommendations to the Congress of the United States on a matter of this tremendous importance, was asleep at the switch and he did not have enough consciousness of the importance and dignity of this matter to give it any consideration but simply stenciled and stamped some suggestions his subordinates had made to him? I say to the gentleman from Texas he does no credit to his President and to the President of all the people when he makes an insinuating suggestion of that sort with reference to the President of the United States. [Applause.]

Mr. BLANTON. Mr. Speaker, will the gentleman yield now?

Mr. BANKHEAD. Yes; I yield to the gentleman from Texas if he will not engage in sophistry. [Laughter.]

Mr. BLANTON. Does the gentleman take the position that Presidents—all of our Presidents—have been so big that they could not be persuaded by their friends?

Mr. BANKHEAD. By what friends does the gentleman think the President was persuaded here?

Mr. BLANTON. Friends like CARROLL BEEDY, of Maine [laughter], who has been to the Philippines and has strong Philippine friendships over there. Friends like our distinguished Chairman of the Rules Committee [Mr. BANKHEAD], who has persuaded me many times. I have followed him lots of times when at the moment I thought maybe his judgment was better than mine.

Mr. BANKHEAD. Well, I hope the gentleman, even by a death-bed repentance, will pursue that same sort of attitude with reference to this matter. [Laughter and applause.]

Mr. BLANTON. Sometimes I found out afterward I should not have followed him. [Laughter.]

Mr. BANKHEAD. The Chairman of the Rules Committee claims no infallibility. I will say to the gentleman from Texas that I do not for a moment propose to suggest that my poor qualities of mind are equal to his in reaching fair and just and righteous conclusions on these propositions. The Committee on Rules was presented with a request coming from the legislative committee charged with the responsibility of considering and reporting this measure, and we merely brought out a rule, as we were requested to do, in order to give this House an opportunity to consider the merits of a suggestion made calmly and deliberately by the President of the United States and all of his subordinates.

That is all I am assuming to do. I am not passing judgment on the merits of this proposition. You gentlemen are entitled to full discussion. I want some of the misstatements that have been made cleared up. I am sure they will be when the bill comes up for consideration. As far as I know, the gentlemen on the committee have no personal interest in this matter. This was a proposition, as I have suggested, sent to them by the Democratic administration for a favorable report, and submitted to the calm judgment of this House. I, for one, do not believe that Franklin D. Roosevelt, in consideration of a matter of this great dignity and importance, involving, as it does, the doing of a large thing in equity for a dependent people, would have sent this to Congress with his earnest endorsement and recommendation for the passage of this bill, unless he knew what he was doing. I hope gentlemen on my side of the aisle will vote for the rule and give us an opportunity to consider the bill on its merits.

Mr. Speaker, I move the previous question.

The previous question was ordered.

The amendment to the rule was agreed to.

The SPEAKER. The question is on the adoption of the resolution as amended.

The question was taken; and on a division (demanded by Mr. BLANTON and Mr. MARTIN of Massachusetts) there were 98 ayes and 65 noes.

Mr. BLANTON. I make the point of order, Mr. Speaker, that there is no quorum present, and I object to the vote on that ground.

The SPEAKER. The call is automatic. The Doorkeeper will close the doors, the Sergeant at Arms will notify absent Members, and the Clerk will call the roll.

The question was taken; and there were—yeas 208, nays 134, answered "present" 1, not voting 86, as follows:

[Roll No. 189]

YEAS—208

Abernethy	Dies	Kerr	Robertson
Adair	Dingell	Kocialkowski	Rogers, Okla.
Adams	Dirksen	Kramer	Romjue
Arnold	Dockweiler	Lambeth	Rudd
Ayres, Kans.	Dondero	Lanham	Ruffin
Bakewell	Doughton	Lanzetta	Sadowski
Bankhead	Douglass	Larrabee	Sanders, La.
Beam	Doxey	Lea, Calif.	Sanders, Tex.
Beedy	Driver	Lehr	Sandlin
Berlin	Duncan, Mo.	Lewis, Colo.	Schulte
Biermann	Dunn	Lewis, Md.	Sears
Black	Durgan, Ind.	Lloyd	Secrest
Bland	Eagle	Lozier	Shallenberger
Bloom	Edmiston	Luce	Shannon
Boland	Eicher	Ludlow	Sisson
Boylan	Farley	Lundeen	Smith, Va.
Brooks	Fitzgibbons	McCormack	Smith, W.Va.
Brown, Ga.	Flannagan	McDuffie	Snyder
Buchanan	Frear	McFarlane	Somers, N.Y.
Buck	Fuller	McGrath	Spence
Burch	Fulmer	McGugin	Steagall
Byrns	Gasque	McReynolds	Studley
Caldwell	Gavagan	McSwain	Sutphin
Cannon, Mo.	Gillespie	Maloney, Conn.	Tarver
Carden, Ky.	Gillette	Maloney, La.	Taylor, Colo.
Carmichael	Goldsborough	Mansfield	Taylor, S.C.
Cartwright	Granfield	Martin, Colo.	Terry, Ark.
Castellow	Gray	May	Thom
Celler	Green	Mead	Thomason
Chapman	Greenwood	Miller	Thompson, Ill.
Chavez	Gregory	Mitchell	Thompson, Tex.
Cochran, Mo.	Griswold	Monaghan, Mont.	Turner
Colden	Hancock, N.C.	Montague	Umstead
Cole	Harlan	Montet	Underwood
Colmer	Hastings	O'Connor	Utterback
Connery	Henney	Oliver, Ala.	Vinson, Ga.
Cooper, Tenn.	Hildebrandt	Oliver, N.Y.	Vinson, Ky.
Cox	Hill, Ala.	Owen	Walter
Cravens	Hoeppel	Palmisano	Warren
Crosby	Hoidale	Parker	Wearin
Cross, Tex.	Howard	Patman	Weaver
Crosser, Ohio	Hughes	Peterson	Welch
Crowe	Imhoff	Pettengill	Werner
Crump	Jacobsen	Peyser	West, Tex.
Cullen	Johnson, Okla.	Polk	Whittington
Darden	Johnson, Tex.	Prall	Wilcox
Dear	Johnson, W.Va.	Ramsay	Willford
Deen	Jones	Ramspeck	Williams
Delaney	Kee	Rankin	Wilson
DeRouen	Keller	Rayburn	Wolcott
Dickinson	Kennedy, Md.	Reilly	Wood, Mo.
Dickstein	Kenney	Richardson	Zioncheck

NAYS—134

Allen	Dowell	Kelly, Pa.	Reece
Andrew, Mass.	Drewry	Kinzer	Reed, N.Y.
Andrews, N.Y.	Duffey	Kloeb	Rogers, Mass.
Arens	Eaton	Kniffin	Schaefer
Ayers, Mont.	Edmonds	Knutson	Schuetz
Beck	Ellzey, Miss.	Kurtz	Sinclair
Beiter	Eltse, Calif.	Lambertson	Snell
Blanchard	Englebright	Lamneck	Stokes
Blanton	Evans	Lehlbach	Strong, Pa.
Boileau	Faddis	Lemke	Strong, Tex.
Bolton	Fiesinger	Lesinski	Stubbs
Britten	Fletcher	McCarthy	Sweeney
Brown, Ky.	Focht	McFadden	Swick
Brunner	Foss	McLeod	Taber
Burke, Nebr.	Gilchrist	Mapes	Taylor, Tenn.
Burnham	Glover	Martin, Mass.	Terrell, Tex.
Busby	Goodwin	Martin, Oreg.	Thomas
Cady	Greenway	Meeks	Tinkham
Carpenter, Kans.	Guyer	Merritt	Tobey
Carter, Calif.	Hancock, N.Y.	Millard	Treadway
Carter, Wyo.	Hart	Moran	Truax
Cavicchia	Hartley	Morehead	Turpin
Christianson	Hess	Mott	Waldron
Clarke, N.Y.	Higgins	Moynihan, Ill.	Wallgren
Cochran, Pa.	Hill, Knute	Murdock	Weideman
Collins, Calif.	Hill, Samuel B.	Musselwhite	Whitley
Connolly	Hollister	O'Brien	Withrow
Crowther	Holmes	O'Malley	Wolfenden
Culkin	Hope	Parsons	Wolverton
Cummings	James	Perkins	Wood, Ga.
Darrow	Jenkins, Ohio	Pierce	Woodruff
Ditter	Johnson, Minn.	Plumley	Young
Dobbins	Kahn	Powers	
Doutrich	Kelly, Ill.	Ransley	

ANSWERED "PRESENT"—1

Ellenbogen

NOT VOTING—86

Allgood	Cooper, Ohio	Kleberg	Robinson
Auf der Heide	Corning	Kopplemann	Rogers, N.H.
Bacharach	De Priest	Kvale	Sabath
Bacon	Disney	Lee, Mo.	Scrugham
Bailey	Fernandez	Lindsay	Seger
Boehne	Fish	McClintic	Shoemaker
Brennan	Fitzpatrick	McKeown	Simpson
Brown, Mich.	Ford	McLean	Sirovich
Browning	Foulkes	McMillan	Smith, Wash.
Buckbee	Frey	Marland	Stalker
Bulwinkle	Gambrill	Marshall	Sullivan
Burke, Calif.	Gifford	Milligan	Sumners, Tex.
Cannon, Wis.	Goss	Muldowney	Swank
Carley, N.Y.	Griffin	Nesbit	Thurston
Carpenter, Nebr.	Haines	Norton	Traeger
Cary	Hamilton	O'Connell	Wadsworth
Chase	Harter	Parks	West, Ohio
Church	Healey	Peavey	White
Claiborne	Huddleston	Randolph	Wigglesworth
Clark, N.C.	Jeffers	Ried, Ill.	Woodrum
Collins, Miss.	Jenckes, Ind.	Rich	
Condon	Kennedy, N.Y.	Richards	

So the resolution was agreed to.

The following pairs were announced:

On the vote:

Mrs. Jenckes of Indiana (for) with Mr. Marshall (against).
Mr. Corning (for) with Mr. Simpson (against).
Mr. Randolph (for) with Mr. Bacharach (against).
Mr. McMillan (for) with Mr. Rich (against).
Mr. Richards (for) with Mr. Chase (against).
Mr. Lee of Missouri (for) with Mr. Fish (against).
Mr. Healey (for) with Mr. Buckbee (against).
Mr. Fitzpatrick (for) with Mr. Cooper of Ohio (against).
Mr. Woodrum (for) with Mr. Bacon (against).
Mr. Claiborne (for) with Mr. Peavey (against).
Mr. Kennedy of New York (for) with Mr. Cannon of Wisconsin (against).
Mr. Lindsay (for) with Mr. Gifford (against).
Mr. West of Ohio (for) with Mr. Wigglesworth (against).
Mr. Condon (for) with Mr. McLean (against).
Mr. Gambrill (for) with Mr. Goss (against).
Mr. O'Connell (for) with Mr. Seger (against).

Until further notice:

Mr. Sumners of Texas with Mr. Wadsworth.
Mr. Milligan with Mr. Traeger.
Mr. Griffin with Mr. Reid of Illinois.
Mr. Huddleston with Mr. Thurston.
Mr. Parks with Mr. Stalker.
Mr. Swank with Mr. Muldowney.
Mr. McKeown with Mr. Kvale.
Mr. Shoemaker with Mr. DePriest.
Mr. Boehne with Mr. Nesbit.
Mr. Clark of North Carolina with Mr. Robinson.
Mr. Kleberg with Mr. Brown of Michigan.
Mr. Bulwinkle with Mr. Scrugham.
Mr. Collins of Mississippi with Mr. Haines.
Mr. Fernandez with Mr. Frey.
Mr. Disney with Mr. Burke of California.
Mr. McClintic with Mr. Ford.
Mr. Bailey with Mr. Browning.
Mr. Carley with Mr. Harter.
Mr. White with Mr. Marland.
Mr. Sullivan with Mr. Hamilton.
Mr. Sirovich with Mrs. Norton.
Mr. Sabath with Mr. Church.
Mr. Brennan with Mr. Cary.
Mr. Smith of Washington with Mr. Carpenter of Nebraska.
Mr. Auf der Heide with Mr. Allgood.
Mr. Kopplemann with Mr. Rogers of New Hampshire.

The following Members changed their vote: Mr. McGugin, from "no" to "aye"; Mr. Wood of Georgia, from "aye" to "no"; Mr. Gavagan, from "no" to "aye."

The result of the vote was announced as above recorded.

EXTENDING TIME FOR AMERICAN CLAIMANTS UNDER SETTLEMENT OF WAR CLAIMS ACT OF 1928

Mr. DOUGHTON, Chairman of the Ways and Means Committee, filed a conference report on House Joint Resolution 325, extending for 2 years the time within which American claimants may make application for payment under the Settlement of War Claims Act of 1928 of awards of the Mixed Claims Commission and the Tripartite Claims Commission, and extending until March 10, 1936, the time within which Hungarian claimants may make application for payment under the Settlement of War Claims Act of 1928 of awards of the War Claims Arbiter.

PHILIPPINE CURRENCY RESERVES

Mr. McDUFFIE. Mr. Speaker, I move that the House resolve itself into Committee of the Whole House on the state of the Union for the consideration of the bill (S. 3530) relating to Philippine currency reserve on deposit in the United States.

PATENTS TO LANDS IN NEW MEXICO

Mr. CHAVEZ. Will the gentleman yield to me first?

Mr. McDUFFIE. I will.

Mr. CHAVEZ. Mr. Speaker, I move to take from the Speaker's table the bill (H.R. 5369) providing for the issuance of patents upon certain conditions to lands and accretion thereto determined to be within the State of New Mexico in accordance with the decree of the Supreme Court of the United States entered April 9, 1928, and agree to the Senate amendment.

The Clerk read the Senate amendment, as follows:

Page 2, line 2, after "lands", insert: "Upon payment therefor by such persons to the United States at the rate of $1.25 an acre."

The SPEAKER. Is there objection?

There was no objection.

The Senate amendment was agreed to.

PHILIPPINE CURRENCY RESERVES

Mr. McDUFFIE. Now, Mr. Speaker, I renew my motion that the House resolve itself into Committee of the Whole House on the state of the Union.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union, with Mr. Black in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

Mr. McDUFFIE. Mr. Chairman, I yield 5 minutes to the gentleman from Texas [Mr. Patman].

Mr. PATMAN. Mr. Chairman, the gentleman from Kentucky [Mr. Brown] made a very convincing argument this morning. At first blush I was very much convinced that he was right and that we should oppose the passage of this legislation. After investigating the matter further, however, I was thoroughly convinced that as a matter of good faith this legislation should be enacted into law. As I understand it, the Philippine government had a reserve for their currency in the United States and that reserve amounted to $95,000,000. That was not an individual deposit and should not be considered in the same light as an individual deposit. It was a reserve for the backing of the currency of the Philippine people, just as it is the desire of the German Government to have as much gold as possible behind its currency, just as it is the desire of the French Government and of the Government of Great Britain and of every government—they all want gold behind their currencies. Therefore, the Philippine people wanted gold in the Treasury of the United States as a backing for the currency of the Philippine government, and in this country they had $95,000,000 the equivalent of gold.

Mr. McFADDEN. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. Not now.

Mr. McFADDEN. For a correction.

Mr. PATMAN. Yes; for a correction.

Mr. McFADDEN. I call the attention of the gentleman to the letter of May 4 of the War Department in which it says that this money is deposited in the banks of the United States and not in the Public Treasury.

Mr. PATMAN. But the Government of the United States is acting in the same capacity as a guardian acts for his ward, and it is the duty of the guardian to exercise the highest degree of care in making investments in handling the property of the ward. Therefore, the United States Government, as guardian of the Philippine people, had $95,000,000 in gold or the equivalent of gold. That gold was theoretically, so far as the Government of the United States was concerned, in the Treasury of the United States. In 1923 our great Government said to the Philippine government, "Why let that gold or the equivalent of gold remain there? You have no control over it. We are not going to ask you and we do not ask you, but we will take that $95,000,000 in gold and use it for our own currency and our

own banking system, expanding on it two and a half dollars to one, and ten dollars for every one of the expanded dollars, or twenty-two dollars to one, in order to expand the currency in this country; and instead of using that gold, instead of letting you keep that gold there, without your consent and without consulting you, as your guardian we are placing in your lockbox $95,000,000 in I O U's, and we will pay you interest upon that." That is what happened to the Philippine government's gold. We took it and gave I O U's. For years the Philippine government has said, "We want the gold behind our money", and every time our representative has said, "What difference does it make to you? Our dollar is exhangeable for gold, and we are going to let that stay there just as it is, in the form of I O U's."

Time goes on and the gold is revalued, and it is not worth as much as it was, and the Philippine government said, "We have that gold there; you were our guardian; you did not consult us; you took our gold; if you had left it there as it was, there would not be any difference between us at all, but you did not do it; you took it away from us, and we want you now to put us back in exactly the same position that we were in before you took our gold." They said, "We want gold behind our money"; and Mr. Roosevelt answers back and says, "Yes; we took your gold which you had in reserve for your currency; we put I O U's in that lockbox where gold was supposed to be; but we have agreed to pay you interest on your gold and on the I O U's, and that amounts to $15,000,000. The difference between us is $39,000,000."

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. McDUFFIE. Mr. Chairman, I yield the gentleman 1 minute more.

Mr. BEEDY. I yield the gentleman 1 minute more.

Mr. PATMAN. Mr. Roosevelt said—

> It would not be fair for us to give you $39,000,000 because you have been getting interest on those I O U's, and we will pay you the difference between the $39,000,000 and the $15,000,000, the accumulated interest—

and that is what this bill is—to put in there the difference between that interest on the I O U's, and the real value of that gold.

There is another way to deal with this problem, and that is, instead of having money, just $23,000,000, or any sum, just deal with ounces of gold. The Philippine government was entitled to so many ounces of gold behind their currency, and if we were to bring a bill in here to deliver from the Treasury vaults over to the Philippine lockbox the same number of ounces of gold they had there in 1923 that they were entitled to have in 1931 and in 1933, the same thing would be done in a different way.

I consider that if we fail to pass this bill we will be breaking faith with the Philippine government. I do not care that you may show that they will get an advantage. Lots of people get an advantage. They could have bought certain stocks with the $95,000,000 that would have been worth ten times that much now. You can figure in several different ways in your imagination how people will profit, but the fact remains it is our duty as guardian of our wards to use the highest degree of care and diligence to take care of that ward's property, and if we take away from that ward's estate so many ounces of gold, let us put the same number of ounces of gold back where it belongs. [Applause.]

Mr. BEEDY. Mr. Chairman, I yield 5 minutes to the gentleman from Illinois [Mr. BRITTEN].

Mr. BRITTEN. Mr. Chairman, a few days ago in the British Parliament a distinguished lord said that when men on the floor became excited they became boys, and during that moment of excitement or tensity they, of course, told the truth, and they very often divulged state secrets. A little while ago such a colloquy occurred on the floor of the House between the distinguished leaders, Mr. BLANTON, of Texas, and Mr. BANKHEAD, of Alabama. It was agreed between them that the gentlemen on the other side of the aisle have been voting blindly for a lot of Presidential legislation, voting with their eyes closed, and the presumption was that they were going to vote with their eyes closed on this piece of costly legislation. It will cost the taxpayers of the country just $23,000,000.

Mr. BANKHEAD. Will the gentleman yield?

Mr. BRITTEN. I yield to the gentleman for a question.

Mr. BANKHEAD. The gentleman said that there was an agreement that we voted blindly. I made no such agreement. I voted with my eyes wide open.

Mr. BRITTEN. When one gentleman compliments another for something he has done I contend that is an agreement. At least, it is agreement in thought, and the gentleman from Alabama [Mr. BANKHEAD] stood there and complimented the gentleman from Texas for having voted blindly on Presidential request, and that he himself practically did the same thing. Others on that side of the aisle did the same thing. That is an agreement, is it not? You do not have to sign a contract to be in agreement. You are now expected to vote for this bill with your eyes closed, because if you open your eyes and open your minds you will not vote for it. It is a bad bill, and will make a Philippine bondholder a preferential creditor over an American who holds United States bonds.

Mr. DUNN. Will the gentleman yield?

Mr. BRITTEN. No; not now. Thank you.

The gentleman from Alabama [Mr. BANKHEAD] then went further and he pointed his finger at that distinguished Texan [Mr. BLANTON] and said, "Do you think our great President was asleep when he sent this message here? Does anyone think our great President is asleep when he sends messages to Congress?"

He evidently has had sleeping periods in the past. He certainly was asleep when he canceled the air-mail contracts, or somebody in the White House was. Somebody in the White House brought about a period of somnambulation or something like that when the air-mail contracts were canceled. Somebody in the White House was asleep when they started to rebuff that distinguished popular hero, Colonel Lindbergh. You will all agree to that. So let us not try to make ourselves believe that our distinguished President never sleeps. He does sleep. He cannot comprehend everything that is going on up here, particularly with a bunch like that on the other side of this aisle. [Laughter.] That is a physical impossibility. Even the entire White House must fall asleep once in a while. It was asleep when a movement was started to gag the press. That was their intention under the N.R.A. codes. They were going to gag the press, gag radio broadcasting. Give the people only such news as the Government thought they should have. A press censorship along the lines of the Russian system. I contend the White House was asleep at that time.

Very frequently I am reminded of that old story, which is probably a chestnut to most of you, about our dear old friend, Christopher Columbus. They said of him when he left Spain to come here that he did not know where he was going; that after he got here he did not know where he was, and when he got back he did not know where he had been. [Laughter.]

Mr. BROOKS. But he discovered America.

Mr. BRITTEN. Yes. We learned that a hundred years later.

My contention is, Mr. Chairman, that the Democrats, with their 300 to 100 majority, should not pass legislation with their eyes closed, even though the gentleman from Alabama [Mr. BANKHEAD], and the distinguished leader on your side, Mr. BLANTON, of Texas, suggest that it is being done. That fact undoubtedly is responsible for much of the radical and costly legislation which has been enacted during the past year.

The CHAIRMAN. The time of the gentleman from Illinois [Mr. BRITTEN] has expired.

Mr. BRITTEN. I knew the Chair would do that. [Laughter.]

Mr. McDUFFIE. Mr. Chairman, I yield 3 minutes to the gentleman from Illinois [Mr. KELLER].

Mr. KELLER. Mr. Chairman, I simply want to present a few facts as I see them. But before I do that I want to

say that while I am not reaching over into Kentucky politics, and while I do not join in undervaluing my young friend from Kentucky [Mr. BROWN], I am going to disagree with him completely and entirely on this bill. Nevertheless I am going to continue to recognize his unusual ability and service in this House. [Applause.]

The Filipinos had in the United States at the time we devalued the dollar, 2,800,000 ounces of gold that belonged to the Philippine people, and nobody else. That was worth at that time about $56,000,000. That was Philippine money and belonged to the Philippine people. When we devalued gold in the United States we also devalued the gold belonging to the Philippine people.

It therefore became a fact that the 2,800,000 ounces of Philippine gold became worth about $79,000,000. That is the long and short of the whole story.

If we should accept some of the contentions of some of the gentlemen who are against this bill, we would find ourselves in this peculiar position, that if a man owned $1,000 in Philippine bonds and also $1,000 in United States bonds, he would get 60 percent more for his Philippine bonds than he would for his American bonds, and that if this House fails to pass this law we would be repudiating our devaluation of gold. I just want to make that clear to you, because I only want to give you the facts. At the same time our people had in the United States Treasury 198,350,000 ounces of gold.

That had a value under the then gold content of the dollar of $4,100,000,000. We paid for that in the old regular money that is in existence today. We then proceeded to devaluate the gold dollar, and that gold stock became worth $6,900,000,000 in this same money that we paid for the gold. The American people got the profit of that transaction, which amounts to about $2,800,000,000. The American dollar and the Philippine dollar, therefore, in international trade, are exactly the same today.

One of two things is true; either the gold did not belong to the Philippines, or, if it did, they had exactly the same right to the increase in its value expressed in dollars that we have for the profit on our gold. I do not see how we can get away from that.

As a matter of public policy we nullified the gold clause in every contract into which it had been written, including our own Government bonds. As a result of that law the holders of the twenty-odd billion dollars of Government bonds could no longer demand payment in gold. Gold could not be had for gold certificates, which became simply legal tender, nonredeemable pure fiat money as all our other money, all alike, became as a result of the same act. Nor was anyone wronged or injured. A pure fiat dollar inside our own country is now our own and only dollar. It pays debts and buys what we want. This American currency is the basis of the Philippine peso. And, like ourselves, the only use they have or ever likely shall have for gold and silver is for purposes of exchange with foreign countries in paying out or receiving trade balances with the countries with which we trade. And since for many years we have sold more goods to other countries than we buy from them, we always take in more gold than we pay out. The same will now be true of silver under the new law. So that it makes no difference how much gold or silver we pile up in the Treasury it will affect our good commodity dollar only favorably. And to our Philippine ward, having received her part of the profit on the gold belonging to her in our Treasury, we have fulfilled our trust and sent the coming Philippine republic on her way rejoicing.

Mr. BEEDY. Mr. Chairman, I yield 5 minutes to the gentleman from California [Mr. ELTSE].

Mr. ELTSE of California. Mr. Chairman, it seems to me that if we reduce this whole matter to the terms of a contract, it will help us to understand it. It is my understanding of the situation, after having talked with the gentleman from Kentucky, that when the Philippine bank failed, destroying the reserves behind the Philippine currency, the Philippine government sold their bonds to American investors and acquired the money with which to rebuild their reserves. In so doing the Philippine government contracted to pay the investors of the United States in the then value of the American dollar. In the interim the United States Government devalued its gold dollar under the act of June 5 last year. This action of ours permits the Philippine government to pay off their bonds in the United States in the depreciated dollar, thereby deriving a benefit to the extent of the devaluation of the gold dollar. In face of this, however, they come here now and ask Congress to pass an act to give them another benefit by way of a credit of $23,000,000. So passing this bill will give them a credit of $23,000,000, and when they pay their bonds at maturity they will get an additional advantage or credit of some $30,000,000.

Mr. DIES. Mr. Chairman, will the gentleman yield?

Mr. ELTSE of California. I yield.

Mr. DIES. The point I would like to clear up is that the Philippine government will buy back these bonds on a depreciated currency.

Mr. ELTSE of California. That is my understanding.

Mr. DIES. In other words, our dollar on the foreign exchanges has depreciated 40 percent.

