By Mr. PLUMLEY: A bill (H. R. 7844) granting a pension to Sarah M. Morey; to the Committee on Invalid Pensions.

By Mr. RAYBURN: A bill (H. R. 7845) conferring jurisdiction on the Court of Claims to hear and determine the claims of the Choctaw Indians of the State of Mississippi; to the Committee on Indian Affairs.

By Mr. ROBSION of Kentucky: A bill (H. R. 7846) to extend the benefits of the Employees' Compensation Act of September 7, 1916, to Florida R. Greer; to the Committee on Claims.

PETITIONS, ETC.

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

8196. By Mr. GOODWIN: Petition of patrons of star mail route, Carlisle, N. Y., urging support of House bill 3994, which provides for the issuance of route certificates to carriers on star routes and fixing the compensation of such carriers; to the Committee on the Post Office and Post Roads.

8197. By Mr. HART: Petition of Columbia Council No. 8, of New Jersey, representing the Sons and Daughters of Liberty, urging upon Congress favorable consideration and immediate passage of House bill 5921, which has for its object the strengthening of our present law pertaining to deportation of aliens; to the Committee on Immigration and Naturalization.

8198. By Mr. KRAMER: Petition adopted in California State Senate and Assembly on April 16, 1935, relative to memorializing and petitioning the President and the Congress of the United States to include the Central Valley project in the national program of work relief; to the Committee on Ways and Means.

8199. By Mr. MERRITT of New York: Resolution of the Holy Name Society district committee, twenty-fourth district, Brooklyn Diocesan Union, protesting against the religious persecution in Mexico, and calling upon the President of the United States and the Congress to take such steps as may be necessary to restore to the Mexican people the liberty and freedom to which they have the inalienable right, etc.; to the Committee on Foreign Affairs.

8200. By Mr. TABER: Petition of Maud I. Randall and others, regarding chiropractors; to the Committee on the Judiciary.

8201. By Mr. TRUAX: Petition of the Packers and Wrappers Union, Local 19499, of Cleveland, Ohio, by their secretary, Herbert Schranfl, requesting support of the Wagner-Connery labor-disputes bill, the Black-Connery 30-hour-week bill, and the amended National Recovery Administration bill, because the present National Recovery Administration expires in June of 1935 and section 7 (a) of the present National Recovery Act has proven inadequate and it is necessary to further reduce the hours of labor in order to reemploy some of the millions of unemployed; to the Committee on Labor.

8202. Also, petition of Robert Beyer and numerous citizens of Cincinnati, Ohio, requesting the support of House bill 6995, relative to Spanish War veteran legislation; to the Committee on Pensions.

8203. Also, petition of Veterans of Foreign Wars of the United States, Edgewater Post, No. 496, of Cleveland, Ohio, by their adjutant, Fred Scain, endorsing House bill 6995, otherwise known as the Smith bill; to the Committee on Pensions.

8204. Also, petition of United Mine Workers, Local Union 1486, of Lore City, Ohio, by their secretary, A. Lystak, requesting the support of the Guffey coal bill, the Wagner bill, and the Black-Connery bill, because these bills are of the utmost importance to the miners and coal industry as a whole; to the Committee on Labor.

8205. Also, petition of the United Spanish War Veterans, Camp 78, of Athens, Ohio, by their commander, H. E. Sutter, requesting the support of House bill 6995; to the Committee on Labor.

8206. By Mr. WOLCOTT: Petition of Otto Jacob, of Armada, Mich., and 100 other citizens and voters of Lapeer and Macomb Counties, Mich., favoring the enactment of the Frazier-Lemke bill; to the Committee on Agriculture.

8207. Also, petition of George E. Cripps, of Marlette, Mich., and 25 other citizens of the seventh district of Michigan, urging the support of House bill 6995; to the Committee on Pensions.

SENATE

THURSDAY, MAY 2, 1935

(Legislative day of Wednesday, May 1, 1935)

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

THE JOURNAL

On request of Mr. ROBINSON, and by unanimous consent, the reading of the Journal of the proceedings of Wednesday, May 1, 1935, was dispensed with, and the Journal was approved.

CALL OF THE ROLL

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

The VICE PRESIDENT. The clerk will call the roll.

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

Adams	Coolidge	King	Radcliffe
Ashurst	Copeland	La Follette	Robinson
Austin	Costigan	Lewis	Russell
Bachman	Couzens	Logan	Schall
Bailey	Dickinson	Lonergan	Schwellenbach
Bankhead	Dieterich	Long	Sheppard
Barbour	Donahey	McAdoo	Shipstead
Barkley	Duffy	McCarran	Smith
Bilbo	Fletcher	McGill	Steiwer
Black	Frazier	McKellar	Thomas, Okla.
Bone	Gerry	McNary	Thomas, Utah
Borah	Gibson	Metcalf	Townsend
Brown	Glass	Minton	Trammell
Bulkley	Gore	Moore	Truman
Bulow	Guffey	Murphy	Tydings
Burke	Hale	Murray	Vandenberg
Byrnes	Harrison	Neely	Van Nuys
Capper	Hastings	Nye	Wagner
Caraway	Hatch	O'Mahoney	Walsh
Carey	Hayden	Overton	Wheeler
Clark	Johnson	Pittman	White
Connally	Keyes	Pope	

Mr. LEWIS. I announce the absence of the Senator from North Carolina [Mr. REYNOLDS], called away on official Government business; the absence of the Senator from Georgia [Mr. GEORGE], detained on official departmental business; and the absence of the Senator from Connecticut [Mr. MALONEY], occasioned by illness.

Mr. AUSTIN. I wish to announce the necessary absence of the Senator from South Dakota [Mr. NORBECK] and of the Senator from Nebraska [Mr. NORRIS].

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

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate the following memorial of the Legislature of the State of Florida, which was referred to the Committee on Agriculture and Forestry:

A memorial to the Congress of the United States

Whereas an infestation of Mediterranean fruit fly, from an unknown source, was lately discovered in the State of Florida, and in accomplishing its complete eradication, through regulations promulgated by the United States Department of Agriculture, growers of citrus fruits, vegetables, and other agricultural products in the State of Florida suffered great losses and had to sacrifice their own property to the common good; and

Whereas the Mediterranean fruit fly is a pest that might well destroy the fruits, vegetables, and other farm products throughout the entire southern half of the United States, and to permit its spread would have cost untold millions of dollars in control and a shortage in essential food products: Therefore be it

Resolved by the Senate and the House of Representatives of the State of Florida—

SECTION 1. That the Congress of the United States be, and it is hereby, requested and urged to provide an appropriation of money from the Treasury of the United States to reimburse citrus and vegetable growers and others who were damaged by reason of the campaign for the eradication of the Mediterranean fruit fly.

AUTHENTICATED U.S. GOVERNMENT INFORMATION GPO

SEC. 2. That copies of this resolution be duly authenticated and delivered to the President of the United States and