Mr. ELTSE of California. Yes.

Mr. DIES. They can, therefore, acquire 40 percent more of our dollars with their products and pay off this debt with a dollar that has less purchasing power by 40 percent.

Mr. ELTSE of California. Exactly. I am glad the gentleman has made this contribution, because it very clearly expresses what I have in mind. It occurs to me that on a basis of pure contract they come here with poor grace to ask us to give them another credit of over $23,000,000 when they are going to derive a credit at the time they pay their bonds.

Mr. Chairman, I yield back the balance of my time.

Mr. BEEDY. Mr. Chairman, I yield 5 minutes to the gentleman from Minnesota [Mr. FREAR].

Mr. FREAR. Mr. Chairman, I have been a Member of the House for a good many years, but this is the first time I have been recognized as a Member from Minnesota, even by the distinguished gentleman from Maine, with whom I am agreeing on this occasion on the measure before us.

It seems to me to be not a question of what the President or Secretary of the Treasury or anyone else wants particularly, but to be in addition a question of equity and fairness that we are called upon to support. If you hold money and credits for an individual, and he demands it as his right and demands it again and again and again, and you refuse to pay him, you are not alone derelict in your duty but your obligation is undisputed. That is what the Federal Government did with the Philippines. All you need to do to verify this statement is to read the report of the committee which accompanies the bill. Time after time the Philippine government demanded their money back through their officials and Governor General, because they knew, as we all knew, the danger to their holdings when this Government went off the gold standard. They had placed their money with American trustees on the gold basis. They wanted their money back on the same basis. Read the report; the Treasury refused it; refused it repeatedly. What happened? Eventually, as feared by the islanders, we went off the gold standard within a few months after their demands. France earmarked her gold, and she got it back. Great Britain and other nations with gold credits here earmarked it and got it back. The Philippines, our ward, were unable to get their gold. Is not this true? They asked for it time after time, asked for it in every way they could, yet we would not give it to them.

Now, what happened? By the devaluation of the gold dollar we marked up on our books $2,811,000,000 simply because of the difference in the two valuations after the devaluation of our gold holdings in dollars. As the gentleman from Kentucky, whom we all admire, said, this $75,000,000 of Philippine bonds was sold in this country payable in gold. But they hold our Liberty bonds over there, payable in gold, and we expect to pay them with our dollars. That is a separate and different proposition.

By reason of our action in devaluing the gold dollar we have this $2,811,000,000 margin over the former values, but

this takes into consideration the gold or exchange gold value that they had and to which they were regularly entitled had we not refused their proper demands in 1933, and we should credit them with their proportionate share of the increased value of that $2,811,000,000. This must be done as a matter of fairness.

Mr. SHALLENBERGER. Mr. Chairman, will the gentleman yield?

Mr. FREAR. I yield.

Mr. SHALLENBERGER. Is not the situation this: That the Philippine government had a certain credit upon the books of the Treasury of the United States for a certain amount of dollars. We depreciated those dollars, and all we are asked to do now is to mark up on the books of the Treasury the credit to which they are entitled by the action of this Government in depreciating its dollar.

Mr. FREAR. Absolutely. There is a statement that is simpler and better than the one I have made. They are entitled to a portion of the credit which we have charged up to ourselves, their portion of the $2,811,000,000; they are entitled to $23,000,000 as provided in this bill. That is a simple statement of a simple proposition.

Mr. BROWN of Kentucky. The gentleman knows they did not have a penny in the Treasury of the United States. It was all in bank deposits in the banks of this country.

Mr. FREAR. Were they not entitled to the money? If you had money of a client under your control and you refused to pay it, you would be responsible to your client for the amount of money at the time they demanded it. Their deposits and credits should have been honored. The Filipinos demanded this money several times, and they have tried to get it back. The Treasury refused to give it to them, and the Congress has refused to give it to them. This $2,811,000,000 is their money as well as ours, so we should give them the $23,000,000, the credit to which they are entitled.

Mr. ELTSE of California. What kind of money will the Philippine government use to pay back and liquidate their obligations?

Mr. FREAR. The same kind we used. That has no relation to this refund at all. We have credited upon our books the sum of $2,811,000,000 to which we were not entitled, because $56,000,000 of that belongs to the Philippines apart from the $15,000,000 interest that has been paid them. The balance is $23,000,000.

[Here the gavel fell.]

Mr. BEEDY. Mr. Chairman, I yield the gentleman 2 additional minutes.

Mr. FOCHT. Will the gentleman yield?

Mr. FREAR. I yield to the gentleman from Pennsylvania.

Mr. FOCHT. The gentleman has been talking about the gold which the Filipinos have in the United States. Did they ever have any gold here? Is it not just a mere matter of credit?

Mr. FREAR. They had the same gold that we had. Only a fraction of the credits could be paid in actual gold, but it was a credit interchangeable in gold, and they asked us to return it to them and we refused to do it. Time after time they demanded, and we refused to return it. Then we marked up our gold $2,811,000,000, including the Philippine gold, and refuse to give them credit for their share of $23,000,000.

Mr. FOCHT. Did they ever have the physical gold in our vault?

Mr. FREAR. That makes no difference. They are entitled to the credit. France earmarked their gold, Great Britain earmarked their gold, and so did everyone else, and we paid it back. That is all there is to the matter in equitable treatment.

Mr. BOILEAU. Will the gentleman yield?

Mr. FREAR. I yield to my colleague from Wisconsin.

Mr. BOILEAU. I find myself differing with the distinguished gentleman. Would it not be just as fair to take care of the depositors of the various States in connection with the money that they had in the banks of this country?

Mr. FREAR. No; not at all, because in this case we are dealing with a foreign country. They had no voice in the matter. They are a ward of this Government, kept there without their consent. They had no voice in the matter. They demanded their money, just like a client of yours would demand his money if held or controlled by the principal. We have marked up a credit of $2,811,000,000, which includes their gold credit supposed to be on deposit with us. That is the reason they are entitled to that credit now.

[Here the gavel fell.]

Mr. BEEDY. Mr. Chairman, I yield myself 1 minute.

Mr. Chairman, the House is entitled to the facts in connection with this matter. I am sure the gentleman from Wisconsin did not mean to misstate the facts. I think his statement is accurate in substance. The fact is, at the time we are talking about, the Philippine government did not have any gold here. They had a credit on the books of the banks of this country. We were then on the gold standard.

Mr. FREAR. That is, interchangeable in gold. It is the same thing.

Mr. BEEDY. They were entitled to gold if they wanted it, just as England and France were. Those countries had credits over here, and when they said they wanted to turn those credits into gold, we honored their requests. However, we were not the guardians of Great Britain and France. They could assert their rights; and, of course, we were obliged to comply with their requests, but to the Philippine government we refused compliance. In substance we said, "Do not worry about the situation. We will take care of it." We did not. Those are the facts. Now we should do the just thing and abide the consequences of our refusal.

[Here the gavel fell.]

Mr. McDUFFIE. Mr. Chairman, I yield 1 minute to the gentlewoman from Kansas [Mrs. McCARTHY].

Mrs. McCARTHY. Mr. Chairman, as the author of the minority report stated, this bill authorizes a bond issue of millions of dollars to be sold in this country. Eventually the amount appropriated under this bill will have to be paid by our own taxpayers.

While I voted for this measure the other day, the method of reimbursing the Filipinos was not disclosed in the bill or on the floor, and I am opposing it today because of the necessity for raising the money by selling Government bonds. I am opposing it for the further reason that we need greater inflation of the currency than we have yet had. In other words, there is too great a disparity between the price of hides paid to the farmer and the price that the farmer pays for a pair of shoes. There is too great a disparity between the price of wheat and the price of flour. Further inflation will increase the price of basic commodities and farm products. But if we inflate further we will have to make further appropriations to reimburse these Filipinos if we pass this bill and why should we do so? The Filipinos did not have their money in our Treasury. They had their funds in banks in this country because of unfortunate experiences with deposits in their own banks. They received interest on these deposits and they should not receive any preferential treatment, any more than anyone else who lost because of a change in monetary policy which was forced upon us in order to stabilize commodity prices and establish an honest dollar.

[Here the gavel fell.]

Mr. McDUFFIE. Mr. Chairman, I yield 2 minutes to the Commissioner from the Philippine Islands [Mr. GUEVARA].

Mr. GUEVARA. Mr. Chairman, I ask unanimous consent to insert in the RECORD as a part of my remarks the correspondence and cables between the Government of the United States and the Philippine Islands concerning the matter now under consideration.

The CHAIRMAN. Is there objection to the request of the Resident Commissioner of the Philippine Islands?

There was no objection.

The matter is as follows:

MARCH 8, 1933.

His Excellency the GOVERNOR GENERAL,
Malacanang Palace, Manila.

MY DEAR GOVERNOR: In view of the banking situation in the United States, officials of the department of finance, including the insular treasurer and leaders of the legislature, feel that you should urge the Secretary of War to withdraw, at the earliest

possible date, all funds belonging to the Philippine Government and now deposited in United States banks, convert them into gold coins, and deposit them in the United States Treasury, excepting such portion as may be necessary for the ordinary operation of the Philippine Government and its exchange operations through the gold-standard fund. This portion is estimated not to exceed $10,000,000, which may be deposited on demand deposit with the Chase National Bank, of New York City.

Section 1623 of the administrative code, as amended by act no. 3058, provides that "the gold-standard fund shall be held in the vaults of the insular treasury in Manila, or may in part be held in the form of deposits with such Federal Reserve banks or member banks of the Federal Reserve System in the United States as may be designated from time to time by the Governor General to be branches of the Philippine treasury for receiving such deposits." Under this section, it is evident that the purpose of the law is to have the gold-standard fund in such condition of safety and availability as to preclude any of this fund ever being out of reach of the insular government if and when needed. The law makes it perfectly plain also that no operation in reference to this fund should be undertaken which in any way may involve any loss to the Philippine government. Similar provisions are contained in section 1626 of the administrative code as regards the treasury-certificate fund. Such loss might conceivably occur should the United States go off the gold standard, in view of the condition in the contracts entered into between the Bureau of Insular Affairs and the depository banks in the United States to the effect that payment or our withdrawals is to be made in lawful money of the United States. Your attention is respectfully called to the correspondence of the insular treasurer and the Chief of the Bureau of Insular Affairs on this subject. Another contingency is the possible closing down of banks in which our money is deposited, thus necessitating the sale of the collaterals at depreciated prices. Furthermore, the chief of the Bureau of Insular Affairs, in his letter of January 31, 1933, informed you that for 2 years they have been entertaining doubts as to the legality of earmarking the collaterals in favor of our deposits.

Very respectfully,

RAF. R. ALUNAN,
Secretary of Finance.

MARCH 10, 1933.

SECWAR,
Washington (Parker).

Confidential: Referring to Bureau of Insular Affairs letter of January 31, and also to the Treasury regulations received, the whole subject of the Philippine government deposits in the United States has been of deep concern to us and we have been giving it careful thought. I have discussed the matter with Vice Governor Holliday, the secretary of finance, the auditor, insular treasurer, the officers of Philippine National Bank, president of the senate, and the secretary of agriculture and commerce, etc. All are of the opinion that steps should be taken to remedy the condition that exists. Our government deposits in the United States are payable in lawful money, whereas our bonds, both principal and interest, are payable in gold. We believe it is bad government practice to have a condition exist where we are to be paid in one medium and are obligated to pay in another. On October 19, insular treasurer drew the attention of War Department to this, requesting that it be remedied, which request was disapproved by the then Secretary of War by endorsement dated December 8.

Besides this, in your letter January 31, you state that although you do not consider them well founded, there are doubts that have been raised as to whether we have preferred claim on the collateral that secures our deposits. We do not concur in those views because we believe that under existing law, as well as under contracts executed by the banks, the Philippine deposits stand on an equal basis with the deposits of the United States Government.

In view of this situation the secretary of finance of the Philippine Islands, his other fiscal officers, and the president of the senate on behalf of the leaders of the Philippine Legislature, have presented to me their views which are that with the exception of $10,000,000 necessary to carry on the ordinary transactions of the Philippine government, the funds be deposited in the United States Treasury, even though it implied foregoing the interests.

Consensus of opinion here is that our entire cooperation should be given the Federal Government. Believing, therefore, that at this particular moment throwing on the market of such a large block of securities might be exceedingly bad for banking conditions in the United States, I suggest that the policy outlined in letter of Bureau of Insular Affairs, January 31, be followed.

Though, as stated above, we are of the opinion that our deposits are secured in equal fashion with those of the United States Government, in view of the doubts expressed in your letter January 31, I recommend that the administration sponsor before the Congress now in session legislation to clear up this matter once and for all. Of course, there is no question in anyone's mind that the United States will see that Philippine interests are fully protected.

ROOSEVELT.

APRIL 26, 1933.

His Excellency the GOVERNOR GENERAL,
Baguio.

SIR: Dispatches received here referring to the United States going off the gold standard state that a measure has been introduced in the United States Senate empowering the President of the United States to reduce the gold content of the dollar up to 50 percent. Should this measure be passed and the gold content of the dollar be reduced to 50 percent, the dollar will consist of 12.9 grains of gold, 0.9 fine, and this will exactly be the same as the gold content of the theoretical gold peso, as provided in section 1611 of the administrative code, which reads as follows:

"Unit of monetary value in Philippine Islands: The unit of value in the Philippine Island shall be the gold peso consisting of 12.9 grains of gold, 0.9 fine; 2 pesos gold shall be equal in weight, fineness, and value to the gold standard dollar of the United States."

It is evident that the intention of the Philippine Legislature in this section was to make the gold peso equal in weight, fineness, and value to the half gold dollar, but inasmuch as the law is definite as to such weight and fineness, it would seem that the law must have to be amended in order to avoid confusion in case the gold dollar is changed in value by the President. This is so because if the gold content of the dollar is reduced to 50 percent, and no special provision is made as regards the gold peso by legislation, a situation may be created whereby the gold dollar once reduced to 50 percent of its present weight and fineness might be regarded as equal to the unit of value of the Philippine currency—the theoretical gold peso.

The proposed measure gives us also deep concern because of its intimate relation to our bonds sold in the United States, the principal and interest of which, according to the wording of the bond certificates, are "payable in gold coins of the United States of the present standard value", and because of the probable shrinkage in value that our gold deposits with the United States banks will suffer on account of the measure.

In view of the foregoing, it is requested that the following cablegram be dispatched to the Honorable the Secretary of War, Washington, D.C.:

"SECWAR (Parker): Press reports state there is pending Senate bill empowering the President to reduce gold content of dollar up to 50 percent. As this plan will necessarily affect Philippine situation, please take steps so that section 1611 of the administrative code may not be overlooked as well as the effects of the measure on our bonded indebtedness, the principal and interest of which, according to bond certificates, are payable in gold coin of the United States of the present standard value and also on the shrinkage of our gold deposits with the United States banks. Recommend proper arrangements be made to safeguard Philippine interests.

"HOLLIDAY."

The above message is payable by the Department of Finance.

Very respectfully,

V. SINGSON ENCARNACION,
Acting Secretary of Finance.

JUNE 27, 1933.

MY DEAR GOVERNOR: I have the honor to invite your attention to radiogram no. 254, dated May 27, 1933, from the Chief of the Bureau of Insular Affairs, which, in part, reads as follows:

"HOLLIDAY,
"*Manila.*

"Reference your no. 147, April 30. * * * Reference final sentence of message of Acting Secretary of Finance Bureau will be glad to receive any concrete suggestions respecting the arrangements there referred to. * * *

"PARKER."

Our cable no. 147 reads as follows:

"SECWAR,
"*Washington* (Parker):

"At the request of Acting Secretary of Finance Singson Encarnacion I transmit the following message:

"'Press reports state there is pending Senate bill empowering the President to reduce gold contents of dollar up to 50 percent. As this plan necessarily will affect Philippine situation, please take steps so that section 1611 of the Administrative Code may not be overlooked, as well as effects of the measure on our bonded indebtedness, principal and interest, of which, according to bond certificates, are payable in gold coin of the United States of the present standard value and also on the shrinkage of our gold deposits with the United States banks. Recommend proper arrangements be made to safeguard Philippine interests.

"'HOLLIDAY.'"

As a reply to the above-quoted portion of radiogram no. 254, I would respectfully propose that the following cablegram be sent:

"SECWAR (PARKER),
"*Washington:*

"Reference your no. 254 requesting concrete suggestions as to proper arrangements to protect Philippine interests as mentioned in last sentence of our message 147, we request that our gold-standard and Treasury-certificate funds be converted into gold coin of the standard existing at the time these deposits were made with depository banks. This coin to be deposited United States Treasury or Federal Reserve banks and authority of the President secured to earmark it for our account by amending Executive order of April 5. There will be no necessity, however, for withdrawing above-mentioned deposits from present depository banks at this time if it is possible to obtain Government assurance that conversion into gold of standard existing as above outlined may be made at a later date. Note that foregoing does not refer to other funds of Philippine government. We also request that the Philippine government be granted the privilege to pay interest

and principal of its bonds in United States legal-tender currency at the time of payment in the same manner as United States bonds. Kindly keep us informed of action taken.

"MURPHY."

As will be noted, this Department desires that certain Philippine government deposits with the United States banks—which were regarded as having been made in gold coin of the United States of the present standard value or in lawful United States currency, redeemable in gold coin of the United States—do not suffer any shrinkage on account of the devaluation of the gold dollar that the President may order under the authority granted him by Congress. Attention is respectfully invited to the fact that such deposits pertain to our gold-standard fund and Treasury-certificate fund, which are considered as trust funds backing our currency system.

With respect to the payment of interest and principal of our bonded indebtedness, it is believed that, if nothing is done to prevent it, the Philippine government may be compelled to pay "in gold coins of the United States of the present standard of value", while the United States is off the gold standard or when the gold dollar is devaluated by Presidential action—a contingency which, of course, would work considerable hardship on the Philippine government. Like the United States Government bonds, the certificates of our bonds sold in the United States stipulate that the principal and interest thereof are "payable in gold coins of the United States of the present standard of value." What we desire is simply that, in the interpretation of this clause, the Philippine Government be accorded the same treatment as the United States Government.

Very respectfully,

V. SINGSON ENCARNACION,
Acting Secretary of Finance.

His Excellency FRANK MURPHY,
Governor General of the Philippine Islands,
Manila, Philippine Islands.

Mr. GUEVARA. Mr. Chairman, I do not feel that I can add anything in support of the bill now under consideration, after the enlightening explanation of the Chairman of the Committee on Insular Affairs, Mr. McDUFFIE, which he made the other day. However, may I say that it is quite surprising that this House should refer in this discussion to the $23,000,000, which after all belongs to the people of the Philippine Islands and not a single penny of which will be taken from the American taxpayers. I say this for the reason that I do not believe any man in this House will ever question the patriotism and the profound devotion of the Chairman of the Committee on Insular Affairs, Mr. McDUFFIE, to the best interest of the American people.

Mr. O'MALLEY. Will the gentleman yield?

Mr. GUEVARA. I yield to the gentleman from Wisconsin.

Mr. O'MALLEY. Suppose the situation had been reversed, and because of that the Filipino people owed us additional money; would the Filipinos have felt morally obligated to pay us?

Mr. GUEVARA. There is no question about that matter.

[Here the gavel fell.]

Mr. McDUFFIE. Mr. Chairman, I yield 2 minutes to the gentleman from Kentucky [Mr. BROWN].

Mr. BEEDY. Mr. Chairman, although I have given out all the time to those against the bill, I yield the gentleman 2 minutes.

Mr. BROWN of Kentucky. Mr. Chairman, I am very grateful to the sponsors of the bill on both sides for yielding me these 2 minutes apiece.

We have heard a lot this afternoon about the Filipinos being wards of the United States. I submit to you that if you are handling the affairs of your ward, you are under no obligation to take from your own children something that belongs to them and put it into the estate of the ward. The only obligation that you could have incurred by law would be to make the Philippine government whole. If your revaluation has cost them a dime unjustly, it would be your duty to give it back, but there would be no duty upon you to take from your people something that justly belongs to them and credit it to your ward's account.

Let us see whether or not the gentleman, who on this side is yielding this time and who in a moment will speak in favor of this bill, thinks that the ward has suffered. In the hearings I asked this question:

They will pay the $75,000,000 bonds off with 60-cent dollars at our Treasury and that will leave them a profit of $30,000,000 on those bonds, or the difference between $45,000,000 and $75,000,000. On the other hand, by the devaluation they will lose $23,000,000—

Which this bill proposes to give them—

All told is not that a net profit to the Philippine Islands of $7,000,000 on what they owe us?

The answer of the gentleman from Maine [Mr. BEEDY] is, "Unquestionably."

This answer will be found on page 38 of the printed hearings. There is a $7,000,000 gain, if you defeat this bill. They make $7,000,000 by the President's revaluation program.

I submit to the Members of the House there is not a one of us who wants to do any injustice to our wards; but what one of you, as a father of children, having custody of a ward, would take from your own children something which belonged to them and chalk it to the account of the wards. You would do simple justice. You would make his account whole, but you would not take something away from your own people and give it to him; and by the very answer of the gentleman from Maine and by simply putting common sense into this proposition, our sole duty to the Philippine government is to make them whole on this revaluation program; and I submit to you that since they owe our people $75,000,000 that they can pay at a saving of $30,000,000 by virtue of the revaluation, they already have made $7,000,000 by this program, and we do not owe them one penny because of the revaluation of the gold dollar.

Now, the gentleman from Texas talked about their gold in this country. They never had an ounce of gold in this country. They had Federal Reserve notes that they sold these bonds for. They had other types of currency just like every one of you had and the rest of the citizens of this country.

When we come to our Government, especially on this side of the House, we use this revaluation program as a general welfare program. I was glad, and so were you, if you had a $20 gold certificate, to lose whatever fictional value it may have had in gold in the general public interest. You got the benefit of the increase in prices. You got the benefit of a broadened backing of our currency. The Philippine government got exactly the same thing.

Another thing I want to submit to you with respect to the Philippine currency is that they talk about our dealing with interlocking currencies.

[Here the gavel fell.]

Mr. McDUFFIE. Mr. Chairman, I yield 2 minutes to the gentleman from Texas [Mr. THOMPSON].

Mr. THOMPSON of Texas. Mr. Chairman, the gentleman from Wisconsin raised the question just a few moments ago about what would have happened had the value of the dollar gone the other way and had the Philippine government owed us money rather than we owing money to them.

Let me call your attention to the famous bond issue that you are asked to consider in this bill. The purpose of this bond issue was for the Philippine government to buy more gold with the proceeds and to replenish their reserves which had become depleted. This is the answer to what the Philippine people would do if they owed us money. They paid for gold, they thought they were buying gold, this Government regarded the funds the same as gold and it is so reflected in the correspondence between the two governments. When the time came, however, for their gold to be set aside, and when through 1932 and 1933 they repeatedly requested it, as has been pointed out to you and I need not repeat, this was refused and they could not have it.

There is just one other thing to which I want to draw your attention. The argument of the gentleman from Kentucky, and may I say I hold him in highest regard, and while his opinions and mine differ, they are honest opinions and we have no personal difference between us—the gentleman's argument is that because the money was used to buy gold and because the gold appreciated in value on borrowed money, we should not give them that profit. This is exactly similar to what happened to me. I borrowed money from a banker and I bought some stock, and when the stock went up and I went around to get it in order to sell it, he tried to make me divide up the profit. This is exactly what the gentleman is trying to do in this case. He is trying to make

the Filipinos give us part—in fact, all—of the profit on their gold.

[Here the gavel fell.]

Mr. BEEDY. Mr. Chairman, I yield 5 minutes to the gentleman from Pennsylvania [Mr. McFADDEN].

Mr. McFADDEN. Mr. Chairman, in view of the statement of the gentleman from Wisconsin relative to earmarking of the gold for foreign countries, I want to distinguish between gold earmarked for the Bank of France or the Bank of England, in New York, and gold deposited by the Government of France, or the Government of Great Britain, or any other government, or individuals. There was no earmarking of the gold here belonging to the Philippine government. Their money was all in banks here in the form of deposits. There was no reason why the United States Treasury should furnish gold to cover the bank account of any country. We were not holding one dollar of gold for the Philippine Islands. This bank account belonged to the Philippine government in the banks of the United States and was not in the Public Treasury, but was accumulated from the sale of bonds in this country, and the interest which had been accumulated on the account in these banks.

Mr. TABER. Will the gentleman yield?

Mr. McFADDEN. I yield.

Mr. TABER. It appears from the majority report that there were no real demands for this money until we went off the gold standard. On June 29, 1933, and June 27, 1934. Is there any reason why this item should be considered in any different way from the deposits of any other country?

Mr. McFADDEN. No; no reason. May I say the governments of the South American republics and the Central American republics had money on deposit in the banks of the United States; and we have not and do not intend to pay them 40 percent of deposits as a gift.

Mr. BLANTON. Will the gentleman yield?

Mr. McFADDEN. I yield.

Mr. BLANTON. The Northwestern Mutual Life Insurance Co., of Milwaukee, Wis., one of the best in the world, can come here from Mr. FREAR's State and say, "Here is $75,000,000 in United States gold bonds, and by devaluation you made us lose $23,000,000; pay us back", and the gentleman from Wisconsin [Mr. FREAR] will say, "No; we will not pay the Northwestern Mutual Life Insurance Co., of Milwaukee, Wis., its loss, but we will pay the Philippine Islands $23,000,000." We will give them $23,000,000 and tax Americans to pay it. Is that the position of the gentleman from Wisconsin?

Mr. FREAR. No; it is not.

Mr. BLANTON. But this bill does give the Filipinos $23,000,000 and it does not make good the losses of any Americans in Wisconsin.

Mr. McFADDEN. I call the attention of the chairman of the committee to this fact. Inasmuch as the Secretary of War has said that this fund here belonged to the Philippine government, being reserve to the Philippine monetary system, has been in the form of United States currency, and accrued interest deposited in banks in continental United States. That statement is correct, is it not? I am quoting from your report, page 2:

Mr. McDUFFIE. As guardian of the Philippine people, we in effect stated to them, "We will not give you the gold, but you can draw interest on your deposits in dollars." This interest is deducted from the credit they would have otherwise been entitled to.

Mr. McFADDEN. The banks pay interest on those deposits?

Mr. McDUFFIE. Yes.

Mr. McFADDEN. If you are fair and want to be honest—you say the devaluation in the gold dollar amounted to $39,000,000, as due the Philippine government—why do you not be fair and pay them all of it—the whole $39,000,000? Why deduct $15,000,000 of interest paid them by the banks as interest on their deposits?

Mr. McDUFFIE. We are trying to do equity to them and to our own Government in this transaction.

The Government in its management of its ward's funds did as any guardian should have done and had them place those funds in banks as dollars, in order that the dependent government, the ward, might receive the benefit of the interest on the funds, just as the gentleman would have done had he been situated similarly to this Government and acting as a guardian. The gentleman's own conscience would have prompted him to do so.

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired.

Mr. McFADDEN. Could the gentleman from Maine yield me 2 minutes more?

Mr. BEEDY. I have only 4 minutes left for myself.

Mr. McFADDEN. Then I shall endeavor to get this answered under the 5-minute rule.

Mr. BEEDY. Mr. Chairman, I find in my experience here and elsewhere that I am sometimes disillusioned and that some of my idols have feet of clay. This afternoon I have been so much disillusioned and so disappointed in the gentleman from Texas [Mr. BLANTON]. He has been much disappointed in me also. I think, therefore, the scales will balance so far as our disappointment in each other is concerned. I have always supposed that he had a good deal of independent judgment, and I confess that I was astonished when he stood here and said that it has been his custom to shut his eyes and vote blindly, regardless of the wisdom of it, if the President asked him to. In the face of that admission he makes a distinct declaration that there is one policy that he is unalterably opposed to—that he is unalterably opposed to curtailing any foreign debt. I asked him if he voted for the devaluation of the gold dollar, and he said, "Yes; that he had shut his eyes and voted for it." He cast that vote blindly for the sake of refuting his own unalterable convictions. He thereby helped in robbing the taxpayers of this Nation, for whom he is the great spokesman, of hundreds of millions—yes, billions—of dollars due them on foreign obligations. He thereby cut the debts of every foreign debtor to this Nation by 40 cents on every dollar.

Mr. BLANTON rose.

Mr. BEEDY. Oh, not in 4 minutes.

Mr. BLANTON. But the gentleman mentioned my name.

Mr. BEEDY. Mr. Chairman, that was a great disappointment to me. I had thought better of the gentleman from Texas. That is not the kind of voting that we need in this Congress. The gentleman from Kentucky [Mr. BROWN] said that I said this whole thing would result in a net profit to the Philippines of $7,000,000. There is no question about that. This whole deflation policy resulted in a practical profit to every foreign nation who owes us, totaling hundreds of millions—yes, billions—of dollars. I voted against it; you voted for it. What I am asking you to do is to stand here like men and take your medicine. You must in equity give to these poor Filipinos the same profits that you are giving to Germany and France and Italy and all of the foreign nations of the world by your devaluation policy.

Mr. TERRELL of Texas. Mr. Chairman, will the gentleman yield?

Mr. BEEDY. Yes.

Mr. TERRELL of Texas. Do we not owe every person who had gold and from whom we took it away the same as we owe the Filipinos?

Mr. BEEDY. Certainly. And the next logical step for your party to take will be to make our own bondholders whole. You now face one of the inevitable evils attendant on your own policy of devaluing the gold dollar. We beseeched you not to devalue it, but you did; and now we beseech you not to dodge the consequence of it.

Later on we hope that when these poor people in America come around with their bonds, which our Government promised to pay at the rate of 100 cents on the dollar, you will not ask them to take 60 cents, but that you will see the light, restore the dollar to its former 100-cent value, and do even-handed justice to our own people. [Applause.]

Mr. KENNEY. What rate of interest was paid the Filipinos on the money in the banks?

Mr. BEEDY. Two percent, as I recollect it.

Mr. KENNEY. But they deposited the money in the banks?

Mr. BEEDY. The interest rate on money so deposited was 2 percent, as I recollect it.

Mr. ELTSE of California. They were not charged interest; they were given interest.

Mr. McDUFFIE. Mr. Chairman, I yield 1 minute to the gentleman from Texas [Mr. BLANTON].

Mr. BLANTON. Mr. Chairman, my argument must have had some guts in it when it caused such men as my friend from Maine [Mr. BEEDY] and my friend from Alabama [Mr. BANKHEAD] to use most of their time in attacking me because of it.

Mr. BEEDY. Oh, the gentleman is an important individual.

Mr. BLANTON. There must have been something in my argument that bothered them.

Mr. BEEDY. There always is.

Mr. BLANTON. The gentleman from Maine and the gentleman from Alabama had an hour on this bill, and out of the hour I am given 1 minute to oppose this bill. If this proposal were fair to the American people, and they were not to be taxed to pay this $23,000,000 to the Filipinos, I would say O.K., but I want you to treat them all alike—American taxpayers here at home fair and justly—and charity begins at home. [Applause.]

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. McDUFFIE. Mr. Chairman, there is some confusion always in an issue of this kind. This issue is especially confusing because we are prone to confuse the question of bond issues and individual transactions with the real issue, which involves the currency-reserve funds of two great governments. If we clear our minds of individual transactions, their losses or gains, I think we could settle this question easily. It is not a question of who is going to pay bonds or when. We are dealing with a single problem, the duty of a great government to a dependent one, and let me say to you, if you were the guardian charged with the responsibility of a ward such as this Government is charged with the responsibility that it has assumed in this case, there is not a judge of probate or guardians' court in the United States that would fail in making you do the very thing for your ward that this Government is seeking here to do for its wards across the sea. It is purely a question of equity and good conscience. Nobody claims we are technically and legally liable for this money, but we are liable in equity and good conscience.

Now, the case has been stated over and over, and it is very simple. Those people had money in this country. They had $56,000,000 in various banks here, treated as gold. We did not give them any appreciation on it. It is true our citizens sent their money to the Government and the individual did not get credit, I will say to the gentleman from Texas [Mr. TERRELL], for whose ability I have a very high regard, but our Government, which is you and me and every other American, took credit for it in the sum of $2,800,000,000 on our Government's books, and our Government therefore has benefited.

Mr. TERRELL of Texas. Will the gentleman yield?

Mr. McDUFFIE. I am sorry I cannot yield to the gentleman. I hope he will excuse me.

Now, there has been too much of personalities involved in this discussion. I regret it very much. I have nothing personal against the gentleman from Kentucky [Mr. BROWN]. I have seen the gentleman stand on the floor and condemn all Members who failed to follow the President in a great speech in which he used strong language. I appreciate the loyalty he has shown, but when he fails now to follow him he assumes it is the right thing to do. I said in my remarks the other day that I regretted to see him, the only member on the committee, including the Republicans on the committee, all of whom in principle favored this equitable measure, pitting his judgment against that great President whom he has so loyally followed up to this time, possibly with some exceptions, although I do not know of any—I say I regret to see him oppose this measure.

As chairman of that committee, however, I was surprised, and I repeat it—and this statement is not made for political purposes—but as long as I am chairman I reserve the right to call the attention of the House to the fact that a follower of the President in days gone by has seen fit now to doubt his judgment. I think I had a right to do that. The gentleman, of course, can draw his own conclusions. We have always been friends. There is nothing personal between me and the gentleman from Kentucky; but I did dislike to see him underwrite, if you please, as others have done, including the gentleman from Texas, the very argument that gentlemen on the Republican side have made condemning the President's gold-standard policy. I am for it. Those gentlemen were against it, but there are some over there who can see the equity involved in this case and will support this bill.

Now, let me repeat, if I may: This is the way it appeals to me: Those people had this money. They said, "We should like to have gold for it." "No. We are your guardians. We shall take your money down here and invest it. You will thereby gain 2 percent interest on it. You will increase it."

There was no gold in the deposits. Nobody ever said there was actual, physical gold to their credit on January 31, 1934; but those dollar deposits were treated as gold, and everybody knows it was treated as gold. Incidentally, had we given them the $56,000,000 in gold which they asked for—and the gentleman knows it, although he did not attend every meeting of the committee—their appreciation or credit would have automatically followed.

Mr. BROWN of Kentucky. Will the gentleman yield?

Mr. McDUFFIE. Yes. I yield.

Mr. BROWN of Kentucky. Will the gentleman find one place in these hearings where it says they had to keep a currency reserve in this country?

Mr. McDUFFIE. Not by law, but a ward does what his guardian says, and the gentleman knows it. Everybody knows they have been subject to our will and our dictation for 30 years and more. Now they come here and raise a cry because it is carrying some benefit to a dependent people thousands of miles across the sea, a people against whose second largest industry this Congress has recently placed an embargo, if you please, to the detriment of two and a half million people over there, and to the hurt of the American farmer and laborer. Now if we follow up that injustice with failure on the part of this Congress to do an equitable thing suggested by our President, a man with all the sense of equity that a man can possess, with no loss to the Treasury for the very reason that we have already gained, ourselves, on this $56,000,000, what will our wards say? What will the world say? Suppose we had done what should have been done in equity, and said, "Here is $56,000,000 in gold." They would have had the $56,000,000 in gold coins or bullion, or credit, and there would have been no need for this legislation. We did not do that. We said, "No. We will not do that, but we will treat it as gold." They had a right to rely on us. Our action contracted these reserves, because they are in dollars.

If we had treated our wards propertly, we should not have had the $56,000,000 in gold in our fund on which there was appreciation. Not having done it, we had $56,000,000 in our Treasury representing, in effect, gold on which, if you please, our American people—not the individual bondholder, but the American people as a great Government—have already gained this credit of $23,000,000 and more. That is what we have done. Therefore, we are simply giving to the Philippine government a credit we received on their funds.

Mr. FOCHT. Will the gentleman yield?

Mr. McDUFFIE. Yes; I yield.

Mr. FOCHT. It has been said many times that a demand was made by the Filipinos for the $23,000,000. Why did we not give it to them?

Mr. McDUFFIE. That is a question that I cannot answer. I say we should have done it, but we did not do it.

The gentleman would not now wish to add one wrong to another. We refused to do it.

Mr. SOMERS of New York. We did not give it to them because we needed the gold at that time, and the Filipinos were good enough to help us and let their gold remain here. They had a right to the gold.

Mr. McDUFFIE. Had we done the equitable thing by them, we would not have had the $56,000,000 in gold to appreciate.

Therefore, I say we are not taking anything away from our own people. We are giving back to these dependent people something that we have taken from their own gold money in this country—treated as gold, not the actual dollars. Is it not fair? I repeat, there is not a probate judge, not a judge of a guardians' court in this country but who would make any one of you, whether you come from the State of Kentucky, if you please, or elsewhere, repay to his ward in dealing with the ward's funds the amount involved.

Mr. EDMONDS. Mr. Chairman, will the gentleman yield?

Mr. McDUFFIE. I yield.

Mr. EDMONDS. Is not this money held here in order to amortize the bonds when they come due?

Mr. McDUFFIE. No; this money was held here as a base, if you please, for their circulating currency, their reserve fund.

Mr. EDMONDS. In order to protect it.

Mr. McDUFFIE. Absolutely. We have their bonds; they have our money. When those bonds fall due they will be paid in depreciated currency. They have some of our Liberty bonds. When they come due we will buy them with depreciated currency. So, honors are about even along that line, if we are going to go into the question of bond issues.

Mr. DOBBINS. Mr. Chairman, will the gentleman yield?

Mr. McDUFFIE. I yield.

Mr. DOBBINS. Is it not a fact that they purchased something like only $16,000,000 of our bonds, whereas we purchased something over $73,000,000 of theirs?

Mr. McDUFFIE. There is an issue of ours they hold amounting to about $17,000,000, if you wish to make this a question of bond issues; but that does not enter into this case at all; this is above bonds. This is a great issue involving national morals. You cannot get away from that proposition. You are underwriting the very argument made by the gentleman from Maine; and I beg you, gentlemen, to look at this thing from the standpoint of equity and good conscience; it is not a question of dollars and cents.

Mr. WHITTINGTON. Mr. Chairman, will the gentleman yield?

Mr. McDUFFIE. I yield.

Mr. WHITTINGTON. I do not find in any part of the hearings anything to indicate that the Filipino people asked the return of their gold at any time prior to March 4, 1933; it was only after that date.

Mr. McDUFFIE. They did in 1932.

Mr. WHITTINGTON. I do not find it in the hearings.

Mr. McDUFFIE. We could not put all of the correspondence in the hearings.

Mr. WHITTINGTON. What were the circumstances?

Mr. McDUFFIE. We had had a panic in this country. They appealed to the Government and said, "Do not let us suffer. We put up our good money in dollars treated as gold. We expect our guardian to take care of us."

The Governor General, Theodore Roosevelt, did it. It was done even prior to that time. It was done immediately after the depression started; and I can cite the gentleman the letters. Some of them we preferred not to put in the public hearings.

This is a matter of conscience; this question rises above the matter of dollars and cents.

Mr. O'MALLEY. Mr. Chairman, will the gentleman yield?

Mr. McDUFFIE. I yield.

Mr. O'MALLEY. I very closely followed the argument of the gentleman from Maine, who is in favor of this bill. His argument seems to be that the President in devaluating the dollar defrauded the people of some of the amount they were entitled to. I cannot, therefore, vote for this bill, because I do not believe the President's policy defrauded anybody, including the Filipinos.

Mr. McDUFFIE. The gentleman puts himself in a nice position to vote for the bill; I am sorry he will not do so.

Mr. O'MALLEY. If I followed the gentleman, I would have to vote for the bill.

Mr. WHITTINGTON. When was this money actually put in the United States Treasury? It was taken out and put in the banks.

Mr. McDUFFIE. It began in 1923.

Mr. WHITTINGTON. This money had been in the United States Treasury up to 1923?

Mr. McDUFFIE. The Philippine reserves were reconstituted in 1923. The funds were dissipated in 1918 and 1919, but these reserves have been reconstituted and are now standing dollar for dollar at the suggestion and dictation of this Government.

The CHAIRMAN. All time has expired. The Clerk will read the bill for amendment.

The Clerk read as follows:

Be it enacted, etc., That the Secretary of the Treasury is authorized and directed, when the funds therefor are made available, to establish on the books of the Treasury a credit in favor of the Treasury of the Philippine Islands for $23,862,750.78, being an amount equal to the increase in value (resulting from the reduction of the weight of the gold dollar) of the gold equivalent at the opening of business on January 31, 1934, of the balances maintained at that time in banks in the continental United States by the government of the Philippine Islands for its gold-standard fund and its treasury-certificate fund less the interest received by it on such balances.

Mr. BLANTON. Mr. Chairman, I offer a preferential motion.

The Clerk read as follows:

Preferential motion of Mr. BLANTON: I move that the Committee do now rise and report the bill back to the House with the recommendation that the enacting clause be stricken out.

Mr. BLANTON. Mr. Chairman, I am afraid that we are coming to a dangerous situation when Members of the House cannot vote their honest, conscientious convictions without being criticized by other Members. With me, the gentleman from Kentucky [Mr. BROWN] is just as important a Member of this House as is either of our good friends from Alabama. His rights and privileges are identical with theirs.

Do we, by taking a man from Alabama because we love him and elevating him to the Chairmanship of the Rules Committee, give him the right to come on the floor and condemn and criticize his brothers from Kentucky, Texas, or anywhere else because they do not see fit to follow his lead? Why, that would be a ridiculous situation. I think that I have just as much right to my opinion as my friend from Alabama [Mr. BANKHEAD]. I think I have just as much right to vote here under the Constitution for the things that the Constitution says that only Members of Congress have control of without having anybody get up here and criticize my action——

Mr. BANKHEAD. Mr. Chairman, will the gentleman yield, having referred to me?

Mr. BLANTON. Certainly; I yield always to the gentleman from Alabama, although the gentleman did not yield to me.

Mr. BANKHEAD. Of course, the gentleman knows that there was nothing personal in this. I felt that the gentleman had taken a position that was subject to the criticism that I made.

Mr. BLANTON. And at the time I thought the gentleman from Alabama, although I did not say it, was taking a position that was subject to criticism; but I did not have the right to criticize him any more than he has the right to criticize me, and I did not do it.

Mr. BANKHEAD. Will the gentleman yield for a further question?

Mr. BLANTON. I am sorry, I have only a few minutes. The Constitution says that only Members of Congress may vote $23,000,000 out of the Treasury. The Constitution says that is a duty on your shoulders and not on the President's

shoulders. This is not a part of the President's program for economic recovery. If it were, I should vote for it. This is a mere recommendation by the President. If it appeals to us, we vote for it. If it does not appeal to us, we do not vote for it.

Mr. KENNEY. Will the gentleman yield?

Mr. BLANTON. No; I am sorry; I have not the time. This is not a question of lotteries, that interests the gentleman so vitally.

I think when we go back home we are going to have a hard time explaining this $23,000,000 gift to the Filipinos. Since I have been a boy I have carried a policy in the Northwestern Mutual Life Insurance Co. of Milwaukee, Wis. It is as good as gold. Suppose they came to you and said, "We have $75,000,000 of Government gold bonds. We have money loaned all over the country to farmers. We have the American Government behind our bonds, but because of action taken by the Government I think we ought to have $23,000,000." You would say, "Why, I cannot pay you." They would say, "But, you voted $23,000,000 to pay the Philippines."

For 35 years we have given the Filipino people something that is more valuable than gold. When we put that flag behind them we told every nation in the world, "Do not touch these people. The American Government is behind them." We have kept them in their integrity for 35 years, and every boy in the United States has been behind that flag to protect the Philippine government. Why should we give them $23,000,000? [Applause.]

[Here the gavel fell.]

Mr. BROWN of Kentucky. Mr. Chairman, I rise in support of the motion of the gentleman from Texas.

I hope the Members will be kind enough to allow me to a little further express my views on this subject. As I said at the beginning, due to the shortness of time, and due to the fact that both gentlemen who control the time were for this bill, we who are against it have not had the opportunity to express our views as we should like.

Mr. BEEDY. I gave the gentleman some time.

Mr. BROWN of Kentucky. The gentleman gave me 2 minutes, and I thank the gentleman for it. The gentleman from Alabama gave me 2 minutes.

Mr. McDUFFIE. I gave the gentleman 4 minutes.

Mr. BROWN of Kentucky. Having filed the only minority report on the bill, I thought I should be entitled to more than 4 minutes, but that has nothing to do with this argument.

The gentleman from Alabama has stated to you here at this late hour that I am turning against the President of the United States. That statement was made this afternoon in the arguments on this measure. I want to submit to the gentlemen that day before yesterday we were voting on an amendment which the President of the United States was vitally interested in, and to such an extent that he called from his office the Members at their offices to come over here and vote against a great committee of the House. I stood on the floor arguing in favor of the slum-clearance amendment. I called on the gentleman from Alabama to be here to vote for the amendment and in support of the President. The gentleman was not present. I saw him back there later and I asked him where he was when the President needed him. I asked the gentleman where he was.

Mr. McDUFFIE. Will the gentleman yield?

Mr. BROWN of Kentucky. I do not yield to the gentleman.

I stood and watched to see if he would go through the line, and he did not go through the line, and I asked him that question.

Mr. Chairman, I submit that the President of the United States has on many occasions said that he did not expect to be right 100 percent of the time. He depends upon this Congress in the other 25 percent of the time to be a steadying balance which will in some measure have an influence on legislation passing through this House.

May I submit another proposition, that the one measure on which the President of the United States has taken more backwater than any other measure was the one in the beginning of the special session, brought in by the gentleman from Alabama and put over in this House under a plea to follow the leadership of the President. May I say that I then voted for the measure that the gentleman brought in, and under the same conditions I would vote for it again. But we have gotten along to a point now where we ought to exercise in some measure our own independence of thought and our own ideas. [Applause.]

May I say to the gentleman that I have talked to the President of the United States about this bill and he did not criticize me, as the gentleman from Alabama did, for exercising my own opinion. He considers that is the right of the Membership of this House. There has been some question here as to our making the Filipinos keep their money over here. This question was asked in committee, on page 10:

> Mr. ROBERTSON. Did the Philippine government keep its reserves here in accordance with law?
>
> General Cox. By operation of their own laws plus the suggestion of the then Secretary of War, or from this Government, that the reserves be held on deposit in the United States in dollars, so that dollars were considered a reserve.

They made that law, and they made it because their own banks had dissipated their currency reserves, and it was safer to keep those currency reserves in the banks of this country.

Now, it has been said that if you vote against this bill, you are against the President's revaluation policy. Why is the gentleman from Maine [Mr. BEEDY] voting for this bill? Because he is against the President's revaluation policy, and he knows he can go on the stump everywhere in this country and say that the President admits that his policy is wrong, because if he had not known it was wrong he would not have paid the Philippines the difference on their bonds, and you gentlemen know that. [Applause.] The minority leader knows this argument will ring in every political campaign in this country.

[Here the gavel fell.]

Mr. BROWN of Kentucky. Mr. Chairman, I ask unanimous consent to proceed for 5 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

Mr. BROWN of Kentucky. I now want to read something else, but I first want to say this: I attended, I thought, every hearing on this subject. I have been absent from many meetings of the committee, as the chairman will testify. I have been a rather bad member of the committee with respect to several bills, but I attended, I thought, all the hearings on this measure, but sometimes the committee hearings were in conflict with other committee meetings, and I could not attend both. There never was one word of testimony that they could not take their gold out at any time before the revaluation.

Mr. GUEVARA and Mr. VINSON of Kentucky rose.

Mr. BROWN of Kentucky. I yield first to the Commissioner from the Philippines, and then I shall yield to the gentleman from Kentucky.

Mr. GUEVARA. Is the gentleman familiar with the fact that the Federal Reserve Act of 1913 requires the Philippine government to maintain its deposits in the United States in bonds with the Federal Reserve System?

Mr. BROWN of Kentucky. That it requires the Philippine government to keep their currency reserves here?

Mr. GUEVARA. Yes.

Mr. BROWN of Kentucky. You have the testimony taken before the committee over here in the House Office Building where these gentlemen were interrogated, and on every occasion they said they could have drawn this money out at any time they wanted to draw it out.

Mr. GUEVARA. Is the gentleman also familiar with the fact——

Mr. BROWN of Kentucky. I have only 5 minutes, and I cannot yield to the gentleman further.

I yield to the gentleman from Kentucky.

Mr. VINSON of Kentucky. Do I understand my colleague from Kentucky to say today that a man may exercise the powers of his intellect and keep the pledges that he has made to his constituency without being disloyal to the President of the United States?

Mr. BROWN of Kentucky. I know the gentleman from Kentucky also wants to take part in this political campaign down there, and I will say to him that when he gets down there, if he wants to take part in it, come on. I invite him in. [Laughter and applause.]

I refuse to yield any further.

Mr. VINSON of Kentucky. Will not the gentleman yield?

Mr. BROWN of Kentucky. I will not yield. The gentleman can move to strike out some words.

Mr. VINSON of Kentucky. Does not the gentleman think he ought to yield?

Mr. BROWN of Kentucky. No; I will not yield. I know exactly what the gentleman is going to say.

Mr. VINSON of Kentucky. Does not the gentleman think he ought to be fair enough today, when he says he is not disloyal to the President today, to state that a man who follows the dictates of his conscience, his judgment, and his pledges to a constituency—and I am referring to myself—was not disloyal upon a previous occasion?

Mr. BROWN of Kentucky. I am willing to admit that.

Mr. VINSON of Kentucky. Well, that is my point.

Mr. BROWN of Kentucky. That is all right.

Now, let me read from the statement of Colonel Stockton, on page 65 of the hearings. I had asked a question about the $23,000,000 of their last bond issue, which was money that was obtained in this country and here is what Colonel Stockton said:

> The Philippine government borrowed the money and it is not due until 1952, and by that time nobody can tell what it will have to pay to redeem its bonds.

Here is what he further says:

> By that time the United States may require that they pay in 100-cent dollars.

Suppose something happens to shift the value of this dollar. They are not going to give us this money back; and I want you to consider another thing: They talk about interlocking currencies, and I did not get time to discuss that a while ago. The law requires they can issue right now ₱2 for every dollar and that is all they ever could do. In 1929, when our dollars were worth only 60 cents, their pesos were worth just about one-third of what they are worth today. They did not ask anything then. In 1932, when the dollar was worth $2.04, their peso was worth twice as much or about three times as much as it was in 1929. They did not ask anything then.

The gentleman from Illinois [Mr. KELLER] is mistaken about gold being there. Our currency dollar is the backing of their currency and every dollar of it now supports ₱2 and every peso today buys more than it would have bought in 1929, and we do not owe them a dime; and unless you want to join with the gentleman from Maine [Mr. BEEDY] in saying that the revaluation program is a mistake, you ought to vote against this bill, so that the Philippine government and every other government and every other set of citizens that holds an American dollar walks in and takes that dollar at the same value as an American citizen does.

[Here the gavel fell.]

The CHAIRMAN. All debate on the motion of the gentleman from Texas has been exhausted.

Mr. McFADDEN. Mr. Chairman, I rise in opposition to the motion.

The CHAIRMAN. There is a motion to strike out the enacting clause pending and there has been 10 minutes of debate on the motion.

Mr. BEEDY. Mr. Chairman, the Chair has discretion in the recognition of speakers on the motion.

Mr. BLANTON. Mr. Speaker, I make the point of order that only 10 minutes of debate is allowed on the motion.

The CHAIRMAN. The Chair will be pleased to hear the gentleman from Maine.

Mr. BEEDY. No one having been recognized in opposition to the motion, I will be pleased to avail myself of a few moments.

The CHAIRMAN. The Chair understood the gentleman from Kentucky was going to speak in opposition to the motion. [Laughter.] The gentleman from Maine is recognized for 5 minutes.

Mr. BEEDY. Mr. Chairman, I want to say that Kentucky is a great State. She has sent some fine men to the Congress, and I am glad to see her keep up the record. Incidentally, if it is not immodest, I may say that in times gone by, not in the present generation, Maine has sent some men down here who were not altogether slouches. [Laughter and applause.] I cannot refrain from calling attention to a situation which has developed here. The gentleman from Kentucky [Mr. BROWN] has taken the pains to emphasize the point to which I called his attention in the committee hearings. He has read to you from those hearings, showing how this situation is inevitably bound to yield a profit of $7,000,000 to the Philippines, and that amount of loss to us. That is unquestionably the fact; but I asked the gentleman at the time of the committee hearings if he did not see that his whole argument against this bill was directed against the devaluation program of the President, a program for which he voted? No; he did not see that—no; that was another matter. Now perhaps he sees the significance of my question to him in committee.

Mr. Chairman, whatever else the discussion of this bill may have accomplished, certain it is that it has done everything possible to disparage the program of the President of these United States embodied in the devaluation of the American dollar. Those who lead the opposition to the bill have shown to this House and the country the absurdity, the disastrous consequences that are inevitably attendant upon the devaluation of our dollar—a policy that involves loss to American citizens from every angle. In honor we must not only pay the Philippine government $23,000,000, but we must accept payment of the war loans from every debtor nation abroad in a depreciated dollar. Thus, in effect we drain the pockets of the American people of 40 percent of the war loans made to foreign nations. As another consequence of devaluation, we must add insult to injury by refusing to pay our own people 100 cents on the dollar for their Liberty Bonds, and compel them to take a 60-cent dollar in satisfaction of those bonded obligations.

Mr. DIES. Mr. Chairman, will the gentleman yield?

Mr. BEEDY. I am delighted that the gentleman from Kentucky [Mr. BROWN] has made himself thus useful to the people of this country in showing them the truth and pointing out the folly and the fallacy of the policy for which you gentlemen have supinely stood, led by the gentleman from Texas [Mr. BLANTON], who with his eyes closed, votes blindly, caring nothing for the consequences involved, and mindful only that his President commanded. Thus, notwithstanding that he was "unalterably opposed" to the curtailment of foreign obligations, he says he shuts his eyes and votes as the President wants him to.

Mr. BLANTON. Mr. Chairman, will the gentleman yield?

Mr. BEEDY. Oh, I am delighted to yield to the gentleman from Texas.

Mr. BLANTON. Is the gentleman now backed up by his minority leader over there?

Mr. BEEDY. Oh, don't worry about my being backed up by anybody.

Mr. BLANTON. But he has repudiated the gentleman.

Mr. BEEDY. I shall take care of myself and——

Mr. BLANTON. He is going to vote one way and the gentleman another.

Mr. BEEDY. And the minority leader will take care of himself. We have just opened the door to let in a little light, so that you gentlemen and the people of the Nation may see where we are being led by your party. I have endeavored to prove that the inevitably evil consequences of the new financial policy of this Nation are going to be catastrophic in their proportions.

Mr. OLIVER of New York. Mr. Chairman, will the gentleman yield?

Mr. BEEDY. I yield to the gentleman from New York because he is an expert in maintaining order in this House when he is in the chair, and I respect him for it.

Mr. OLIVER of New York. I thank the gentleman for those kind words. I rose to ask him if it is not a fact that the gentleman stands alone against practically every nation in the world which has devalued its currency.

Mr. BEEDY. I stand alone?

Mr. OLIVER of New York. The gentleman is in a unique position.

Mr. BEEDY. Point out to me what the gentleman means.

Mr. OLIVER of New York. Every nation in the world has devalued its currency.

Mr. BEEDY. That may be true.

Mr. OLIVER of New York. Why not we?

Mr. BEEDY. If a gentleman in the south end of the chamber is dishonest and if that is true also of another in the north corner and yet another in the east corner, must I in the west corner also be dishonest?

Mr. OLIVER of New York. Then the gentleman is the only honest man in the world.

Mr. BEEDY. Oh no; but the question of a sound dollar involves the question of fundamental financial integrity and political honesty.

Mr. McDUFFIE. Mr. Chairman, I ask for a vote on the motion of the gentleman from Texas.

The CHAIRMAN. The question is on agreeing to the motion of the gentleman from Texas to strike out the enacting clause.

The question was taken; and on a division (demanded by Mr. BLANTON) there were—ayes 83, noes 117.

Mr. BLANTON. Mr. Chairman, I demand tellers.

The CHAIRMAN. Those in favor of taking the vote by tellers will rise and stand until counted. (After counting.) Not a sufficient number and tellers are refused.

Mr. TABER. Mr. Chairman, I offer the following amendment which I send to desk and ask to have read.

The Clerk read as follows:

Amendment offered by Mr. TABER: Page 1, line 6, strike out "$23,862,750.78."

Mr. TABER. Mr. Chairman, I hope that the members of the committee will not overlook in this situation the real merits of what we are facing in this bill. We are not facing just one item that is provided for by this bill, but we are facing the whole situation, and when you are figuring equities you must figure the whole situation and not just a little piece of it. The little piece of it is what this bill provides for, and when we vote for this bill we are repudiating the whole picture, we are not facing it. You are handing $23,000,000 to the Philippine government, and on top of that you are making them a present of $30,000,000 that we gave to them when we devalued the dollar. If there should be further inflation I wonder if the proponents of this bill think we should come in here and hand them some more money.

I think we ought to face this situation with a sense of responsibility to our taxpayers, with a sense of fairness, with a sense of the equities of the whole picture. When you are looking at equities you should have the whole thing in front of you and not just a little of it. Let us forget personalities. Let us forget who is for it and who is against it, but let us think of what the situation is and what our duty is to the taxpayers of the United States. Shall we hand the Philippine government $53,000,000, or shall we be fair to the people of the United States and figure that we have done enough for them in devaluing the dollar, by giving them a net advantage on the bonds that they owe to the people of the United States? Why should we be playing favorites in this situation? Why should we do something that in our conscience we ought not to do, and betray the trust that we owe to the people of the United States?

The CHAIRMAN. The time of the gentleman from New York [Mr. TABER] has expired.

Mr. McDUFFIE. Mr. Chairman, the pathway in this life is not at all times strewn with roses. We do not stay here long, after all. I hope I am the last man in this House to do an injustice to a fellow man. I lost my temper a while ago and I regret that personalities have been injected into this debate. In addition to opposing the amendment offered by the gentleman from New York [Mr. TABER] I rise to make that statement.

I regretted, indeed, that the very assiduous, active, and able gentleman from Kentucky [Mr. BROWN], a member of the committee, saw fit several days ago to take exception as to how this matter was being handled. Naturally his attitude did not appeal to me. From time to time the gentleman had shown unusual interest in this bill, and I have tried to show him every courtesy. In the heat of debate both of us used language that I regret. I do not want the gentleman from Kentucky or a single man in this House to go away from here with the idea that I am one who would do an unjust or an unfair thing to a human being. I am sorry if he thought I was injecting myself into the campaign in Kentucky. I am not trying to run a campaign in Kentucky. I had a right to call attention to the fact that he was the only man who was not going along with all who studied this bill including President Roosevelt. It was a surprise to me. I, of course, recognized the genius of his argument if we base this question on individual transactions and bonds. It is a confusing argument. I did take occasion to call attention to his failure to support the President on this matter. I had a right to do this and I regretted his suggestion that the President was misled or failed to understand. The President has studied this question and understands it better than many who are opposing it. The language I used in anger I wish to withdraw from the RECORD.

Let me go further—you are not interested in these personalities, I know, but I think I should clear up the controversy as well as the record of what happened.

Mr. KENNEY. Oh, yes; we are very much interested in these personalities. I am, for one Member of this Congress. I do not like to see them when they become bitter.

Mr. McDUFFIE. I do not either, and I apologize to the House, as well as to the gentleman from Kentucky, for the language I addressed to him. We each had different votes in mind. The gentleman from Kentucky did call me as I walked through the hall yesterday afternoon, as the House adjourned, and reminded me that he had made a speech that afternoon on a matter in which the President was interested. I do not know what was in his heart. I took it good-naturedly. I said, "I was not here when you made your speech." That is my recollection. The gentleman is correct to that extent, but I did not learn until today that he had called me to the support of the President. I have never needed such a call. He is correct in the fact that I did not go through tellers on the slum-clearance item in the bill and was not in the hall when that vote was cast. That was the Prall amendment. I was here, however, when the amendment involving title II, in which I knew the President was interested was voted on, and voted for that amendment in the committee, as well as in the House. This explains the reason for my heated words.

Now, let us see about the losses here. They say they will sustain no losses. Every day they are sustaining losses. Why? They have to pay their tariff charges in American dollars with a depreciated peso. They will stand a loss of three and one-half million dollars per year on their tariff charges. In 10 years that is a lot of money. In addition to that they have outstanding railroad bonds payable in Swiss francs, guilders, florins, pounds, and so on. They are maturing gradually. The Philippine government will lose $10,000,000 in the payment of those bonds, yet you say they are suffering no losses. But, coupled with that, they would have been whole and the relationship of their currency reserve fund would have been maintained had we complied with their request which was rightly made, to give them gold for their dollars in order that they might keep

their reserve fund in dollars. That request was made in 1932 and 1933 and often made.

[Here the gavel fell.]

Mr. McDUFFIE. Mr. Chairman, I ask to proceed for just 1 minute.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. McDUFFIE. There is no denial of the facts as to what would be depreciated, and the profit that might be made on certain bond issues when they are paid. We do not know when that will be. The issue is, Will you make whole a dependent government which has suffered as to its reserve fund, on which its currency is based, as the result of the act of a superior government and its guardian?

The CHAIRMAN. The time of the gentleman from Alabama [Mr. McDUFFIE], has expired.

Mr. KENNEY. Mr. Chairman, I feel the crucial test here is whether the United States held the moneys of the Philippine Islands as trust funds. If these moneys were trust moneys, then I believe that the United States Government should make good its trust and pay the moneys over to the Philippine government. There seems to be some dispute as to whether the relationship of debtor and creditor existed or whether in fact the United States occupied the position of a trustee of these funds.

I am satisfied so far that the United States Government held a trust relationship and, therefore, it is my conclusion that we ought not to overlook our trust and this money should, rightfully, be paid over to the Philippines. This is my considered judgment and I intend to vote accordingly. If this were not my absolute honest judgment I would vote the other way, for I would prefer to vote with the gentleman from Kentucky [Mr. BROWN]. I like the masterly way in which the gentleman stood up here and stuck by his guns in the face of bitter, vigorous opposition, and he has, I am sure, expressed himself and advanced his arguments according to his conscience and his own best judgment. He ought to have that privilege, and so had every other Member of this House, without being scorched or scorned by even the elder Members of this Congress.

And now I want to thank the gentleman from Texas [Mr. BLANTON] for the boost that he gave my lottery bill this afternoon. [Applause.] It so happened that I did not want to discuss the proposition with him, but I am glad he is keeping the matter so indelibly fixed in his mind, for it is worthy of the consideration he is giving it, and I repeat for the benefit of the gentleman and the other Members that we should prepare ourselves to vote on the proposition, and when we do, of course the gentleman will vote conscientiously with the rest of us on this estimable measure, which inevitably must commend itself to the Congress.

Earlier in the debate, perhaps no one noticed it, for none has mentioned it, I listened to the dissertation on sleep merrily injected by the genial gentleman from Illinois [Mr. BRITTEN]. In a light, untouching vein smiled from his countenance, he sang his already forgotten lullaby of the White House. Now he has been down there, I know. He has told me so. I have been there and so have you, and he knows, and I know, and you know, and all will agree that the most wide-awake man in Washington is the President of the United States. [Applause.]

As I said to you earlier in my remarks, it is my considered judgment that this money that we propose to pay over to the Philippine Islands is a part of their moneys intrusted to us, and is rightfully theirs. I believe this amendment should be defeated.

Mr. DIES. Mr. Chairman, I did not intend to inject myself into this debate, but when I listened to the specious and incorrect argument made by the gentleman from Maine in reference to this bill and its effect on the gold revaluation policy, I decided to expose the fallacy of his argument. [Laughter.]

The gentleman said that if this bill should pass it would be a repudiation of the gold revaluation policy. He said that in effect we would be saying to the American people that we would permit them to lose on the revaluation policy but we would make good that loss to the Philippine people. As a matter of fact, the gentleman knows that the American dollar has not depreciated internally or domestically. The gentleman knows that the American dollar did depreciate on the foreign exchange to the extent of 40 percent, and the gentleman knows that the dollar today as measured in terms of 800 commodities is $1.44 compared with 57 cents in 1928 and 1929. The gentleman also knows, if he has ever investigated the subject, that the creditor today instead of taking a 60-cent dollar is getting $1.44 for the $1 he loaned in 1928. [Applause.]

Insofar as the argument of the gentleman in reference to giving the foreign nations 40-percent reduction on foreign debts is concerned, the gentleman also knows that we are not going to get even 2 percent of the foreign debts unless our debtors change their attitude. We are not going to get the foreign debts because they have been repudiated; and it is idle for the gentleman to argue that the revaluation policy will cost us 40 percent in war debts on account of the dollar being depreciated. When gentlemen on the other side of the Chamber undertake for the sake of this record to say that we, by our gold-revaluation policy, repudiated our obligations to the American people and that the effect of the passage of this bill will be to give to the Filipino people that which we deny to our own citizens, the gentleman knows, if they know anything about the subject, that the dollar internally or domestically has not depreciated but, as a matter of fact, is still appreciated in terms of the dollar of 1928 and 1929. Yet, repeatedly these incorrect statements are made by Republican Members in the very face of the facts, in the face of the index of commodity prices, in the face of that which is recognized by everyone, namely, that the dollar today is $1.44 as compared with the 57-cent dollar that prevailed during 1927, 1928, and 1929.

My purpose is to deny and contradict those statements that are repeatedly made by gentlemen on the other side of the House for the purpose of use in the coming congressional campaigns.

Mr. McGUGIN. Mr. Chairman, it seems to me that the debate today has strayed far afield. I doubt if the question presents the subject of the merits or demerits of the revaluing of the American dollar. So far as I am concerned, I am one who stood for revaluing the American dollar and I have not yet changed my mind. It is easy to criticize now, but may I say that if the American dollar had not been revalued, and if $3.30 would still buy a British pound, there would be more unemployment in the industries of the East. America was being driven from the markets of this world by virtue of the moneys of the rest of the world having depreciated below the normal value, leaving our money above the normal value in exchange. [Applause.]

Let us come now to the question involved today. Whether or not it was wise or unwise to devalue the dollar, the fact remains it has been done. It has been done by the American Congress and by the President of the United States, both of whom have been elected by the American people and, good or bad, the American people must stand by the policy. Therefore, it seems to me it is perfectly obvious that an American citizen stands on a different plane in this matter than the Philippine government, which is a dependent ward of this Government.

The gentleman from New York, whom I follow most frequently on matters pertaining to appropriations, suggests that we are taking $23,000,000, by this bill, from the taxpayers of the United States. We are doing nothing of the kind. The Government of the United States when it revalued the dollar marked up as a "windfall" or as a paper profit of $2,800,000,000. We said that belonged to the Treasury of the United States. The trouble is that $23,000,000 of this money belongs to the Philippine Islands. This is because $23,000,000 of this profit is based upon revaluing gold belonging to the Philippine Islands and not to the United States. We should not take it, and when we give $23,000,000 today to the Philippine Islands we are not taking it from the taxpayers of the United States. We are simply taking it from this "windfall", twenty-three million

of which is not ours, but belongs to the Philippine government.

This is a great Government. I should feel very much distressed if the time has come that the great Government of the United States profits by short changing her dependent ward, the Philippine Islands.

Mr. McDUFFIE. Mr. Chairman, I move that all debate upon this section close in 2 minutes.

The motion was agreed to.

Mr. HOEPPEL. Mr. Chairman, may I read briefly from the minority report. It states:

The Philippine Islands, according to testimony, produce six and one-half million dollars' worth of gold per year. This gold is worth 40 percent more when translated into money than it was before the President's proclamation. Between now and the time the bonded indebtedness is paid, they will have realized a profit of approximately $41,000,000 on the gold which they will produce.

Inasmuch as Great Britain produces $300,000,000 per year in gold, how much profit will Great Britain have to make on gold devaluation before those British welchers pay us their just obligations?

Mr. McDUFFIE. That gold is not produced by the Philippine government. It is produced by Americans in the Philippine Islands.

Mr. HOEPPEL. That is understood.

Mr. McDUFFIE. It is not at all connected with this subject.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York.

The amendment was rejected.

Mr. BOILEAU. Mr. Chairman, I offer an amendment, which I send to the desk.

The Clerk read as follows:

On page 1, between lines 6 and 7, insert: "and to establish on the books of the Treasury of the United States a credit in favor of the people of the United States for $2,787,150,375.22, and the Secretary of the Treasury is hereby directed to issue United States Treasury notes in the latter amount and shall use such Treasury notes to pay current expenses of the United States Government", and insert the following on page 2, line 5, after the word "balances", "and the increase in value of the gold held in the Treasury of the United States for and in behalf of the people of the United States."

Mr. McDUFFIE. Mr. Chairman, a point of order. The amendment offered by the gentleman from Wisconsin is not germane.

Mr. BOILEAU. Mr. Chairman, may I be heard?

The CHAIRMAN. The Chair will hear the gentleman from Wisconsin.

Mr. BOILEAU. Mr. Chairman, the bill that we have before us provides that $23,800,000 shall be set aside for the credit of the Filipinos for the purpose of taking care of those people who live under the American flag in the Philippine Islands as a result of this gold revaluation. This amendment provides that similar treatment shall be given to the people who live in the continental United States, and that this money shall be placed to the credit of the people of the United States, and that Treasury notes shall be printed and issued to pay the current obligations of the Government.

All of the people of the continental United States will be placed on a par with those people who live under the American flag in the Philippine Islands. The bill proposes to dispose of a part of the profits that were made as a result of the gold revaluation by paying a part of the profits to the Filipinos, and my amendment merely provides that the balance of it be made available for the people of the United States by providing that the sum of $2,787,000,000 shall be used for the purpose of expanding the currency, and provides further that that amount be issued in new Treasury notes to be used for the purpose of paying a part of the current obligations of the United States.

Mr. Chairman, I believe the amendment is germane both to the section and to the bill.

The CHAIRMAN (Mr. BLACK). The Chair is ready to rule.

The bill deals with one class of people, to wit, the government of the Philippine Islands, while the amendment of the gentleman would cover all classes of people under the flag.

The Chair rules that the amendment is not germane and, therefore, sustains the point of order.

Mr. McDUFFIE. Mr. Chairman, I move that all debate on this section and all amendments thereto do now close.

The motion was agreed to.

The Clerk read as follows:

SEC. 2. There is hereby authorized to be appropriated, out of the receipts covered into the Treasury under section 7 of the Gold Reserve Act of 1934, by virtue of the reduction of the weight of the gold dollar by the proclamation of the President on January 31, 1934, the amount necessary to establish the credit provided for in section 1 of this act.

Mr. McFADDEN. Mr. Chairman, I move to strike out the last word, and I do so for the purpose of completing the statement I previously made in reference to the total amount of the revaluation of the dollar which is due the Philippines, according to the arguments made here, of $39,000,000 and odd. On page 2 of the report it is stated that fifteen million one hundred and forty-three thousand-and-odd dollars is interest which has accrued to the insular government since January 1923 and has been already credited by the banks to the Philippines.

The gentleman from Alabama [Mr. McDUFFIE], the chairman of the committee, in answer to my question, said that this interest was paid by the banks on the deposits of the Philippine government in those banks. This bill proposes that our Treasury is to deduct this $15,000,000-odd interest from the $39,000,000, which is the amount of the revaluation. Now, to whom is this interest to be paid? It is now in the bank account of the Philippines in American banks. The gentleman should answer us on this point. Who gets this $15,000,000? Does the United States Government get it or is it returned to the banks that have paid it to the Philippines or does it remain in the accounts of the Philippine government in these private banks?

Mr. McDUFFIE. No; these currency reserve funds have been accumulated from time to time and are made up in part of that interest; in other words, part of the $56,000,000 is interest.

Mr. McFADDEN. But it stands to the credit of the Philippine government on the books of the banks at this time.

Mr. McDUFFIE. In 46 different banks of this country, and the Congress has authorized the Secretary of the Treasury to receive it at any time those in authority decide it is best for the government of the Philippines to put it in the Treasury.

Mr. McFADDEN. Is this Government getting a part of the money that is lawfully due the Philippine government? Is the Government taking $15,000,000 of the amount due the Philippine government under this proposal? Unless the Philippine government draws a check to the United States Government or the banks, this interest, amounting to $15,000,000, will continue to belong to them. It is now in their possession.

Mr. McDUFFIE. No; I think the gentleman understands the situation.

Mr. McFADDEN. No; the gentleman does not understand it. There is something that is not covered in this bill. And I want full information about it.

Mr. McDUFFIE. The gentleman is quite an expert on finance and banking. Twenty-three million dollars was put in the various banks in 1923 at the direction of the Secretary of War, acting for our Government. On that, interest has accrued and has been added to the principal. It amounted to $56,000,000 on January 31, 1934. Now, had we given this reserve fund the full amount, relatively speaking, with the appreciated value of the gold dollar, this item would have been $39,000,000, but the President and all others in authority who have studied this problem said:

No; that is not equitable and fair. They did not have the gold here in bullion or in actual coin and could not have received interest on that, but they have received interest on these deposits and in all fairness that should be deducted.

This is what was done and I thought the gentleman understood that.

Mr. McFADDEN. The gentleman does not as yet make it clear, because the banks of this country have paid this $15,143,591.17 interest to the Philippine government and it has been placed to their credit. It is now a part of their bank account.

Mr. McDUFFIE. The gentleman is correct and I just stated that.

Mr. McFADDEN. Now it is evident that this interest which has been paid to them is to be confiscated by the United States Treasury, or by whom?

Mr. McDUFFIE. We are deducting from their reserve fund the amount of interest which they have received from these banks.

Mr. BEEDY. Mr. Chairman, will the gentleman yield?

Mr. McDUFFIE. I yield to the gentleman from Maine.

Mr. McFADDEN. I have the floor, I may say to the gentleman.

I want to make it clear there is no obligation on the part of the United States Government to do this thing. This is a bank credit, and there never has been any obligation on the part of the United States to pay the Philippine government in gold. I would say to the gentleman from Alabama that the Treasury cannot deduct this $15,000,000 of interest from the bank account. The Government is either giving them the whole 40-percent appreciation under the gold-devaluation scheme or else there is a deal here to give the banks back $15,143,591.17 interest they have previously credited to the bank account of the Phillipine government. It is just some more fancy Treasury bookkeeping. I am sorry the gentleman does not know.

Mr. PATMAN. Mr. Chairman, I rise in opposition to the pro forma amendment.

The President gave a good reason for the passage of this bill when he stated—

> As the Philippine currency is interlocked with the United States gold dollar under laws enacted by the United States Congress, it would be equitable to reestablish the Philippine currency reserves on deposit in the United States at their former gold value as of January 31, 1934.

Now, unlike an individual in the United States, unlike any firm or corporation doing business in the United States, the government of the Philippines is doing business with other countries of the world as well as our own. If their dealings were confined strictly to the United States Government they would have no more complaint on account of gold revaluation than an American citizen or a firm or corporation doing business in America, because all their business being here, all their dollars are worth 100 cents on the dollar.

Mr. BROWN of Kentucky. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. In a moment. They deal with other countries of the world, and as the President said, their currency is interlocked with our currency and by revaluation they are placed in an unfavorable situation with other countries with which they deal. Therefore, their reserves should be reestablished. If this bill had been introduced to give them the same number of ounces of gold I do not believe anyone in the Congress, either House or Senate, would have raised his voice in opposition to it, because everyone would want to do that. Gold is what every country seeks as a reserve behind its currency, and the Filipino people had a right to expect gold behind their currency, but we took their gold or its equivalent and used it to expand $22.50 to every $1 of gold; we used it in our own business dealings in America. They now ask us to place them in the position that they were in, and as their guardian, we should place them back in that position.

When we revalued gold we reached up into the thin air and brought down $2,700,000,000 in thin-air money. Contrary to the belief of many people, we have $2,000,000,000 in the general fund of the Treasury of the United States today. That is part of your thin-air gold, or money that we brought down. The Philippines are asking us to give them that part of the increase that we got by reason of that revaluation of their gold. It is true, as the gentleman from Kentucky [Mr. BROWN] argued, that they will be able to pay their debt to us with that devalued gold, but it will not cost the American Government one penny, because by reason of the revaluation we reached up into the thin air and brought down that amount of money, and it will not cost us one penny to do it. We are merely transferring their proportionate part of the profit that we placed upon the books of the Treasury that was brought down, as I said, out of thin air. I now yield to the gentleman from Kentucky.

Mr. BROWN of Kentucky. Mr. Chairman, does the gentleman mean to say that if he had a $10 bill and out of the thin air reached up and got another $10 bill and thus had $20 and then gave away $10 that he would not be any poorer?

Mr. PATMAN. But we are dealing with governments and not individuals.

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. McDUFFIE. Mr. Chairman, I move that all debate upon this section and all amendments thereto do now close.

The motion was agreed to.

The CHAIRMAN. Under the rule, the Committee will rise.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. BLACK, 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. 3530, relating to Philippine currency reserves on deposit in the United States, and pursuant to House Resolution 400, he reported the bill back to the House.

The SPEAKER. Under the rule, the previous question is ordered. The question is on the third reading of the Senate bill.

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

The SPEAKER. The question now is on the passage of the bill.

Mr. SNELL. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 188, nays 147, answered "present" 1, not voting 93, as follows:

[Roll No. 190]

YEAS—188

Adair	Dickinson	Kee	Richardson
Adams	Dickstein	Keller	Robertson
Arnold	Dies	Kennedy, Md.	Rogers, Okla.
Ayres, Kans.	Dingell	Kennedy, N.Y.	Romjue
Bakewell	Disney	Kenney	Rudd
Bankhead	Dondero	Kerr	Sadowski
Beedy	Doughton	Kocialkowski	Sanders, La.
Biermann	Douglass	Kopplemann	Sanders, Tex.
Black	Doxey	Kramer	Sandlin
Bland	Duncan, Mo.	Lambeth	Schulte
Bloom	Dunn	Lanham	Sears
Boehne	Durgan, Ind.	Larrabee	Secrest
Boland	Eagle	Lea, Calif.	Shallenberger
Boylan	Evans	Lewis, Colo.	Sisson
Brooks	Farley	Lloyd	Smith, Va.
Buchanan	Flannagan	Lozier	Smith, W.Va.
Buck	Fletcher	Luce	Snyder
Bulwinkle	Frear	Ludlow	Somers, N.Y.
Burnham	Frey	McCormack	Spence
Byrns	Gasque	McDuffie	Steagall
Caldwell	Goldsborough	McFarlane	Taylor, S.C.
Cannon, Mo.	Granfield	McGrath	Terry, Ark.
Carden, Ky.	Gray	McGugin	Thom
Carmichael	Green	McMillan	Thomason
Carter, Calif.	Greenway	McReynolds	Thompson, Ill.
Cartwright	Greenwood	Maloney, Conn.	Thompson, Tex.
Cary	Gregory	Maloney, La.	Tinkham
Celler	Griswold	Mansfield	Turner
Chapman	Hamilton	Martin, Colo.	Umstead
Chavez	Hancock, N.C.	Mead	Utterback
Cochran, Mo.	Harlan	Mitchell	Vinson, Ga.
Colden	Hastings	Monaghan, Mont.	Vinson, Ky.
Cole	Henney	Montet	Warren
Colmer	Hildebrandt	O'Connor	Wearin
Connery	Hill, Ala.	Oliver, Ala.	Weaver
Cooper, Tenn.	Hoeppel	Oliver, N.Y.	Welch
Cox	Hoidale	Palmisano	Werner
Cravens	Howard	Patman	West, Tex.
Crosby	Hughes	Peterson	Whittington
Cross, Tex.	Imhoff	Pettengill	Wilcox
Crosser, Ohio	Jacobsen	Peyser	Willford
Crump	Jenckes, Ind.	Ramsay	Williams
Cullen	Johnson, Okla.	Ramspeck	Wilson
Darden	Johnson, Tex.	Rankin	Wolcott
Dean	Johnson, W.Va.	Rayburn	Wood, Mo.
Delaney	Jones	Reilly	Woodrum
DeRouen	Kahn	Richards	Zioncheck

NAYS—147

Allen	Edmonds	Knutson	Reece
Andrew, Mass.	Eicher	Kurtz	Reed, N.Y.
Andrew, N.Y.	Ellzey, Miss.	Lambertson	Robinson
Arens	Elton, Calif.	Lehlbach	Rogers, Mass.
Ayers, Mont.	Englebright	Lehr	Ruffin
Beam	Faddis	Lemke	Schaefer
Beiter	Fitzgibbons	Lesinski	Schuetz
Blanchard	Focht	Lundeen	Shannon
Blanton	Foss	McCarthy	Sinclair
Boileau	Foulkes	McFadden	Snell
Bolton	Fuller	McLeod	Strong, Pa.
Brown, Ga.	Fulmer	Mapes	Strong, Tex.
Brown, Ky.	Gavagan	Marshall	Sutphin
Brunner	Gilchrist	Martin, Mass.	Sweeney
Burke, Nebr.	Gillespie	Martin, Oreg.	Swick
Busby	Gillette	May	Taber
Cady	Glover	Meeks	Tarver
Carpenter, Kans.	Goodwin	Merritt	Taylor, Tenn.
Carpenter, Nebr.	Goss	Millard	Terrell, Tex.
Carter, Wyo.	Guyer	Miller	Thomas
Castellow	Hancock, N.Y.	Moran	Tobey
Cavicchia	Hart	Morehead	Traeger
Christianson	Hess	Mott	Treadway
Cochran, Pa.	Higgins	Moynihan, Ill.	Turpin
Collins, Calif.	Hill, Knute	Murdock	Underwood
Connolly	Hill, Samuel B.	Musselwhite	Waldron
Crowther	Hollister	O'Brien	Wallgren
Cummings	Holmes	O'Malley	Walter
Darrow	Hope	Owen	Weideman
Dirksen	James	Parker	Whitley
Ditter	Jenkins, Ohio	Parsons	Wigglesworth
Dobbins	Johnson, Minn.	Perkins	Withrow
Dowell	Kelly, Ill.	Pierce	Wolverton
Driver	Kelly, Pa.	Plumley	Wood, Ga.
Duffey	Kinzer	Polk	Woodruff
Eaton	Kloeb	Powers	Young
Edmiston	Kniffin	Ransley	

ANSWERED "PRESENT"—1

Ellenbogen

NOT VOTING—93

Abernethy	Cooper, Ohio.	Kvale	Sabath
Allgood	Corning	Lamneck	Scrugham
Auf der Heide	Crowe	Lanzetta	Seger
Bacharach	Culkin	Lee, Mo.	Shoemaker
Bacon	Dear	Lewis, Md.	Simpson
Bailey	De Priest	Lindsay	Sirovich
Beck	Dockweiler	McClintic	Smith, Wash.
Berlin	Doutrich	McKeown	Stalker
Brennan	Drewry	McLean	Stokes
Britten	Fernandez	McSwain	Stubbs
Brown, Mich.	Fiesinger	Marland	Studley
Browning	Fish	Milligan	Sullivan
Buckbee	Fitzpatrick	Montague	Sumners, Tex.
Burch	Ford	Muldowney	Swank
Burke, Calif.	Gambrill	Nesbit	Taylor, Colo.
Cannon, Wis.	Gifford	Norton	Thurston
Carley, N.Y.	Griffin	O'Connell	Truax
Chase	Haines	Parks	Wadsworth
Church	Harter	Peavey	West, Ohio
Claiborne	Hartley	Prall	White
Clark, N.C.	Healey	Randolph	Wolfenden
Clarke, N.Y.	Huddleston	Reid, Ill.	
Collins, Miss.	Jeffers	Rich	
Condon	Kleberg	Rogers, N.H.	

So the bill was passed.

The Clerk announced the following pairs:

Mr. Griffin (for) with Mr. Bacon (against).
Mr. Corning (for) with Mr. Simpson (against).
Mr. Randolph (for) with Mr. Bacharach (against).
Mr. Crowe (for) with Mr. Rich (against).
Mrs. Norton (for) with Mr. Chase (against).
Mr. Lee of Missouri (for) with Mr. Fish (against).
Mr. Healey (for) with Mr. Buckbee (against).
Mr. Fitzpatrick (for) with Mr. Cooper of Ohio (against).
Mr. Claiborne (for) with Mr. Peavey (against).
Mr. Lindsay (for) with Mr. Cannon of Wisconsin (against).
Mr. West of Ohio (for) with Mr. Gifford (against).
Mr. Condon (for) with Mr. Hartley (against).
Mr. Gambrill (for) with Mr. McLean (against).
Mr. O'Connell (for) with Mr. Seger (against).
Mr. Carley (for) with Mr. Feisinger (against).
Mr. Auf der Heide (for) with Mr. Lamneck (against).
Mr. Dear (for) with Mr. Culkin (against).
Mr. Milligan (for) with Mr. Stokes (against).
Mr. Dockweiler (for) with Mr. Truax (against).
Mr. Abernethy (for) with Mr. Drewry (against).
Mr. Sullivan (for) with Mr. Stalker (against).
Mr. Prall (for) with Mr. Wolfenden (against).
Mr. Studley (for) with Mr. Doutrich (against).
Mr. Fernandez (for) with Mr. Britten (against).

General pairs:

Mr. McSwain with Mr. Wadsworth.
Mr. Clark of North Carolina with Mr. Beck.
Mr. Huddleston with Mrs. Clarke of New York.
Mr. McClintic with Mr. Muldowney.
Mr. Parks with Mr. Reid of Illinois.
Mr. McKeown with Mr. Thurston.
Mr. Taylor of Colorado with Mr. Kvale.
Mr. Shoemaker with Mr. De Priest.
Mr. Swank with Mr. Church.
Mr. Burch with Mr. Lanzetta.
Mr. Smith of Washington with Mr. Collins of Mississippi.
Mr. Sumners of Texas with Mr. Harter.
Mr. Montague with Mr. White.
Mr. Lewis of Maryland with Mr. Stubbs.
Mr. Sabath with Mr. Sirovich.
Mr. Kleberg with Mr. Allgood.
Mr. Berlin with Mr. Ford.
Mr. Browning with Mr. Rogers of New Hampshire.
Mr. Brennan with Mr. Scrugham.
Mr. Haines with Mr. Nesbit.
Mr. Burke of California with Mr. Brown of Michigan.
Mr. Jeffers with Mr. Marland.

The result of the vote was announced as above recorded.

A motion to reconsider the vote by which the bill was passed was laid on the table.

A similar House bill was laid on the table.

EXTENSION OF REMARKS

Mr. McDUFFIE. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on this bill.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

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 tomorrow.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

ORDER OF BUSINESS FOR TOMORROW

The SPEAKER. The Chair desires to state that the first order of business tomorrow morning will be that the Chair will recognize the gentleman from Ohio [Mr. CROSSER] to call up the railroad-labor retirement bill.

A REVIEW OF THE FARM QUESTION

Mr. ARENS. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. ARENS. Mr. Speaker, the main reason for a farm question is that the farmer for 10 years has produced the food of the Nation below the cost of production. During the war and right after the war, the farmer was asked as part of his patriotic duty to produce more in order to feed the world that could not produce during the war and shortly after the war. The farmer responded by extending his operations. He purchased larger and better machinery, built more and better buildings and improved old ones, and in some cases purchased more land. He borrowed a lot of money to do all these things. Before he was able to pay back these loans, boom prices disappeared. Since then prices have been such that the farmer was not able to pay the interest nor the ever-increasing taxes, together with cost of operation. He used up all his own resources and borrowed more money until today he is almost helpless.

The Democratic administration has recognized the fact that agriculture must be the first industry to be saved in order to save the Nation. In every other industry efficiency experts know fairly accurate what the demand for their product is going to be, and they can figure to a penny what it is going to cost to produce, and they usually regulate the production to the demand.

In agriculture this cannot be done. Man has no control over wind and rain and sunshine, and does not know what his harvest will be no matter how careful he is in planning and planting. He naturally must plant more land than is ordinarily necessary under favorable condition to feed and clothe the Nation. On this account surpluses occur whenever a bountiful crop is harvested. Many efforts have been made in the Seventy-third Congress to control production, to help distribution, and to finance the farmer. The farmer himself has not been able to give much aid to legislation, although he is able to plan local marketing. Representatives of farm organizations here in Washington have been here so long that the title of "professional lobbyist" is applied to

them and their effectiveness is largely lost. The men in charge of the A.A.A., sincere and able men, were willing to follow the lead of the President and give aid to agriculture by attempting to control production or marketing the surplus. Every time they made such an attempt we were told they were communistic and tried to sovietize the farmer. Enemies of the administration were able to repeat the charges of radicalism against the Agricultural Department so often that willing critics all over the country were repeating these charges to such an extent that it hampered the program. It is peculiar that the three measures, the Bankhead cotton bill, the Kerr tobacco bill, and the Fiesinger milk bill, all three measures that come the closest to sovietizing the farmer by licensing the producer, controlling the output, and taxing or taking over by the Government of surpluses produced, were not sponsored, nor supported, and to some extent opposed by this so-called "communistic brain trust" in the A.A.A.

The cotton and tobacco legislation has already accomplished some good and it is expected to bring great relief to the producers. It is, however, very temporary, only for 1 year. Corn and hog legislation and the wheat-allotment plan were not very popular on account of a processing tax. They have not shown many benefits so far, and the drought in the corn- and wheat-producing area will eliminate the surplus. The corn, hog, and wheat program will probably be terminated before it can show real results. Legislation in reference to financing farmers was passed and is more promising of good results. It has considerable red tape attached to it, which makes the needed relief very slow and the interest charges too high compared to the price of farm products. This will have to be corrected at a future session. All legislation in regard to agriculture, with the exception of the Farm Mortgage Act, is emergency legislation and does not extend beyond 2 years. The permanent solving of the farm question lies in the control of distribution. Control of production of foodstuffs or its destruction in case of produced surplus will not be sanctioned by a Christian people. Our present drought in the corn-wheat area reminds us what a reduction in the planting of those commodities may lead us into.

To solve the farm question, the farmer must receive more money for his produce. At present the city consumer cannot pay any more; therefore the first step must be to eliminate all profit on foodstuffs and all waste and unnecessary expense in the cost of distribution. This is done alone by cooperative marketing, and cooperative marketing is the only thing that will permanently solve the farm question.

To show how cooperative marketing can solve the proper method of distribution may I be permitted to state some experience I had as an officer of a cooperative organization? Land O'Lakes Creamery is an organization that markets butter, eegs, cheese, and poultry in Wisconsin, Minnesota, and the two Dakotas. It markets the butter of one-third of the cooperative creameries in this territory. Its two main competitors in the butter-producing section are two Nation-wide chain stores. Land O'Lakes pays its member creameries all it receives for the butter on the eastern market less actual hauling and processing cost. It handles the butter like all cooperatives, without profit. Its competitors have to meet this price and in many cases pay creameries a little more in order to keep them from joining Land O'Lakes. Ordinarily these competitors were able to add the extra cost to the sale price of butter in their stores and were able to meet the competitive price of cooperatives in the buying field.

To overcome this advantage, Land O'Lakes marketed its butter direct in the main markets. It established its warehouses in every large city and sold from there direct to the retail trade. By doing this it helped establish the sale price in those cities. It met competition on both ends. The result has been that the price the consumer paid and the price the producer received was very close together and very little profit made on butter. Out of every dollar the consumer paid, from 80 to 90 cents went to the producer. Large dairy corporations tell you that their profits come from milk, cream, and ice cream. There was no competition from cooperatives on these products. The price on these products was shamefully high although the farmer received a very low price. Private business will take all the traffic can bear while cooperatives operate without profit. Because the price of butter was kept reasonable the consumption of butter has increased. The price of ice cream until just recently was as high as during good times although butter fat was less than half, and the consumption of ice cream fell as much as 20 percent at times.

Eliminating profit increases consumption. Cooperatives always improve and standardize their products more so than if private dealers buy the farm products.

If Land O'Lakes controlled the selling of all butter, they could fix the price. Where they only handle a fraction they are compelled to enter the distributing market. Where they only handle one-third of the butter they were able to improve quality, eliminate waste, and unnecessary middlemen profit, and eliminate all profit on butter and help increase consumption. The proper method would be that all farmers organize a group for each commodity, and this group should sell direct to consumers' cooperatives organized in the cities. We must and will eliminate profit on necessities of life and this is the logical way. Our milk producers should have long ago organized cooperative consumers or entered the distributing end. The time of the cooperative that gathers large quantities of farm products and then dumps them into the laps of private speculators or distributors and permits them to make large profits is 30 years behind the times and should make room for the new deal. If farmers could be educated to handle their own products and receive the full reward for their labor, it would create a proud, independent, conservative bulwark or backbone of the Nation and communism could not gain a foothold. Such a program is a program of education. It will take 100 years to bring it about if farmers are left to themselves. You will have to educate a new generation. Farmers have demonstrated that during the last 2 years they have not been able to get together with a friendly Government.

The Government, however, has a duty to save agriculture. By proper legislation it can promote cooperation and bring about results in a short time. It may have to temporarily regimentize the farmer. It should help more than ever to organize, audit, and finance cooperatives. It should help build warehouses where in fat years the surplus can be stored and kept for lean years, and it should help by all means to find and develop new markets. It should help standardize products and, through cooperatives, keep inferior articles off of the market and through their organization even regulate production. By doing these things cooperatives will return to the farmer the larger part of the producer's dollar. It will keep the marketing in the hands of the farmer himself. If not, the distribution of butter, cheese, eggs, and poultry at least will be in the hands of chain stores, which would mean a ruinous return to the farmer.

SUMMARY OF CONSTRUCTIVE LEGISLATION ENACTED BY THE SEVENTY-THIRD CONGRESS

Mr. LESINSKI. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. LESINSKI. Mr. Speaker, as the present session of the Seventy-third Congress draws to a close, I believe it is fitting that we devote a few minutes to a discussion of the legislation which has been passed by this Congress in aid of the program of our beloved President.

At the close of the Hoover administration a heavy, dark cloud of despair and gloom pervaded our great country. The one and only ray of sunshine and hope for restored prosperity rested entirely in the course to be charted by our President and this Congress. Our economic order was crumbling on its very foundations, our industries were on the verge of bankruptcy, our banking system was tottering, our citizens were being evicted from their homes, our farms were devastated, unemployment was rampant throughout the land. Great and immediate reconstruction and recovery measures were necessary if our Nation were to be saved to

its citizens. The people had faith that we would put these measures into effect. Let us see how we have justified their faith. Time will permit me to dwell only briefly on the major accomplishments already in effect and to outline in a few words the steps yet to be taken in order to enlarge and perpetuate the results already achieved.

Our first great problem was to reform our banking and monetary system in order to encourage and conserve the savings of the people. To this end legislation was enacted which answered this purpose. The powers of the Reconstruction Finance Corporation and the Federal Reserve Board were enlarged so that immediate relief was made available to thousands of banks throughout the land in which were invested the savings of millions. The monetary gold of the Nation was taken from the ownership and control of private individuals and placed in the Treasury of the United States for the benefit of us all.

In addition, we have just passed legislation nationalizing silver, so that a system has been inaugurated which provides for the monetization of that metal in a conservative relationship with gold, so that our currency has a sounder value today than at any other period in our Nation's history. We hope that this will lead the way to the restoration of the monetary system of the entire world and result in widespread improvement in foreign trade and commerce between all nations.

In order to safeguard deposits in the banks of the country we created the Federal Deposit Insurance Corporation, so that at the present time all deposits eligible to the benefits of that legislation up to the amount of $5,000 are now insured in full by the Federal Government, and eventually deposits regardless of size will likewise be protected. In addition to this, we have instructed the Reconstruction Finance Corporation to liberalize its method of appraising assets in closed banks, so that a much greater amount of money will be available for distribution to depositors in those banks and a minimum will have been lost because of the defects of the system which prevailed through the Hoover administration. In conjunction with this, I might add that I was instrumental in making available to receivers and conservators of closed banks the benefits of mortgage refinancing by the Home Owners' Loan Corporation. This has materially helped both the depositors, in that a liquid security readily converted into cash has been substituted for a frozen mortgage, and also the mortgagors in that a mortgage in default and subject to immediate foreclosure was converted into a sound long-term mortgage with very reasonable provisions for payment of principal and interest.

To alleviate unemployment, eliminate unfair practices in industry, abolish child and sweatshop labor, reduce hours of work, and increase wages, enforce the rights of the American workingman to bargain collectively with his employer, promote trade and commerce throughout the land, inaugurate a great public-works program, the National Industrial Recovery Act was passed and the machinery for its operation immediately created. Business has been revived, 4,000,000 of the unemployed have returned to work, wages have increased. How well we have succeeded is amply demonstrated by the returning confidence of our citizens because of the tremendous improvement in the industrial situation beginning with the summer of 1933 and extending through the present time. What we have done for industry and the workman in the city, we have also done for agriculture and the farmer in the rural community. We have created the Agricultural Adjustment Administration which has made it possible for the farmer to work his farm at a profit instead of a loss. The Farm Credit Administration has made it possible for him to refinance his obligations on a sound basis over a long period of time with reasonable provisions for the repayment of same. I believe I can safely venture to say that the farmer and the mechanic, now working hand in hand for the common good, will eventually restore this Nation to a permanent, prosperous condition, never before approached in the history of the world.

The legislation which created the Home Owners' Loan Corporation and the act passed in the House of Representatives on Wednesday, June 13, 1934, enlarging its power has not only saved the homes of hundreds of thousands of our fellow citizens but has also given a new stimulus to business throughout the country. It will eventually result in affording the opportunity to every American family to own a pleasant habitable residence without the constant fear of its being taken away by ruthless foreclosure. I am sincere in my prayer that our children will live to see the day when slums and filth shall no longer exist to disgrace our civilization. We have gone far toward making this dream a reality, and we shall not stop until our purpose has been fulfilled.

We have passed legislation which will have the effect of safeguarding the investments of our citizens; I refer to the Securities Act and the stock-exchange control bill. The loaded dice have been taken from the hands of the Wall Street manipulators, but at the same time we have made it possible for anyone to buy and sell an honest security at a fair price.

While not interfering with the rights of the States to enforce their own criminal statutes, we have provided the means for the Federal Government to assist them in this end. In the future commerce in organized crime, racketeering, and kidnaping will indeed be a dangerous undertaking for the criminal.

We have eliminated the loopholes whereby those so inclined have been enabled to avoid payment of their just share of the cost of good government. It has been conservatively estimated that $300,000,000 yearly has slipped through the hands of the poor into the hands of the ultra-rich because of the defects in the revenue law. This condition has been remedied.

The immigration and naturalization laws have been liberalized so that law-abiding persons who heretofore could not become citizens are now eligible for citizenship at much lower cost to themselves. This will aid the worthy who desire to become citizens of our great country.

I should like to pause for a moment to mention an undertaking in which I was particularly interested because of the need existing in my own district for it. I refer to the subsistence homesteads project. The machinery has already been set in motion whereby those of our citizens who so desire may own and cultivate a small plot of land and at the same time be close to the industry in which they earn their livelihood. I have been informed by the director that 100 of these farm homes will be established shortly near my district, and I am highly pleased in the part I played in bringing this to pass.

While we have achieved much, our program has not yet been completed. The Seventy-fourth Congress and those to follow will make a thorough study of social legislation discussed briefly by our President last week. In this category I include old-age pension and unemployment-insurance measures, which will eliminate the dole. Our Constitution, like the Holy Bible, sets forth our principles for decent living, liberty, freedom, and justice. We have declared it to be our purpose to make available to all our people, from the most humble to the mightiest, the benefits to be derived from our form of government. We shall perpetuate the American system created by our forefathers. To this we have pledged ourselves. Let each American judge how well we have performed our mission.

PERMISSION TO ADDRESS THE HOUSE

Mr. CONNERY. 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 Massachusetts?

There was no objection.

Mr. CONNERY. It has been called to the attention of the American Federation of Labor, through a misleading speech published in the CONGRESSIONAL RECORD, that manufacturers in the cotton-garment industry are endeavoring to induce Members of Congress to bring political pressure to bear on the N.R.A. The impropriety of such procedure is obvious, and I am confident no Member of the House or the Senate will be a party to it once he or she is placed in possession of the facts.

The cotton-garment industry is a sweated industry. Hours are unreasonably long; wages are unreasonably low. The industry has been in this unfortunate condition for years. The code approved by the National Recovery Administration has brought about some improvement, but standards are still far below those of related industries.

The N.R.A. has been asked to raise the standards in the cotton-garment industry, and a hearing has been arranged for Monday, June 18.

The sweatshop proprietors evidently feel that they cannot successfully defend long hours and low wages before an impartial tribunal. They know that the facts are all against them. Therefore, they are endeavoring to play politics with an issue which involves the well-being of approximately 200,000 men and women. They are therefore deluging the country with this false propaganda.

They are asking Members of the House and Senate to appear at the hearing and to protest against the proposed changes on the ground that they will destroy the industry and restrict the market for cotton. Of course, there is not the slightest foundation in fact for these claims. By increasing employment and wages and thereby building up consumers' purchasing power, the markets for cotton clothing and for raw cotton will be greatly expanded.

Enlightened employers and spokesmen for the organized-labor movement will appear at the hearing prepared to prove by a wealth of statistical data that wages should be raised and hours shortened. They will come before the N.R.A. with clean hands. They will contend that politics has no place in the determination of the issues raised.

The American labor movement asks Members of Congress to refuse to be influenced against capable representatives of labor who are sincerely endeavoring to remedy indefensible economic wrongs which approximate sweatshop conditions in the cotton garment manufacturing industry.

AID TO THE DAIRY INDUSTRY MUST BE HANDLED AS A PUBLIC UTILITY

Mr. HENNEY. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. HENNEY. Mr. Speaker, fellow colleagues, I desire to address myself today briefly on the subject of the dairy industry. The supply, distribution, and consumption of milk and its products affect, to a greater extent, the financial income, health, and well-being of a larger proportion of our American people than any other agricultural commodity.

This industry ranks first in farm income, having reached a high point of nearly 2 billion dollars annually in 1930 to a low point of approximately 900 millions in 1933. It is the most universally used food product of adults throughout the world, and as a food for infants and invalids it is as indispensable as are drugs and medicines in saving the lives of our malnourished and sick children and grown-ups, as well as being a dire necessity in infant feeding in every village, hamlet, and city of our country. Science has produced no suitable substitute for milk—and yet, Mr. Speaker, I submit that this industry has had less assistance and protection by our Government than any other major agricultural commodity.

We have enacted legislation that has figuratively "saved the hide" of the cotton producer. We have given the wheat farmer the protection that he has been clamoring for during the past many years and that protection which he was led to believe a protective tariff would insure—even to the direct rebate of the processing tariff—in such a way that it is an assured and not an assumed fact that he will be reimbursed to the extent of the tax when and if he complies with the acreage reduction contracts. I wish to add here and now, Mr. Speaker, that this program has been and is a real lifesaver to those wheat farmers who did not allow themselves to be stampeded by a group of rabble rousers into objecting to and obstructing the program in their hopes that it might be broken down. Those producers who cooperated are now receiving their contract checks on a basis of 1932 and 1933 production, although the unfortunate and devastating drought has left them without a solitary bushel of wheat to sell.

The corn-hog farmers and the tobacco producers are likewise receiving the beneficent assistance of the Government, but our dairy farmers—those of my State and of my district in Wisconsin—are still out in the cold. I am not one of those who criticize and damn the triple A because of its method of handling the milk situation. I have consulted, contacted, and communed with them day after day in attempting to have this industry given a "chance for its white alley." The problem is difficult, it is intricate, and it is involved. A plan that will be of assistance to one group may be strenuously objected to by another group, and a compromise is most frequently met by opposition from all groups.

I have reference, Mr. Speaker, to the milk-shed group, who, I am sorry to say, are at the mercy of the distributors, many of whom are real pirates and buccaneers. This group of middlemen have been responsible for and have insisted on the two-grade classification; namely, first, that portion dispensed directly to the trade and for which the top price is allowed, and second, the so-called surplus milk, which latter is simply in reality an accessory supply to be used in case of "a run." All that is not used, and which amounts to approximately 30 percent of the farmers' milk sold through these distributors, is converted into butter or milk products and shipped back to compete with and beat down the price of butter, cheese, and canned-milk products of the farmers living outside the milk-shed district. This milk is usually sold by the farmers for a price of approximately 90 cents to $1 per 100 pounds, which is a price that is ruinous to the industry in "the hinterlands."

My district in Wisconsin is very largely outside the Chicago and Milwaukee milk shed, and my dairy producers have a real and valid complaint against this procedure, but, leaving that element out of consideration, it is an unfair and discriminatory procedure for a great percentage of those farmers living within the drainage area; and until this policy is better adjusted our producers in the midland districts will continue to be subject to unfair competition.

The worst parasites in the milk industry, as I see it, Mr. Speaker, are the monopolistic distributors who vote themselves enormous salaries and pay themselves huge dividends at the expense of the dairy producer. I supported and assisted in bringing out the so-called "Kopplemann resolution", calling for a congressional investigation of milk distributors and processors, and I am certain that when the facts become known that the American consumers will rise up in their might in demanding the control and supervision of these "milk brokers" who, it appears, have profited in the past and at the expense of the farmer who is obliged to produce milk on a less-than-cost basis. At the same time they have advanced the price to the consumers to a point that underconsumption and lack of consumption have tended to pile up a milk surplus that beats the price down by making the farmer be good and accept any price they may wish to offer him.

It was shown in the hearings, Mr. Speaker, that the producers in New York State were receiving 1½ cents per quart, while the consumers in New York City were paying 16 cents per quart, or in other words, the distributor returns about 9 cents out of every consumer's dollar to the producer.

The Consumers' Guide, which is put out by Frederick C. Howe of the Triple A, shows that at the present time, for all milk products, the farmer received about 37 cents of the consumer's dollar; whereas 1 year ago he was receiving about 45 cents of it.

It was likewise shown by Miss Grace Abbott, of the Children's Bureau, that in a study of a large group of railroad employees whose wages had been cut 30 percent, milk consumption among 90 percent of them had been cut 50 percent and 27 percent had discontinued using milk entirely. I therefore submit, Mr. Speaker, that the purchasing power of industrial labor is quite necessary to a continuing normal consumption of milk, butter, and cheese, and certainly if

the consumers' price can be lowered either through cooperative production and distribution or through a voluntary reduction in retail price brought about by the Kopplemann investigation, or lastly through cooperative purchasing by the retail trade, then, and then only, Mr. Speaker, will the producer receive his just and equitable share of the consumer's dollar and then again will the consumer receive the honest quantity that his dollar has bought and then so-called "underconsumption" will vanish—all of this will be insured only by stricter supervision of the machinery of distribution.

I am in perfect agreement, Mr. Speaker, with Miss Abbott that in the interests of the producer, in the interest of public health and the saving of infants' lives, the milk industry should be considered and operated as a public utility by our Government, and I also believe, Mr. Speaker, that this is the only solution of the problem if we really desire and intend to give our dairy producers a square deal along with the new deal.

PERMISSION TO ADDRESS THE HOUSE

Mr. SECREST. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection?

There was no objection.

Mr. SECREST. Mr. Speaker, I am informed that the Committee on Interstate and Foreign Commerce reported a resolution this morning providing for a study of the oil industry. It is hoped that this will enable the next Congress to pass proper legislation. I want to present a few facts which I feel will be appreciated by Members of the House on this subject.

In my district as well as in the State of Ohio there are thousands of people whose prosperity and welfare depend upon the production of coal and oil. Not only must we produce these two commodities if we are to prosper but we must be able to sell them at a price that will guarantee just and satisfactory wages to the employees and a reasonable return to those whose capital is invested.

The regulation of commerce in petroleum is of vital importance and necessity to the producers of oil and, incidentally, to the producers of coal. I shall speak primarily on the problems facing the oil industry.

To understand these problems a few essential facts should be held in mind.

Since America's first oil well was drilled near Titusville, Pa., in 1859, the United States had produced approximately 16,000,000,000 barrels of oil up to January 1, 1934. There are 319,419 producing oil wells in the United States, and these wells produce at the present time slightly over two and one-half million barrels each day.

Of the total wells in production, 300,000, or 92 percent are wells of settled production, commonly referred to as "stripper wells." These stripper wells may be divided into four groups, based on the amount of oil produced. The first consists of 50,000 wells which produce less than 4 barrels each day. The second consists of 50,000 wells which produce less than 3 barrels each day. The third consists of 50,000 wells which produce less than 1 barrel each day. The last consists of 150,000 wells which produce less than one-half barrel each day. These 300,000 stripper wells are the backlog of the Nation's supply of crude oil, and if they are forced out of production by destructively low prices, the Nation will suffer a great and irrecoverable economic loss. The greatness of this loss is emphasized by the fact that science has determined that no more than 25 percent of the oil originally in the sand has been taken from these stripper well areas, leaving to time and the ingenuity of man to recover the other 75 percent.

For generations these wells will continue to contribute to our national wealth if we can make their operation profitable. In my district, near Chesterhill, in Morgan County, there is a well that has been in continuous production since 1861, and today, although it is the oldest producing well in the world, it contributes its small share to our national wealth. In the last 4 years 5,000 wells similar to this one have been abandoned in Ohio alone because it was economically impossible to operate them with oil selling for less than $1 per barrel. Future generations must certainly condemn us if we revert to conditions that compel the abandonment of small wells with the consequent loss forever of such great aggregate quantities of oil. The welfare of our Nation demands that these small producing wells must be saved. Eighteen States are engaged in the production of oil, yet three States, California, Oklahoma, and Texas, produce more than 70 percent of the Nation's supply. Regulation, in my opinion, will be beneficial to every oil-producing State, both large and small.

Let us go back to 1931 for a brief picture of the pitiful condition of the oil industry. The average price for oil throughout the United States during that year was 65 cents per barrel. This condition brought about the abandonment in 1 year of 1,589 producing wells in Ohio alone, while the same general demoralized condition existed in practically every oil-producing State of the Union. During the first half of 1932 conditions grew steadily worse.

In the early months of that year it was my privilege to support in the Legislature of Ohio a resolution memorializing Congress to place a tariff on the importations of crude oil and its products. The same urgent appeal was made from other sections of the country and Congress wisely placed a duty of 21 cents per barrel on crude and fuel oil and $1.05 per barrel on gasoline imports. This tariff went into effect June 21, 1932, and the next month imports of crude oil dropped from 6,811,000 barrels in June to 1,525,000 barrels in July. Gasoline shipped in from foreign countries dropped from 1,316,000 barrels in June to 63,000 barrels in July. The price of crude oil arose with such rapidity that by the end of 1932 the average price of all oil in the United States for the whole year of 1932 was 87 cents per barrel, a gain of more than 33 percent over the previous year. This tariff, together with curtailment of production in nearly every oil field of the Nation, gave us a short period of rapid recovery.

This recovery lasted only a short time, for in December 1932 the price of oil began a decline that drove prices to the lowest levels in history in practically every field in the United States. The price of oil in the east Texas field fell from 75 cents per barrel on January 19, 1933, to 10 cents per barrel on April 25, just 3 months later. The price of Pennsylvania crude oil produced in my district dropped to 77 cents per barrel on May 9, 1933. From one end of the Nation to the other oil was produced at a loss by the operators and the royalty checks of the landowners dwindled to almost nothing.

Not only was this disastrous to the oil industry, but it affected the production of coal as well. We cannot hope to prevent the natural competition of one commodity with another, but cheap oil was thrown into unnatural, unwarranted, and unjust competition with coal, resulting in great loss to the producers of coal and no profit to the producers of oil.

In 1933 the consumption of fuel oil was equal to more than 80,000,000 tons of coal. A reasonable price for oil would certainly have prevented much of this loss of market suffered by the coal industry. During the years of 1931 and 1932 oil burners alone replaced the market for 3,300,000 tons of coal. At least 1,200 miners lost continuous work by this replacement and at the same time the actual producers of this oil failed to profit. There was no justification for this competition, inasmuch as both competitors suffered severe loss. In general, the situation for several years seemed hopeless. The oil industry was demoralized. Voluntary agreements had failed. State militia had been called. Other schemes were devised to control production and assure fair prices. Eventually, all efforts failed, and the desired result seemed more hopeless with the collapse of each new plan.

In the spring of 1933 the Congress passed the National Industrial Recovery Act and soon the oil producers of the country began to consider the possibilities of drafting a code for the industry. Each day as the drafting of the code progressed the chaotic condition of the oil industry of past years was forcefully brought to the attention of the Nation,

and the very hope of order and regulation was sufficient to lend strength to market prices.

In September 1933 the petroleum code went into effect, and in 9 months of operation it has proven its advantage to the oil industry. It has helped the large producer just as it has aided the small producer.

For example, Mr. Speaker, the production in the east Texas field in April 1933 was 41,037,000 barrels, according to the Bureau of Mines. The price quoted and paid for this oil by the major companies on the 25th of April was 10 cents per barrel. Other companies paid less and in fairness let it be said that a few companies bound by contracts paid substantially more. At this price, the production for April 1933, 5 months before the code went into effect, was worth less than $5,000,000.

In April of this year, 7 months after the code was effective, the production of this same field, which is the largest in Texas, brought $31,935,000 despite the fact that production was cut over 9,000,000 barrels. Thus, east Texas received in April 1934, compared to April 1933, many times the amount of money for 25 percent less oil. This higher price for oil has remained constant since the adoption of the code 9 months ago.

Now, let us see the effect of the code on a field composed of typical stripper wells, namely those wells in Ohio producing Pennsylvania grade crude oil. On May 9, 1933, the price posted for this oil in Ohio was 77 cents per barrel, far below the actual cost of production. One year later, May 1, 1934, the price of this grade of oil was quoted at $2.07 per barrel.

In Ohio two other grades of oil are produced, the Lima grade in the northwestern section of the State, and the Corning grade in the northern and central sections of the State. While the quality of oil in these fields is somewhat lower than that of southeastern Ohio, yet the price of all grades of oil increased in proportion to the quality. Thus, under the code, by reason of its inherent worth and wise administration, great benefit has been derived by the oil industry. The great fields have gained financially and at the same time have retained millions of barrels of oil for future sale. The small fields have gained financially and are free to produce that oil which without the code often would be lost forever.

It is to insure these benefits that the Secretary of the Interior, who is the administrator of the oil code, and the President of the United States have requested the enactment of the Disney bill.

Let me quote from a letter sent by the President to the chairman of the Senate and the House committee to which this bill was referred. He says:

> If the principle of prorating production under a code is to be maintained, it seems necessary that the existing law should be strengthened by the passage of the bill which has been introduced in the Senate by Senator THOMAS and in the House by Congressman DISNEY and supported by the Oil Administrator.
>
> It is a simple fact that as a result of the work of the Oil Administrator definite progress has been made both in eliminating unfair practices and in raising the price of crude petroleum to a reasonable level, which has brought added employment and more fair wages to those engaged in oil production.
>
> I am frankly fearful that if the law is not strengthened, illegal production will continue and grow in volume and result in a collapse of the whole structure. This will mean a return to the wretched conditions which existed in the spring of 1933.
>
> I hope therefore that the proposed legislation can be enacted.

I am eager to protect the stripper wells of the entire United States, as well as those of my district. To these wells it means economic life or economic destruction. Though Texas has the greatest flush fields in the United States, there are thousands of small wells in that great State that would suffer the same fate as the stripper wells of my district for the average production for the 48,000 wells in Texas was less than 23 barrels in 1933. For every gusher there are hundreds of small wells in Texas and elsewhere that need the protection this bill seeks to give.

If oil is to be maintained at a reasonable price by controlling production, I want to be sure of two things. First, I want to feel sure that the high price of oil at home does not throw our markets open to foreign competitors. Second, I want to know that this increased price will not place an undue burden upon the consumers of this Nation. The only way to answer these questions is to make a complete examination of the available facts.

I will briefly discuss the question of imports first, and it is well to bear in mind that imports of oil fall into two classes; first, those that enter into domestic commerce and compete with oil produced in the United States. On this class of imported oil we levy a duty or tariff of 21 cents per barrel, which can be increased to more than 30 cents per barrel by Executive order, if the domestic market is threatened at any time in the future.

The second class of imports are known as free imports on which there is no duty because not one barrel of this oil is consumed within the boundaries of the United States. This oil is fuel oil which is stored at our principal ports and is used exclusively to refuel foreign vessels that come to our shores.

It is a common and misleading error to refer to both classes of oil as actual imports in the common sense of the word. It is just as ridiculous to say that a visiting king imported $1,000,000 worth of diamonds because he brought them with him during a short visit and then took them to his native land on his return.

The only real imports are those that enter our land for purposes of competition in our domestic markets. Either ignorance, or an intentional disregard of this fact, was unjustly used as the basis for criticizing the oil code administrator before the Senate committee a short time ago.

The real facts regarding imports are easily understood. The tariff on oil took effect in June 1932. Immediately the imports of crude oil, gasoline, and fuel oil fell to the lowest levels since 1918. When the oil code was drafted a provision was inserted that gave the administrator the right to restrict the importations of oil to the average daily imports for the 6 months immediately following the effective date of the tariff, inasmuch as these 6 months afforded slim picking in the United States for the foreign producers of oil.

This quota of allowed imports amounts to 108,000 barrels of oil per day. The statement was made to the Senate committee that the administrator permitted imports to the amount of 117,000 barrels per day. It is true that this much touched our shores, but of this amount 19,000 barrels was free oil that did not enter our markets. The facts, in justice to Mr. Ickes, show that 10,000 barrels less competitive oil is being imported daily than the amount permitted under the code. It is a fact that imports for March of this year, even including free oil, are less than imports for March of last year, when the oil code was not even thought of as a possibility.

On the other hand, exports of petroleum have more than held their own, with an increase of more than 3,000,000 barrels in 1933, according to figures of the United States Bureau of Mines.

Thus, without doubt, a much fairer price has been established for crude oil under the code, and at the same time our markets are better protected from importations of foreign oil.

Let us now consider the consumer. Have we placed a burden on him when we raise the price of crude oil from which his gasoline is refined? Facts alone can give us the true answer, and these show that the average price of gasoline at the refinery during the first quarter of 1934 was almost one-half cent less per gallon than in 1932. I have two excellent authorities for this statement, the Petroleum Administrative Board and the Bureau of Mines. The Oil and Gas Journal for January 25, 1934, states that the price of gasoline at the refinery was lower in 1933 than in 1932. Better refining methods have, no doubt, been largely responsible for the decrease in the price of gasoline in the face of greatly increased prices of crude oil. I have used refinery prices because these reflect the only real basic effect that the price of crude oil can have on gasoline. From the refinery to the consumer the price is governed entirely by distribution costs and not by the price of oil.

Because of additional employment and higher wages along the line of distribution, the actual price to the consumer at the gasoline station has increased a fraction of a cent over

the depression price of 1932. This negligible advance cannot be charged to the increased price of crude oil. Also, it must be remembered that gasoline is made chiefly from the lower-priced oil. The better grades of oil are used for lubrication and the comparatively high price always paid by the consumer for lubricating oil has permitted the industry to absorb what would usually result in increased prices.

For instance, there are 42 gallons in a barrel of Pennsylvania oil produced in my district. From this it is possible to refine 5 gallons of good lubricating oil in addition to all other products. This refined oil for automobiles sells for an average of 80 cents per gallon at the filling station and thus, it is possible for the price of oil to increase considerably without necessary increase to the consumer.

Certainly, to say the least, the consumer has not felt any undue or unjust burden by reason of the great improvement in the oil industry. With a clear conscience and with the most logical reasons we can take steps to retain by law the ground gained by the operation of the oil code.

The oil industry ranks third in the United States and stands second only to cotton in our national exports. It is a great natural resource which we must conserve.

For generations we wasted the timber resources of our Nation and today we are spending great sums to restore that which we so foolishly destroyed.

Unlike trees, oil cannot be replaced. Conditions should be such that no well will be abandoned from which it is possible to produce a reasonable supply of oil.

Under the code the small stripper wells have been given a new hope. Production has more nearly been brought to balance consumption. Wages to employees in the stripper-well areas of 10 States increased 55 percent while employment increased 34 percent. Royalty checks again brighten the homes of countless people. Two and one-half million investors see greater values in their holdings. Coal is relieved of an unnatural and unnecessary competitor. The consumer of petroleum products has not suffered. All this, and more, has been achieved in 9 short months of operation under the oil code.

I hope that we will do all in our power to prevent a loss of ground while we bend every effort toward greater gains. As I see it, this is not only our duty to the present generation, but a duty to generations to come. The question of conserving our natural resources is not only the concern of every State, but it is the concern of the National Government as well. Sooner or later Congress must face the issue.

I had hoped action on the Disney bill would be taken at this session of Congress, but the committee decided to investigate and make a complete report on the oil industry for the attention of Congress when it meets next January. At that time I hope for immediate and conclusive action.

SUGAR PROCESSING TAX

Mr. DIRKSEN. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. DIRKSEN. Mr. Speaker, I invite your attention to the following item in the Washington Star of June 5, which is rather illuminating:

> The A.A.A. and the press have started a little private feud. When the sugar-allotment figures were announced the other day, news men were gathered into a room for a conference. An arrangement was made so the news would not be sent out until the conference was over and the matter thoroughly explained.
>
> The conference lasted about half an hour. When the news men dashed to their wires they found the figures were out in the financial district in New York and actually had reached Cuba.
>
> It was found that someone in the A.A.A. had leaked the figures to representatives of sugar concerns who spread it broadcast, scooping the press by half an hour or more.

That item leads me to some reflections upon the despairing situation of the American farmer that may be of interest to the Members of this House and to the American public, particularly the farmer.

Years ago farm life in the Middle West was a rather happy lot. It is not so happy today. After the farmer has planted a crop, he must start worrying about the chinch bug, the army worm, the Hessian fly, and a host of other things. If he gets a crop he has to worry about the market price that it will command. If prices are low, he has to worry about the principal and interest on the mortgage.

The market price years ago was not so grave a concern as it is today, because he had a market. He could feed corn to pigs and there was a market for the ham, the lard, and the bacon. He had to raise a certain quantity of products for his horses and mules. He could feed corn to beef cattle and find a market. He had no difficulty in disposing of butter and cream. More and more uses were found for the manufactured products of corn and that market was expanding. The distilleries used corn in the production of whisky and alcohol and when alcohol was being promoted as an antifreeze solution for auto radiators, the possibilities seemed tremendous. The prospects for the farmer looked rosy indeed and land values went up.

Today, the farm picture is distressing to say the least. The chinch bug, the drought, the Hessian fly, the Army worm are still with him, but that is not the saddest aspect of agricultural despair. The mortgages and the interest requirements are still with him in increased measure, but that difficulty might be surmounted. The real difficulty is that the market for farm products is being slowly but surely strangled and the farmer's prospects are about as bright as those of a man who sits in the death cell of Sing Sing prison.

Now the tragic aspect of this whole market situation is that the farmer has been kidded, bilked, guyed, sopped, and plundered by a lot of ballyhoo emanating out of Washington. A grim cruel joke has been played on him in the guise of aiding him and it is about as humorous as dropping an iron washer in a blind man's cup and stealing a dime. Now this not a partisan speech. I am interested in recovery first and politics afterward. I will vote for any measure that contains some reasonable assurance that it will be of genuine benefit to the farmer, the business man, the laboring man. No Member of Congress can listen to the despairing cries of farmers in danger of foreclosure, of laboring men without jobs, of business men on the ragged edge of insolvency without uttering in his heart a fervent prayer for Divine guidance in getting out of our difficulties.

Look at the RECORD and you will note that during all of the Seventy-third Congress, I have said little or nothing about the "brain trusters", the hot dogs, the radicals, and the Bolesheviki. I did not like their brand of regimentation and control but I was willing to go along with these schemes because after all they might have turned out all right. I recall what Glenn Frank, president of Wisconsin University, once said to the effect that you can put a radical in jail but you may find a few days later that he was right. I did not feel like getting out on a limb on these involved and complicated schemes of crop control and reduction and hog slaughtering because I felt that the Department of Agriculture and the Agricultural Adjustment Administration had more facts than I and they might be right.

But recently I have been getting suspicious that there is something wrong in Washington. These suspicions were aggravated when I noticed the speed with which the United States Senate recently confirmed the treaty with Cuba, handing to that little island republic its unequivocal freedom on a platter without any strings tied to it. The ink was scarcely dry on that treaty down in the State Department at the other end of Pennsylvania Avenue until it was rushed to the Senate by special messenger and passed by that body. Ordinarily the Senate does not do business that way. They are a deliberative body. This treaty business therefore seemed very strange indeed. Senators, too, were suspicious and the word went around that they were getting ready to break the gentle news to Cuba about how much or how little sugar she could send to the United States next year and perhaps the year after that. They figured that Cuba would get mad. They were afraid of open hostilities and of the need for taking the fleet right away from the imposing review in New Hork Harbor and dispatching it to Cuba to comfort and assuage the anger of the Cubans. There were,

of course, some intimations that perhaps a movement was on foot to restore Gerardo Machado, the former brutal, bloody-handed tyrant of Cuba to the presidency. Bullets have been breaking the widow lights in the home of Jefferson Caffery, the American Ambassador down there, and his chauffeur was informed that if he and his boss did not move out of Cuba, they might have an informal engagement with the undertaker. Anyway, a lot of reasons, real and fancied, were advanced for the immediate adoption of the treaty and so it was adopted and ratified.

Now, the farmer may wonder what relationship exists between an Illinois cornfield and the island of Cuba. To that I answer, "Plenty." But that is one of the perplexities of life. Life on this planet is closely integrated. We little realize how small this world is and how a frost in the Illinois Valley on Tuesday night will be registered in the Liverpool market Wednesday morning. The fact is that this treaty business confirmed what was going on in my thoughts, and I proceeded to look up the names and connections of a few gentry whose actions seemed tinged with ulterior motives, and I believe you will be interested in the kind of a deal that is being prepared for agriculture.

By way of preliminary, let me say that in 1933 this country imported nearly 180,000,000 pounds of tapioca flour from Java and the Dutch East Indies, which is used for making glue, for sizing textiles, and a lot of other purposes. This quantity replaces millions of bushels of corn. We import millions of pounds of oils and fats for use in oleomargarine and soap despite the fact that we have 37,000,000 pounds of butter in cold storage. We have got 65,000,000 pounds of beef in storage, but despite that fact we seem to find it necessary to import beef in cans from Argentina and Uruguay. We have got 40,000,000 pounds of frozen eggs and 90,000 cases of shell eggs in storage, and yet in 1932 we seemed to find it necessary to import 30,000 cases of shell eggs and about 3,000,000 pounds of yolks and dried albumin. We imported millions of pounds of hides despite the fact that domestic prices were so low that it was not worth while to put a skinning knife on a slaughtered calf or cow.

It seemed to me that something had to be done to preserve a market for the farmer, so when the Agricultural Committee of the House started to consider the bill to include sugar beets and sugar cane as basic commodities and to establish quotas of sugar that might be raised by the beet growers and quotas that might be imported from Cuba, Puerto Rico, the Philippines, and the Virgin Islands, it occurred to me that a quota on blackstrap molasses might very properly be included in that bill.

Accordingly, I talked it over with Congressman GILCHRIST, of Iowa, who is a member of that committee, and after some discussion the amendment was prepared and introduced, but it was rejected by the committee. Now, I am not blaming the committee. The sugar bill was an administration bill. It was sponsored by the A.A.A. as is indicated by the fact that Mr. Weaver, Mr. Tugwell, and Mr. Ezekiel all appeared before the committee. They knew what they wanted. They admitted that they were experts on the subject. The bill was an administration bill, and so the blackstrap amendment was rejected. This seemed strange. It was a good amendment. It seemed germane to the bill. It was right in line with the administration's professed solicitude for the farmer. Since Mr. Tugwell was going in for planned scarcity of just about everything, I thought that a scarcity of blackstrap molasses would be just the thing. If we could cut down on the amount of blackstrap molasses which comes into this country from the off-shore islands, we could thereby expand the market for corn and other grains.

The fact is that blackstrap molasses is used for only two purposes—namely, for mixing with dry feeds such as chopped alfalfa and for conversion into alcohol. About one-third of the importations of blackstrap molasses are for feed purposes. Such importations are quite all right. When used in feed, it does not enter into competition with farm products. It merely expands the use of such products. But when used in the production of alcohol, it is in direct competition with corn and other cereal grains. You can make all forms of alcohol from blackstrap. It will produce the kind of spirits that folks drink or the kind they put into their auto radiators or the kind they use to rub away aches and pains. Before 1910 the importations of blackstrap molasses were very small and of little concern. Since that time they have increased to hundreds of millions of gallons annually.

Now, it seemed very strange to me that, after all the statements of Mr. Tugwell, Mr. Ezekiel, Mr. Weaver, and everybody else connected with the Department of Agriculture and the A.A.A., that the blackstrap amendment to the sugar bill should have been rejected. Were they really interested in the farmers or only kidding them? Were they moved to despair by the foreclosures and the low grain prices which afflicted the farmers of the Middle West or were they giving lip service to their solicitude and then secretly laughing in their sleeves and laughing at the ease with which another academic remedy was being put over on the Corn Belt farmers. I could understand the economic reason for the molasses distillers wanting to continue to import blackstrap molasses for alcohol purposes. It was a lot cheaper. In fact, the raw material cost of blackstrap as against corn in the production of alcohol is about one-fourth. It can also be processed much faster. Anyone can understand that. It is only normal selfishness. But what I could not understand was why it is permitted, even though it was cheaper, and meant larger profits for the blackstrap people, when the A.A.A. was talking about crop control, pig slaughtering, overproduction, and what not, as a remedy for the farm situation. The two ideas were not consistent and did not make sense. There was something wrong and for a few days I have been trying to find out what it was. I think I found it, and that is why the corn farmer of Illinois and the sugar planters of Cuba and the Virgin Islands and Puerto Rico may be thousands of miles apart geographically but are next door neighbors economically.

I can lay the foundation for these disclosures in short order. For every ton of cane sugar produced, there remains about 600 pounds of blackstrap molasses. Manifestly the producers of sugar are anxious for a profitable outlet for this by-product so it is plain to be seen that the sugar producers have a distinct interest in backstrap molasses. Since blackstrap molasses is used largely for the production of alcohol, it must be apparent that the sugar and blackstrap producers would be much interested in the distilling business and in alcohol.

If sugar is hooked up with blackstrap, and blackstrap is hooked up with alcohol, and blackstrap displaces corn in the industrial market, it is easy to see that perhaps the sugar people might be responsible for these continued importations of molasses. But surely the "brain trusters", who are charged with omniscience, could see this. Surely the genial Mr. Tugwell, the studious Ezekiel, the affable Mr. Dalton, the suave Mr. Weaver, could see this. Then why did they not give attention to it? Now, a sad thought obtrudes itself. Could it be that they might be parties to a general scheme to continue to import blackstrap molasses, even though it affected the corn farmer? Perish the thought! Were they not "brain trusters"? Were they not radicals? Were they not "hot dogs"? Had not they frightened the people of this Nation with implications of radicalism, with theories of regimentation in industry and agriculture? Were they not left-wingers? How silly to even speculate on the theory that the American people had been duped and hoodwinked with cries of radicalism, sovietism, and "brain trusting" which in reality might be nothing more than a smoke screen to conceal the economic plundering of the American farmer. It was silly. It was laughable. These so-called "brain trusters" were snugly and securely established as radicals of the first water, and to think that they might be cooperating with a group of reactionaries was like getting the wolf and the lamb to lie down together. Yet stranger things have happened. Moreover, it seemed singular that most of the radicalism was concentrated in the Department of Agriculture. Anyway, it was a starting point for a quiet, unobtrusive one-man investigation, and I now give you the various relationships

and let you judge whether or not there is something singularly strange in Washington.

Mr. Charles W. Taussig, who has been in and out of Washington many times and who has been regarded as one of the unofficial advisers on sugar, molasses, and related matters, is in the molasses business; in fact, he is president of the American Molasses Co.; the Numoline Co.; the American Molasses Co., of Louisiana; the Applied Sugar Laboratories, Inc.; vice president and director of the Boston Molasses Co.; and director of the American Molasses Co., of Maine. He is thoroughly steeped in molasses. He is also a member of the advisory council of the Virgin Islands, where they grow sugar, produce molasses, and make rum, and also bay rum. On April 9, 1934, this council passed an ordinance providing for the rehabilitation of the Virgin Islands by getting back into all forms of industry, including the sugar, molasses, rum, and bay-rum business. For that purpose, the P.W.A. allocated a million dollars. About a month before that, Mr. Tugwell, "brain truster extraordinary", made a trip to the islands by airplane, presumably to see that everything was in apple-pie order and to take a salute from the school children. Mr. Taussig may have been there to help prepare a welcome for Mr. Tugwell. In any event, Mr. Taussig is very much in the molasses business, is very much in the Virgin Islands, and very much interested in the continued importation of molasses, no matter how much it curtails the market for the products of the midwestern grain farmer.

Mr. A. A. Behrle, Jr. Now, it is surpassing strange that Adolph Behrle, Jr., precocious young "brain truster", who lectures at Columbia University twice a week, acts as an adviser to the administration, and in spare time looks after the fiscal affairs of New York City at $13,500 per annum, should have been one of the directors and general counsel for the American Molasses Co., of which Mr. Taussig is the president. But it is even more singular that Mr. Behrle should have been appointed as legal adviser for the A.A.A. in the hearings that were held on the sugar stabilization agreements held in Washington in August of 1933. At that time members of the Sugar Institute protested that Mr. Behrle was biased and prejudiced and might have an ax to grind, but that made no difference. Their protests went unheeded and Mr. Behrle continued to sit in the picture. Now, any average citizen would conclude that apparently Mr. Behrle, one of the original "brain trusters" could not be so radical nor look like a younger brother of Stalin if he was so acceptable, not only to the A.A.A. but to Mr. Taussig and to those other sugar boys who had certain sugar interests in Cuba. I know how unbelievable it seems that the widespread and continued talk of Mr. Behrle's "brain trust" proclivities might have been just so much hooey to divert attention from the fact that he was close to the molasses and sugar interests, but what are you going to do when the bald facts keep staring you in the face?

Mr. Jerome N. Frank. If you will look in the Congressional Directory you will find that Mr. Frank is not only general counsel for the A.A.A. but also general counsel of the Federal Surplus Relief Corporation. He bears a heavy responsibility. He sits at the right hand of Mr. Wallace and Mr. Davis. He puts the legal O.K. on what is done in the A.A.A. I expect that Mr. Frank is a most estimable and capable gentleman, but what struck my fancy was that, according to Martindale's Law Directory, he was a member of the New York law firm of Chadbourne, Stanchfield & Levy. This law firm, according to Poor's Manual of Industrials, acted as the attorneys for the Schenley Distillers in an offering of capital stock in July of 1933. It is singular too that Lehman Bros., of New York, of which Governor Lehman had for a long time been a sort of silent partner, first offered this stock to the public. The Schenley Distillers, as you may or may not know, control and operate a number of distilleries, and have been much interested in the manufacture of alcohol from blackstrap molasses. Mr. Frank, in a position of vantage in the A.A.A., and his former law firm in New York, acting as attorneys for the Schenley Distillers, would indicate a most pleasing relationship. Now, please do not misunderstand. I am not saying that Mr. Frank would take advantage of his position. I am content to point out that he could, if he were so disposed. But more intriguing than that is the variety and the importance of the relationships that Mr. Frank's law partner, Mr. Thomas Lincoln Chadbourne, bears to this set-up.

Mr. Thomas Lincoln Chadbourne. He is a man of many interests. Sugar is his forte. That means that he is interested in blackstrap molasses which in turn means that he is interested in alcohol. That means that the corn farmers might be interested in him. He is close to the Chase National Bank of New York. This is a fair inference, in view of the fact that he, along with Mr. Hayden, Mr. Wiggin, and Mr. Allen, all of whom are directors of the Chase National Bank, are also directors of the Otis Elevator Co. Mr. Hayden and Mr. Chadbourne are both directors of the Matanzas Sugar Corporation of Cuba. Mr. Chadbourne is close to James H. Post, key man of the Chase National Bank sugar properties in Cuba. In the course of the hearings on the sugar marketing agreement, held in Washington in August of 1933, at which Mr. Behrle sat in for the A.A.A., Mr. Chadbourne appeared in behalf of the Cuban Cane Products Co., the Punta Alegre Sugar Corporation, the Cuban Dominican Sugar Corporation, the Matanzas Sugar Co., the Compania Cubana, and for the Producers and Processors of Sugar in the Republic of Cuba. He is the same Thomas Lincoln Chadbourne who drew up the celebrated Chadbourne plan for sugar quotas in 1930, which was signed by Gerardo Machado for the Republic of Cuba, signed by the New National Sugar Exporting Corporation, signed by the Chase National Bank, and by the National City Bank of New York. Now, a blind man can see the profound interest that Mr. Chadbourne had and still has in sugar. That means that his law firm of which Mr. Frank is or was a partner is interested in sugar; that means that this law firm is interested in blackstrap molasses. It does seem a bit odd that Mr. Frank sits in as general counsel for the A.A.A., but then I suppose stranger things than that have happened. Moreover, far be it from me ever to intimate that Mr. Frank might have had anything to do with the bill which made sugar cane and sugar beets basic commodities, and far be it from me to say that Mr. Frank would resist any effort to have a blackstrap amendment inserted in that bill, but, then, you never can tell.

Mr. Daniel C. Roper, Secretary of Commerce in the President's Cabinet. Back in 1917 Mr. Roper was Vice Chairman of the United States Tariff Commission. This was doubtless a broadening experience. Now we find that on February 17, 1933, just a few days before he became a member of the President's official Cabinet family, he appeared before the Tariff Commission in behalf of Cuban Cane Products Co., the Matansas Sugar Co., the Guantanamo Sugar Co., the Punta Allegre Sugar Co., the Compania Cubana, and the Cuban-American Sugar Co. These are the same companies for which Mr. Thomas Lincoln Chadbourne appeared before the hearings on the sugar-marketing agreement. These are the companies in which the Chase National Bank and the National City Bank are interested. Mr. Percy Rockefeller and Mr. Charles Mitchell, of Chase Bank fame, are directors in some of these companies. Far be it from me to impute ulterior motives to Mr. Roper. I merely point out that he was associated and appeared for sugar companies in which Mr. Chadbourne, law partner of Mr. Jerome N. Frank, general counsel of the A.A.A., also appeared. I merely point out that Chase National and National City Bank were, and are, interested in these companies; and I think it quite fair to infer that Mr. Roper, by virtue of his interest in sugar companies as late as last year, might have had an interest in their by-product, namely, blackstrap molasses, which comes into this country in millions of gallons to compete with corn and other cereal grains.

Mr. Vincent Astor. He might be properly catalogued as a bright young socialite, who is skipper of the famed yacht *Nourmahal*, which was formerly the flagship of the International Mercantile Marine Corporation. He is a director of the Chase National Bank, which, as I pointed out, is

deeply interested in sugar and blackstrap molasses. He was also a director of the ill-fated Atlantic Fruit & Sugar Co., which had 153,000 acres of sugar properties and a sugar mill in Cuba, 132,000 acres in Nicaragua, and which operated 21 steamers and controlled a number of subsidiaries. Percy Rockefeller was also a director of this company. The Atlantic Fruit & Sugar Co. was one of the many companies which composed the United States Sugar Association founded in 1922, for which Mr. Roper at one time appeared before the Tariff Commission and for which Mr. Chadbourne appeared before the hearing on the Sugar Marketing Agreement. It is but fair to assume that Mr. Roper, Mr. Chadbourne, Mr. Astor, Mr. Frank, and others all have an identity of interest because of these varied connections and that Mr. Astor is interested in sugar and doubtless in blackstrap molasses, the byproduct of sugar.

Mr. William H. Woodin, late lamented Secretary of the Treasury. Now comes a sad and difficult task, and I approach it with reluctance. Yet it would be a mark of moral cowardice on my part to fail to state the bare facts, even though I might be charged with a species of blasphemy of one who is gathered unto the dust of his fathers. Mr. Woodin was president of the American Car & Foundry Co., as everyone knows. Mr. Oscar B. Cintas, the vice president of that company, was appointed Cuban Ambassador to the United States and served for about 10 months. Mr. Cintas at one time sold American Car & Foundry Co. products in Cuba. Mr. Woodin was a member of the board of directors of the Cuba Co., the Cuba Railroad Co., the Consolidated Railroad Co. of Cuba, and the Compania Cubana (Producers of Sugar). Mr. Herbert C. Lakin, a director in Mr. Woodin's companies, and a relative by marriage of former Secretary of State Henry L. Stimson, testified before the Senate Judiciary Subcommittee in 1929 that Mr. Woodin's sugar and rail interests in Cuba were valued at $175,000,000. Mr. Woodin was associated with Mr. Percy Rockefeller and with Charles E. Mitchell, of Chase National Bank fame, in various enterprises. I shall go no further than to point out that Mr. Woodin was tremendously interested in sugar, and blackstrap molasses as a by-product of sugar.

Mr. Norman H. Davis. Mr. Davis is our roving ambassador. He turns up at the most unexpected places. He is high in the councils of the administration. One of the unexpected places where he turned up was Cuba. He arrived there with little more than carfare and ultimately became a dollar-a-year man, president of the Cuba Trust Co., and connected with various enterprises down there. Mr. Davis' name was linked up with the so-called Ports Co. of Cuba concession which turned out to be rather smelly.

Now, to show how closely sugar, molasses, and alcohol dovetail, it might be interesting to note who was present at the hearings on the code of fair competition for the distilled spirits industry, held under the supervision of the A.A.A. in November 1933. One of the controversial questions at that hearing was whether beverage alcohol or spirits should be made from grain entirely or whether the molasses distillers should have a right to convert some of their imported molasses into drinking liquor. The grain distillers contended that the American farmer had voted to repeal the eighteenth amendment on the express promises of the administration spokesmen that repeal would provide an enlarged market for cereal grains. This, however, made little difference to the molasses boys, who were more interested in profits than in the destinies of the American farmer. Now, note. The firm of Chadbourne, Stanchfield & Levy were there. This, as you may remember, is the firm of which Mr. Frank, general counsel of the A.A.A. was a member. In fact, Mr. Louis Samter Levy, member of that firm, seems to have been a member of the code-drafting committee. Countless distilleries appeared at that hearing, many of which had been and are making alcohol out of blackstrap molasses. John E. Dalton, chairman of the code analysis committee for the A.A.A. and the very gentleman who will help to administer the sugar agreement, was also there.

And who is John E. Dalton? He is a rather intimate friend of Dr. Raymond Moley, one-time "brain-truster", editor of Today, and still something of a kingpin in administration affairs. Better than that, Mr. Dalton is an intimate friend of Mr. Charles W. Taussig, president of many molasses companies, member of the Virgin Islands Advisory Council, and a sort of unofficial adviser on sugar and related subjects. Mr. Dalton, therefore, should have no difficulty in fitting into the sugar, blackstrap, alcohol picture, nor should he have any trouble in preventing the beet-sugar growers from snitching a few pounds beyond their quota, even though we only raise enough beets and produce enough beet sugar for only one-fourth of our sugar requirements.

This narrative would not be complete, of course, unless it included the ace "brain trusters"—Dr. Tugwell and Dr. Ezekiel—and in order to get some first-hand evidence of their subtle philosophy it might be well to examine the hearings which were held on the measure to "include sugar beets and sugar cane as basic agricultural commodities." While the testimony is subtle, it seems convincing.

Now, before we turn the pages and see what the eminent Dr. Tugwell and the studious Dr. Ezekiel had to say we might with high profit look at page 142 of those hearings and quote from a statement that was issued by the National City Bank, of New York, in October 1933 and inserted in the hearings, because this bank, being so heavily interested in Cuban sugar and Cuban molasses and, by proper inference, in alcohol, is an authority on the subject. The statement is as follows:

At the present time—

And this is dated October 1933—

a very large amount of American capital appears to be hopelessly sunk in Cuba. Unfortunately, these banks have been obliged to take over from the debtors sugar plantations and other properties in Cuba.

There you have it. Now, if that statement had been more explicit it might have particularized on some of the wildcat financing down in Cuba, which nothing short of a revolution and bloodshed could save. A recital of the Morgan loan of nine million in July of 1927, the Chase National sixty-million loan in June of 1928, the Chase loan of eighty million in 1930, the Chadbourne sugar-bond authorization of forty-two million in 1930, for which Chase and National City Banks acted as fiscal agents, together with many other loans, tells the story of wildcat financing, the story of why they had to take over plantations, and why they must now seek to perfect a sugar-and-molasses arrangement for pulling their chestnuts out of the fire, no matter how it hurts the American farmers' outlet for grain.

On the same page of the hearings is quoted a memorandum of Thomas Lincoln Chadbourne, who might properly be styled "the world's greatest sugar daddy." This memorandum was given to the Washington Sugar Conference on July 9, 1933, and for fear that you may forget, let it be noted again that this is the Mr. Chadbourne who is a law partner of Jerome N. Frank, general counsel of the A.A.A. and of Mr. Louis Samter Levy who, it appears, was on the code-drafting committee for the distillers' marketing agreement. Says Mr. Chadbourne, "Seventy percent of the sugar production of the Island of Cuba is owned by Americans in the form of investments in Cuban and American companies (bonds, debentures, and stocks), largely scattered among small holders throughout the length and breadth of the United States. This American investment, when made, exceeded $600,000,000 in amount. The present market value of the securities representing this large sum, does not now in the aggregate exceed $50,000,000." Now, let the farmer take a second peep at that statement by Mr. Chadbourne. The original investment was $600,000,000. The value is now estimated at $50,000,000. That means that they estimate the value at 8⅓ percent of the original investment. In other words, they depreciated 91⅔ percent. Is anything more necessary to establish the wildcat-nature of this sugar financing and is anything more necessary to show the impelling reason, why these gentlemen are interested in promoting a set-up of personnel in high places so that they can pump a lot of life-giving water into these securities, by perpetuating a sugar, molasses, and alcohol

arrangement that is inimical to the interest of the midwestern farmer. You have it right there, from the sugar sage, Mr. Chadbourne, himself.

With this background, we may now proceed to the testimony of Mr. A. J. S. Weaver, chief of the sugar section of the A.A.A. who testified at great length before the committee. During the hearing, Congressman HOPE, of Kansas, a true friend of the American farmer, asked this question:

> Well then, in other words, the policy is to start in eliminating the industry (beet-sugar industry) before it gets any bigger. Am I correct in that assumption?
>
> Mr. WEAVER. Yes; I think that is a reasonable statement.

There, folks, you have a statement from the chief of the sugar section of the A.A.A., that it will be the policy to eliminate the beet-sugar industry before it gets any bigger. Fancy that! We produce only enough sugar to fill 25 percent of our sugar requirements, but despite that, it will be the policy to give it the ax and put it out of business. Why? Because it is inefficient? That is a lot of balderdash. Because we are overproduced? Certainly not. Then why? Go back and read Mr. Chadbourne's statement. The conclusion is obvious enough. Put the beet-sugar folks out of business because any expansion in the beet-sugar industry means contraction in the cane-sugar industry, and that might be prejudicial to the interests of the Chase National, the National City Bank, Mr. Chadbourne, and others. More beets will be prejudicial to island sugar, island molasses, and alcohol made from molasses. More beets would be quite the thing for the American farmer, but he apparently plays second fiddle in this scheme of things. You see now why there is nothing accidental about the relationship of Chase National, National City Bank, Mr. Taussig, Mr. Behrle, Mr. Astor, Mr. Roper, Mr. Chadbourne, Mr. Frank, Mr. Dalton, Mr. Weaver, Mr. Percy Rockefeller, Mr. Woodin, and all the rest. Sugar, molasses, alcohol. That is the story. An identity of interest and whether it is good or bad for the farmer is of little consequence. Nor was there anything accidental about the fact that Jose Obregon, son-in-law of Gerardo Machado, the arch Cuban president-dictator and tool of the sugar interests, was made manager of the Chase National Bank branch at Habana, Cuba. Nor is it accidental that Mr. Thomas Lamont, Morgan partner at a dinner given to President Machado in New York City in April of 1927, said, "We do not care by what means, but we should like to see Machado kept in power."

Parenthetically, let us pause long enough to remark that when the hearings on the bill to "include sugar beets and sugar cane as basic commodities" was printed, the testimony of Mr. Weaver was altered so as not to appear too patent and revolutionary. Even Mr. Wallace could not stand it, and the next day Mr. Tugwell appeared at the hearings, altogether uninvited, which is altogether unusual for the ace "brain truster." Did he come to pour oil on waters that were growing turbulent and troubled? Let us see.

Turn to page 42 and the following of the hearings, and there you have the spectacle of Mr. Tugwell, ace "brain truster", out on a limb, as it were, a bit hazy and uncertain of his ground, angling, sparring, feinting, dodging with an agility and alertness that would have put old Jim Corbett to shame. On page 47 appears this gleaming gem from the erudite Mr. Tugwell: "I think no one here would argue that we have no duty to Puerto Rico, to the Hawaiian Islands, or to Cuba. I think we all recognize there is a duty there, whatever it is." There you have it. A duty—whatever it is. Well, Mr. Tugwell doubtless knows what that duty is. So does Mr. Taussig and Mr. Behrle; so does Mr. Astor and Mr. Roper; so does Mr. Weaver and Mr. Dalton; so does Mr. Chadbourne and Mr. Frank; so does the Chase National and the National City Bank. And they will probably see that that duty is performed. They will see that the sugar, molasses, alcohol interests are not prejudiced, no matter what the present or future plight of the midwestern farmer may be. Let regimentation proceed, let crop reduction and drouth enter into mortal combat, let despair reign among the farmers, let the market for American grain be slowly but surely curtailed and strangled. Sugar, molasses, and alcohol must be served. And from the looks of this formidable set-up, it will be served, unless the American farmers and American people take a hand in this matter.

Now for our studious friend, Dr. Ezekiel. His name intrigues me. When you pronounce it—Mordecai Ezekiel—it seems like one of the prophets of the Old Testament suddenly jumps up before you. For enlightenment turn to page 71 of the hearings. Much has been made of the fact that the more sugar we purchased from Cuba the greater the buying power of the Cubans for other products of the American farmer, and Mr. Ezekiel had it worked out very nicely to show just how many acres of land in the United States were necessary to produce the things which Cuba purchased. As if they were not raising corn and beef and dairy products in Cuba in increasing amount every year! But wait! Mr. MCCANDLESS, the Delegate from Hawaii, at this point unfurled some figures to show that in 1931, 1932, and 1933 we purchased twice as much sugar from Cuba as Cuba did all forms of merchandise and commodities from us. There were the bald, winking, blinking, bewildering figures to prove it. Then is when Dr. Ezekiel, "brain truster" extraordinary and farm expert plenipotentiary from the Department of Agriculture, rose to superb heights of statesmanship. Said he:

> Mr. Chairman, may I suggest to the gentleman that a great deal of the Cuban industry, particularly sugar, is owned by people of the United States, which rather suggests that a great deal of what we are purchasing from Cuba constitutes, or at least is income or profit to Americans, citizens of the United States.

There you have it. Mr. Ezekiel might just as well have left his fancy and intriguing figures and his academic theories in the office. He might have with greater clarity substituted the following statement:

"Mr. Chairman, may I suggest to the gentleman that a great deal of the Cuban industry, particularly sugar, blackstrap molasses, and the alcohol which is made from blackstrap molasses at the expense of the grain farmers' market, is owned by the Chase National, the National City Bank, and in which Mr. Chadbourne, Mr. Astor, Mr. Rockefeller, Mr. Woodin, and many others have a heavy interest, and that a great deal of the sugar and blackstrap molasses which we are purchasing from Cuba constitutes or at least is income or profit to Americans, citizens such as Mr. Astor, Mr. Chadbourne, Mr. Rockefeller, Mr. Morgan, and all the others who are linked with them directly and indirectly."

To the farmer of the Midwestern States I say: Take a look at this set-up which seems to have an unusual interest in sugar and in the protection of those wild-cat investments in Cuba; take a look at the names of those whose interest in sugar denotes an interest in the blackstrap molasses, the natural byproduct of sugar, which is converted into alcohol and thereby steals away your market for grain; take a look at the high and responsible key positions held by those who have heretofore been identified with the protection of sugar and its byproducts, and you can readily understand why little heed has been given to the demand for a limitation on importations of blackstrap.

They talk about processing taxes on blackstrap so as to equalize it with grain, but they do not tell you about the idle acreage—40,000,000 acres in fact—in all sections of the country, which are the capital with which the farmer must do business. If their absurd argument about taxing blackstrap so as to equalize it with grain has any value, then why not put all corn and grain acreage out of business, import all available blackstrap, and pass on to the farmer penurious and inadequate benefits from which he cannot maintain an existence for himself and his family. There must come a reckoning some day, and it is high time that this whole matter was investigated by an official committee. It is time that the very lid was blown off of this set-up.

It becomes easier to understand why this cry of "brain truster" and "radical" and "Socialist" went up to frighten the people. To me it appears to have been a mere smokescreen to cloak the activities of the sugar- and blackstrap-molasses-alcohol interests. My own notion is that in some

respects Mr. Tugwell is about as radical as last year's hat; Mr. Ezekiel is about as radical as J. P. Morgan; Mr. Behrle is about as much of a "brain truster" and "left winger" as Percy Rockefeller; if these gentlemen are radical "brain trusters", then J. P. Morgan is a younger brother of Stalin and J. D. Rockefeller is a first cousin of Mussolini.

I am afraid that both the American people and the President are being fooled by this group, and before long there will be an awakening.

And now, is it so difficult to understand why the news about Cuban sugar had gotten to the financial district of New York and even to Cuba before the newsmen could leave the conference and put it on the wire? In fact, is it so difficult to discern who might have been doing the divulging?

(By unanimous consent, Mr. DIRKSEN was granted permission to revise and extend his remarks.)

ST. LAWRENCE WATERWAY

Mr. LAMBETH. Mr. Speaker, by direction of the Committee on Printing, I send to the desk a privileged resolution (S.Con.Res. 20) to provide for the printing of additional copies of the hearings held before the Committee on Foreign Relations of the Senate on the resolution (S.Res. 278), St. Lawrence Waterway, Seventy-second Congress, second session, and ask for its immediate consideration.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

The Clerk read as follows:

Senate Concurrent Resolution 20

Resolved by the Senate (the House of Representatives concurring), That in accordance with paragraph 3 of section 2 of the Printing Act, approved March 1, 1907, the Committee on Foreign Relations of the Senate be, and is hereby, empowered to have printed for its use 2,000 copies of the hearings held before a subcommittee of said committee during the second session of the Seventy-second Congress, on the resolution (S.Res. 278), entitled "Resolution authorizing the Committee on Foreign Relations to make an investigation and to hold hearings respecting matters touching the St. Lawrence Waterway Treaty", part 1 and part 2.

The Senate concurrent resolution was ordered to be read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

FRANKING PRIVILEGE TO MEMBERS OF CONGRESS

Mr. LAMBETH. Mr. Speaker, I ask unanimous consent for the present consideration of the resolution (S.J.Res. 130) to amend section 72 of the Printing Act, approved January 12, 1895, and acts amendatory thereof and supplementary thereto, relative to the allotment of public documents, and section 85 of the same act fixing the date of the expiration of the franking privilege to Members of Congress.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

Mr. BLANTON. Reserving the right to object, in what way does this change the present law?

Mr. LAMBETH. I will state that the purpose of this amendment is to readjust the time within which ex-Members of Congress must remove their documents in order to conform with the expiration of their terms as changed by the twentieth amendment to the Constitution.

Mr. BLANTON. How much additional time is given them?

Mr. LAMBETH. They have until June 30.

Mr. BLANTON. And it in no other way changes the present law?

Mr. LAMBETH. That is the sole purpose of the amendment.

The SPEAKER. Is there objection?

There was no objection.

The Clerk read as follows:

Resolved, etc., That section 72 of chapter 23 of the Printing Act (U.S.C., title 44, sec. 158), approved January 12, 1895, and acts amendatory thereof and supplementary thereto, be, and is hereby, amended to read as follows:

"SEC. 72. Allotment of documents: The congressional allotment of public documents (except the CONGRESSIONAL RECORD) printed after the expiration of the term of office of the Vice President of the United States, or any Senator, Representative, Delegate, or Resident Commissioner, shall be delivered to his or her successor in office.

"The Vice President of the United States and any Senator, Representative, Delegate, or Resident Commissioner in Congress, having public documents to his credit at the expiration of his term of office shall take the same prior to the 30th day of June next following the date of such expiration, and if he shall not do so within such period he shall forfeit them to his or her successor in office."

SEC. 2. That section 85 of chapter 23 of the Printing Act (U.S.C., title 39, sec. 326), approved January 12, 1895, be, and is hereby, amended to read as follows:

"SEC. 85. Franking privilege: The Vice President of the United States, and Senators, Representatives, Delegates, and Resident Commissioners in Congress, the Secretary of the Senate, and Clerk of the House of Representatives may send and receive through the mail all public documents printed by order of Congress; and the name of the Vice President, Senator, Representative, Delegate, Resident Commissioner, Secretary of the Senate, and Clerk of the House shall be written thereon, with the proper designation of the office he holds; and the provisions of this section shall apply to each of the persons named herein until the 30th day of June following the expiration of their respective terms of office."

The Senate joint resolution was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

COORDINATION OF VETERANS' OBJECTIVES

Mr. CONNERY. Mr. Speaker, I ask unanimous consent to revise and extend my remarks by inserting a letter written to me by the chairman of the national veterans' conference committee, Victory Post of the American Legion.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. CONNERY. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following letter from the chairman of the national veterans' conference committee:

VICTORY POST, NO. 4, THE AMERICAN LEGION,
Washington, D.C., June 13, 1934.

The Honorable WILLIAM P. CONNERY,
Member of Congress.

DEAR SIR AND COMRADE: Victory Post, No. 4, American Legion, has authorized this committee to call a national conference of representatives of all patriotic veteran organizations and units to be convened in Washington, D.C., in October for "indoctrinating all of the veterans of the World War and Spanish-American War, regardless of their veteran organization affiliation, with the spirit of cooperation and coordination of veterans' objectives, thereby affording the membership of each organization the opportunity to take such action within each particular organized group as will permit and lead to the promotion of a planned national policy to the end that veterans will not always be vulnerable in the face of attack and that the veteran may again be restored to that high level of patriotic idealism which was once theirs."

Your long experience in battling for the veteran will give you full appreciation of the necessity for such action, and your cooperation in making this conference a success is paramount and will be greatly appreciated.

This, so far as we know, is the first national meeting of its kind ever proposed and it will no doubt have a lasting effect upon unity of thought among veterans and upon national welfare.

We know we can depend upon you.

Fraternally yours,

D. E. CARTER,
Chairman National Veterans' Conference Committee, Victory Post, No. 4, American Legion, Department of the District of Columbia.

BRIDGE ACROSS ELEVEN POINTS RIVER

Mr. WILLIAMS. Mr. Speaker, I ask unanimous consent for the present consideration of the bill (H.R. 9826) granting the consent of Congress to the State highway commission to construct, maintain, and operate a highway bridge across Eleven Points River in section 17, township 23 north, range 2 west, approximately 12 miles east of Alton, on Route No. 42, Oregon County, Mo.

Mr. SNELL. Mr. Speaker, reserving the right to object, will the gentleman inform us what this bill is?

Mr. WILLIAMS. It is a measure providing for the construction of a free bridge across the Eleven Points River by the State highway commission.

Mr. SNELL. Has the bill been reported by the Interstate Commerce Committee?

Mr. WILLIAMS. It was unanimously reported, and the bill is endorsed by the War Department.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That the consent of Congress is hereby granted to the State Highway Commission of Missouri to construct, maintain, and operate a highway bridge across Eleven Points River in the northwest half of section 31, township 25 north, range 3 west, 8 miles northeast of Alton, on route B in Oregon County, Mo., at a point suitable to the interests of navigation, in accordance with the provisions of an act entitled "An act to regulate the construction of bridges over navigable waters", approved March 23, 1906.

SEC. 2. The authority hereby granted shall cease and be null and void unless the actual construction of the bridge be commenced within 2 years and completed within 5 years from the date of approval hereof.

SEC. 3. The right to alter, amend, or repeal this act is hereby expressly reserved.

With the following committee amendments:

Page 2, line 5, strike out section 2 of the bill.

Page 2, line 9, strike out the figure "3" and insert in lieu thereof the figure "2."

The committee amendments were agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

Amend the title of the bill so as to read: "A bill granting the consent of Congress to the State highway commission to construct, maintain, and operate a free highway bridge across Eleven Points River in the northwest half of section 31, township 25 north, range 3 west, 8 miles northeast of Alton, on route B in Oregon County, Mo."

Mr. WILLIAMS. Mr. Speaker, I ask unanimous consent for the present consideration of the bill, H.R. 9827, a companion measure to the one just passed.

Mr. RANSLEY. Mr. Speaker, it is absolutely unfair to bring up these bills at this hour of the night. I object.

CHANGES IN RURAL DELIVERY HARMFUL TO SERVICE

Mr. WOLVERTON. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. WOLVERTON. Mr. Speaker, the inauguration of the rural-delivery system as part of the service rendered by the Post Office Department has proved to be one of the most beneficent activities of our Government. In many instances it was, and has continued to be, the only contact that dwellers in rural communities have with the outside world. Its development through succeeding administrations has been the natural outgrowth of a service for which there was a distinct need. There has been created a just pride in its accomplishments, shared by those in high official administrative offices, and, the humble rural carrier, whose faithfulness in the performance of a public duty has not been exceeded by any other class of Government employee.

The development of this service, which has no equal in all the world, has required years of effort and toil. Each succeeding year has seen its routes extended, the number of persons served increased, and the character of service enlarged, until today the dweller on farm or in rural community has all the varied forms of service available to those who reside in the largest city. It has been a marvelous achievement. Today, it occupies such an important part in the welfare of rural communities that any effort or tendency to break down, curtail, or minimize the service rendered should meet with stout resistance.

It is regrettable that the present administration of the Post Office Department seems to have lost the vision that induced its predecessors to enlarge and extend the rural service, and, has entered upon a course of consolidations and eliminations in the name of economy, and a fictitiously balanced budget that is seriously destroying the effectiveness and usefulness of this branch of the service to many who formerly enjoyed and were benefited by it.

In the same wild effort or delusion of balancing the Budget, the present Post Office administration has closed post offices serving small communities, cut hours of service in others, enforced pay cuts and furloughs among employees until the morale of the employees has been broken, and the patience of the public exhausted. And yet all of this curtailment is being made upon a theory of economy when in fact there are 81,000 more officeholders in the Federal service than 1 year ago. Why should those living in rural communities be made to suffer by discontinued or delayed service of mail to effect savings that enable a vast army of new job holders to be placed in political positions? All of this is done by or under the authority of Postmaster General Farley, who, as chairman of the national committee of his party, is the dispenser of political patronage. And closely allied to this practice is that of demanding the resignation of postmasters whose terms have not expired and who have served faithfully and well, and for no other than political reasons. I regret to say that never before has any administration, Democratic or Republican, been so ruthless and cold-blooded or more politically minded in the administration of the Post Office Department.

The conditions of which I complain are not local in character. They reach into every State. They should not be permitted to continue. Consideration should be given to the rights of individuals who find it necessary to utilize the rural-delivery system. There should be no let-up in effort until the wrongs are remedied. It is the duty of each to help in this common endeavor for the good of those who reside in rural communities.

LEAVE OF ABSENCE

By unanimous consent leave of absence was granted as follows:

To Mr. SWICK, for June 15, on account of important business.

To Mr. SEGER, indefinitely, on account of illness.

To Mr. KLEBERG (at the request of Mr. WEST of Texas), indefinitely.

SENATE BILLS AND JOINT RESOLUTION REFERRED

Bills and a joint resolution of the Senate of the following titles were taken from the Speaker's table and under the rule referred, as follows:

S. 2757. An act for the relief of Harry H. A. Ludwig; to the Committee on the Civil Service.

S. 2856. An act authorizing the adjustment of existing contracts for the sale of timber on the national forests, and for other purposes; to the Committee on Agriculture.

S. 3464. An act for the relief of Walter L. Rasasco; to the Committee on Claims.

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

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. 206. An act for the relief of Pierre E. Teets;

H.R. 363. An act for the relief of James Moffitt;

H.R. 387. An act donating bronze trophy guns to the Cohoes Historical Society, Cohoes, N.Y.;

H.R. 452. An act for the relief of Laura B. Crampton;

H.R. 471. An act for the relief of Physicians and Surgeons Hospital, Ltd.;

H.R. 529. An act for the relief of Morris Spirt;

H.R. 740. An act for the relief of Wade Dean;

H.R. 1133. An act for the relief of Silas B. Lawrence;

H.R. 1306 An act for the relief of Clarence A. Wimley;

H.R. 1308. An act for the relief of John Parker Clark, Sr.;

H.R. 1345. An act for the relief of John Parker Clark, Jr.;

H.R. 1354. An act for the relief of C. V. Mason;

H.R. 1731. An act to make provision for suitable quarters for certain Government services at El Paso, Tex., and for other purposes;

H.R. 1766. An act to provide medical services after retirement on annuity to former employees of the United States

disabled by injuries sustained in the performance of their duties;

H.R. 1769. An act for the relief of Jeannette S. Jewell;

H.R. 1792. An act for the relief of Michael Petrucelli;

H.R. 2038. An act for the relief of Jeanie G. Lyles;

H.R. 2326. An act for the relief of Emma R. H. Taggart;

H.R. 2416. An act for the relief of Mrs. George Logan and her minor children, Lewis and Barbara Logan;

H.R. 2632. An act for the relief of Wilson G. Bingham;

H.R. 3054. An act for the relief of Christopher Cott;

H.R. 3084. An act authorizing the sale of portions of the Pueblo lands of San Diego to the city of San Diego, Calif.;

H.R. 3161. An act for the relief of Henry Harrison Griffith;

H.R. 3176. An act for the relief of Ernest Elmore Hall;

H.R. 3295. An act for the relief of the estate of White B. Miller;

H.R. 3595. An act for the relief of St. Ludgers Catholic Church, of Germantown, Henry County, Mo.;

H.R. 3606. An act for the relief of William Sheldon;

H.R. 3705. An act for the relief of Julia E. Smith;

H.R. 3748. An act for the relief of Mary Orinski;

H.R. 3791. An act for the relief of Gustav Welhoelter;

H.R. 3912. An act for the relief of Roland Zolesky;

H.R. 4082. An act for the relief of John J. Corcoran;

H.R. 4224. An act to authorize the Postmaster General to hire vehicles from postal employees;

H.R. 4387. An act for the relief of Mary A. Rockwell;

H.R. 4670. An act for the relief of Lyman D. Drake, Jr.;

H.R. 5031. An act for the relief of Edith L. Peeps;

H.R. 5344. An act granting a franking privilege to Grace G. Coolidge;

H.R. 5357. An act for the relief of Alice M. A. Damm;

H.R. 5584. An act for the relief of William J. Kenely;

H.R. 5606. An act for the relief of W. R. McLeod;

H.R. 8912. An act to amend section 35 of the Criminal Code of the United States;

H.R. 9123. An act to authorize the Secretary of War to lend War Department equipment for use at the Sixteenth National Convention of the American Legion at Miami, Fla., during the month of October 1934; and

H.R. 9526. An act authorizing the city of Port Arthur, Tex., or the commission hereby created and its successors, to construct, maintain, and operate a bridge over Lake Sabine at or near Port Arthur, Tex.

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. 541. An act for the relief of John P. Leonard;

H.R. 2439. An act for the relief of William G. Burress, deceased;

H.R. 3032. An act for the relief of Paul Jelna;

H.R. 4460. An act to provide for the payment of compensation to George E. Q. Johnson;

H.R. 7982. An act to establish a national military park at the battlefield of Monocacy, Md.;

H.R. 8525. An act to amend the District of Columbia Alcoholic Beverage Control Act to permit the issuance of retailers' licenses of class B in residential districts;

H.R. 9002. An act to provide relief to Government contractors whose costs of performance were increased as a result of compliance with the act approved June 16, 1933, and for other purposes; and

H.R. 9745. An act to authorize the Secretary of the Treasury to purchase silver, issue silver certificates, and for other purposes.

ADJOURNMENT

Mr. BYRNS. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 6 o'clock and 37 minutes p.m.) the House, under its previous order, adjourned until tomorrow, Friday, June 15, 1934, at 11 o'clock a.m.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. THOMPSON of Illinois: Committee on Military Affairs. House Joint Resolution 346. Joint resolution directing the American Battle Monuments Commission or its successor to restore the inscriptions obliterated from the Three Hundred and Sixteenth Infantry Memorial erected by a French organization on property of that organization at Sillon-Fontaine (Cote 378), Territoire de Sivry-sur-Meuse; without amendment (Rept. No. 1990). Referred to the Committee of the Whole House on the state of the Union.

Mr. WILSON: Committee on Flood Control. S. 1336. An act to provide for a preliminary examination of Nisqually River and its tributaries in the State of Washington, with a view to the control of their floods; without amendment (Rept. No. 1997). Referred to the Committee of the Whole House on the state of the Union.

Mr. WILSON: Committee on Flood Control. S. 3431. An act authorizing a preliminary examination of the lower Columbia River, with a view to the controlling of floods; without amendment (Rept. No. 1998). Referred to the Committee of the Whole House on the state of the Union.

Mr. WILSON: Committee on Flood Control. H.R. 9804. A bill authorizing a preliminary examination and survey of the Nehalem, Miami, Kilchis, Wilson, Trask, and Tillamook Rivers tributaries to Tillamook Bay in Tillamook County, Oreg., with a view to the controlling of floods; with amendment (Rept. No. 1999). Referred to the Committee of the Whole House on the state of the Union.

Mr. FULMER: Committee on Agriculture. H.R. 8778. A bill to establish and promote the use of standards of classification for tobacco, to provide and maintain an official inspection service for tobacco, and for other purposes; without amendment (Rept. No. 2001). Referred to the Committee of the Whole House on the state of the Union.

Mr. CHAVEZ: Committee on Irrigation and Reclamation. H.R. 9124. A bill to provide for the distribution of power revenues on Federal reclamation projects, and for other purposes; with amendment (Rept. No. 2002). Referred to the Committee of the Whole House on the state of the Union.

Mr. FULMER: Committee on Agriculture. S. 3541. An act to authorize production credit associations to make loans to oyster planters; without amendment (Rept. No. 2003). Referred to the Committee of the Whole House on the state of the Union.

Mr. DOUGHTON: Committee on Ways and Means. House Joint Resolution 373. A resolution to protect the revenue by requiring information concerning the disposition of substances used in the manufacture of distilled spirits; without amendment (Rept. No. 2004). Referred to the Committee of the Whole House on the state of the Union.

Mr. McSWAIN: Committee on Military Affairs. House Report No. 2005. A preliminary report pursuant to House Resolution 275. Referred to the House Calendar.

Mr. McREYNOLDS: Committee on Foreign Affairs. House Joint Resolution 368. Joint Resolution providing for membership of the United States in the International Labor Organization; without amendment (Rept. No. 2006). Referred to the House Calendar.

Mr. RAMSPECK: Committee on the Civil Service. H.R. 4113. A bill to classify in the civil-service employees in post offices of the third class; without amendment (Rept. No. 2007). Referred to the Committee of the Whole House on the state of the Union.

Mr. RAMSPECK: Committee on the Civil Service. H.R. 6375. A bill to authorize the payment of annuities withheld from employees retired from active service during the month of July 1932 under the provisions of the economy law; without amendment (Rept. No. 2008). Referred to the Committee of the Whole House on the state of the Union.

Mr. WERNER: Committee on Indian Affairs. H.R. 7584. A bill to confer jurisdiction upon the Court of Claims to hear claims of the Stockbridge and Munsee Tribe of Indians;

without amendment (Rept. No. 2009). Referred to the Committee of the Whole House on the state of the Union.

Mr. RAMSPECK: Committee on the Civil Service. H.R. 9283. A bill to provide for the designation of beneficiaries by employees subject to the provisions of the Civil Service Retirement Act of May 29, 1930, as amended, and for other purposes; with amendment (Rept. No. 2010). Referred to the Committee of the Whole House on the state of the Union.

Mr. HOLMES: Committee on Interstate and Foreign Commerce. H.R. 9796. A bill to amend the act entitled "An act for preventing the manufacture, sale, or transportation of adulterated or misbranded or poisonous or deleterious foods, drugs, medicines, and liquors, and for regulating traffic therein, and for other purposes", approved June 30, 1906, as amended; with amendment (Rept. No. 2011). Referred to the Committee of the Whole House on the state of the Union.

Mr. RAYBURN: Committee on Interstate and Foreign Commerce. House Joint Resolution 333. Joint resolution to provide for the continuation of the investigation authorized by Senate Resolution 83, Seventieth Congress, first session; without amendment (Rept. No. 2012). Referred to the Committee of the Whole House on the state of the Union.

Mr. CHAVEZ: Committee on the Public Lands. H.R. 8718. A bill to provide for the commemoration of the two hundredth anniversary of the Battle of Ackia, Mississippi, and the establishment of the Ackia Battleground National Monument, and for other purposes; with amendment (Rept. No. 2013). Referred to the Committee of the Whole House on the state of the Union.

Mr. STEAGALL: Committee on Banking and Currency. H.R. 9915. A bill to amend section 12B of the Federal Reserve Act, as amended; without amendment (Rept. No. 2014). Referred to the Committee of the Whole House on the state of the Union.

Mr. DOBBINS: Committee on the Post Office and Post Roads. H.R. 9866. A bill amending the act of May 23, 1930, authorizing the Postmaster General to impose demurrage charges on undelivered collect-on-delivery parcels; without amendment (Rept. No. 2015). Referred to the Committee of the Whole House on the state of the Union.

Mr. LAMBETH: Committee on Printing. Senate Concurrent Resolution 20. Concurrent resolution to provide for the printing of additional copies of the hearings held before the Committee on Foreign Relations of the Senate on Senate Resolution 278, St. Lawrence Waterway, Seventy-second Congress, second session; without amendment (H.Rept. No. 2016). Ordered to be printed.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. THOMPSON of Illinois: Committee on Military Affairs. S. 3059. An act for the relief of Joseph M. Thomas, alias Joseph Thomas, alias Thomas O'Donnell; without amendment (Rept. No. 1991). Referred to the Committee of the Whole House.

Mr. THOMPSON of Illinois: Committee on Military Affairs. S. 2227. An act for the relief of Harold S. Shepardson; without amendment (Rept. No. 1992). Referred to the Committee of the Whole House.

Mr. THOMPSON of Illinois: Committee on Military Affairs. H.R. 5323. A bill for the relief of Frank I. Otis; without amendment (Rept. No. 1993). Referred to the Committee of the Whole House.

Mr. THOMPSON of Illinois: Committee on Military Affairs. S. 418. An act for the relief of William H. Connors, alias John H. Connors, alias Michael W. H. Connors; without amendment (Rept. No. 1994). Referred to the Committee of the Whole House.

Mr. THOMPSON of Illinois: Committee on Military Affairs. H.R. 7323. A bill authorizing the President to issue a posthumous commission as second lieutenant, Air Corps Reserve, to Archie Joseph Evans, deceased, and to present the same to Maj. Argess M. Evans, father of the said Archie Joseph Evans, deceased; without amendment (Rept. No. 1995). Referred to the Committee of the Whole House.

Mr. THOMPSON of Illinois: Committee on Military Affairs. H.R. 8898. A bill for the relief of Thomas M. Bardin; with amendment (Rept. No. 1996). Referred to the Committee of the Whole House.

CHANGE OF REFERENCE

Under clause 2 of rule XXII, the Committee on Pensions was discharged from the consideration of the bill (H.R. 9908) granting an increase of pension to Jennette Knapp, and the same was referred to the Committee on Invalid Pensions.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. GOSS: A bill (H.R. 9923) to secure greater control by law over the expenditure of public money under contracts, and for other purposes; to the Committee on Expenditures in the Executive Departments.

By Mr. MOTT: A bill (H.R. 9924) providing for the examination and survey of the Umpqua River, Oreg.; to the Committee on Rivers and Harbors.

By Mr. HENNEY: A bill (H.R. 9925) to regulate by professional licenses the management of national banks, including Federal Reserve banks, exclusive of State member banks; to the Committee on Banking and Currency.

By Mr. TARVER: A bill (H.R. 9926) to create a national memorial park at and in the vicinity of New Echota, in the State of Georgia, and for other purposes; to the Committee on the Public Lands.

By Mr. McCORMACK: A bill (H.R. 9927) to establish a board in the Army for hearing and passing upon petitions for correction of records of persons discharged under other than honorable conditions; to the Committee on Military Affairs.

By Mr. HOWARD (by departmental request): A bill (H.R. 9928) to authorize the Secretary of the Interior to turn over to a water-user's association or unit thereof, or other proper organization, the operation of the several units of the irrigation project on the Blackfeet Indian Reservation, Mont., and for other purposes; to the Committee on Indian Affairs.

By Mr. McCORMACK: A bill (H.R. 9929) to establish boards in the Navy and Marine Corps for hearing and passing upon petitions for correction of records of persons discharged under other than honorable conditions; to the Committee on Naval Affairs.

By Mr. STEAGALL: A bill (H.R. 9930) to amend section 5153 of the Revised Statutes, as amended; to the Committee on Banking and Currency.

By Mr. SADOWSKI (by request): A bill (H.R. 9931) to stabilize and standardize money and labor prices by the establishment of a labor-hour monetary system, guarantee work to all at all times, give normal prosperity, prevent depressions, and for other purposes; to the Committee on Ways and Means.

By Mr. DUFFEY. Resolution (H.Res. 440) extending the time within which the Committee on the Judiciary may report to the House of Representatives pursuant to House Resolution 145 and House Resolution 228, from June 30, 1934, until not later than January 3, 1935; to the Committee on Rules.

By Mr. COLE: Resolution (H.Res. 441) to investigate the petroleum industry; to the Committee on Rules.

Also, resolution (H.Res. 442) providing for the expenses of the investigation authorized by House Resolution 441, authorizing an investigation of the petroleum industry; to the Committee on Accounts.

By Mr. LEHR: Resolution (H.Res. 443) to provide for the expenses of continuing the investigation authorized by House Resolution 145; to the Committee on Accounts.

By Mr. CALDWELL: Resolution (H.Res. 444) providing for the expenses of conducting the investigation authorized and directed by House Resolution 404; to the Committee on Accounts.

By Mr. HOEPPEL: Joint resolution (H.J.Res. 374) to provide for obtaining data on displacement of workers by labor-saving devices, for use in formulating plans and legislation for diminishing such displacement and the harmful social and economic consequences thereof; to the Committee on Labor.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. KURTZ: A bill (H.R. 9932) granting an increase of pension to Elvira M. Miller; to the Committee on Invalid Pensions.

By Mr. POWERS: A bill (H.R. 9933) granting a pension to Mary Tiger; to the Committee on Invalid Pensions.

Also, a bill (H.R. 9934) granting a pension to Rebekah E. R. Ramsey; to the Committee on Invalid Pensions.

By Mr. SADOWSKI: A bill (H.R. 9935) authorizing the Secretary of War to award a Distinguished Service Medal to Clarence E. Whitney; to the Committee on Military Affairs.

PETITIONS, ETC.

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

5145. By Mr. KENNEY: Petition in the nature of a resolution of the St. John's Holy Name Society in the city of Bergenfield, N.J., calling upon our Senators and Representatives in Congress to support the amendment to section 301 of Senate bill 2910, providing for the insurance of equity of opportunity for educational, religious, agricultural, labor, cooperative, and similar non-profit-making associations seeking licenses for radio broadcasting by incorporating into the statute a provision for the allotment to said non-profit-making associations of at least 25 percent of all radio facilities not employed in public use; to the Committee on Merchant Marine, Radio, and Fisheries.

5146. By Mr. LINDSAY: Petition of the Sterling Die Casting Co., Inc., Brooklyn, N.Y., opposing the passage of the new Wagner labor disputes bill (S. 2926); to the Committee on Labor.

5147. Also, telegram of Edward J. Volz, president International Photoengravers Union, New York City, urging passage of the housing bill, the Connery 30-hour week bill, and amended Wagner labor disputes bill; to the Committee on Labor.

5148. Also, petition of the United National Association of Post Office Clerks, Washington, D.C., urging the passage of House bill 4113; to the Committee on the Civil Service.

5149. Also, petition of the Somerce & Conzen Coal Corporation, Brooklyn, N.Y., protesting the passage of the amended Wagner labor disputes bill; to the Committee on Labor.

5150. Also, telegram from Burton O. Gibbs, Brooklyn, N.Y., urging defeat of Senate bill 3326; to the Committee on Labor.

5151. By Mr. RUDD: Petition of the International Photoengravers Union, New York City, favoring the passage of the housing bill, Connery 30 hour bill, and amended Wagner labor disputes bill, as may be amended by sponsors, prior to adjournment; to the Committee on Labor.

5152. Also, petition of the New York Stereotypers Union No. 1, favoring the Connery 30-hour week bill; to the Committee on Labor.

5153. Also, petition of the Sterling Die Casting Co., Inc., Brooklyn, N. Y., opposing the passage of the Wagner labor disputes bill; to the Committee on Labor.

5154. Also, petition of the Somers & Conzen Coal Corporation, Brooklyn, N.Y., opposing the passage of the Wagner labor disputes bill; to the Committee on Labor.

5155. Also, petition of the United National Association of Pot Office Clerks, favoring the passage of House bill 4113; to the Committee on the Post Office and Post Roads.

5156. Also, petition of Richard Knight, Forest Hills, Long Island, N.Y., opposing the Wagner labor disputes bill; to the Committee on Labor.

5157. Also, petition of the Chase Bag Co., New York City, favoring amendment to the Agricultural Act to permit refund on floor stocks of cotton, burlap, and paper bags; to the Committee on Agriculture.

5158. Also, petition of Locals 63 and 142, New York Amalgated Clothing Workers of America, favoring the Connery 30-hour-week bill; to the Committee on Labor.

5159. By Mr. TREADWAY: Resolutions adopted by the General Court of Massachusetts, urging the enactment of legislation providing a retirement system for railroad employees; to the Committee on Interstate and Foreign Commerce.

SENATE

FRIDAY, JUNE 15, 1934

(Legislative day of Wednesday, June 6, 1934)

The Senate met in executive session at 11 o'clock a.m., on the expiration of the recess.

THE JOURNAL

As in legislative session,

On motion of Mr. ROBINSON of Arkansas, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day Thursday, June 14, was dispensed with, and the Journal was approved.

CONSIDERATION OF TREATIES

The VICE PRESIDENT. Under the unanimous-consent agreement entered into yesterday the Senate, in executive session, will proceed to the consideration of treaties on the calendar.

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

The VICE PRESIDENT. The clerk will call the roll.

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

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

Mr. HEBERT. I desire to announce that the Senator from Pennsylvania [Mr. REED] is absent on account of illness, and the Senator from New Hampshire [Mr. KEYES] is necessarily detained from the Senate.

Mr. LEWIS. I desire to announce that the Senator from California [Mr. MCADOO] is absent, due to illness, and that the Senator from Indiana [Mr. VAN NUYS] and the Senator from Florida [Mr. TRAMMELL] are necessarily detained.

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

The clerk will state the first treaty on the calendar.

Mr. PITTMAN. Mr. President, there are 12 treaties on the calendar, and the reason I desired to have a particular time set aside for their consideration was so that those Senators who are interested in the treaties might be able to make arrangements to be present.

I desire to take the treaties up out of order on the calendar; that is, I desire to have considered first the treaties which are purely formal ones. Therefore I will ask that Executive M be first considered.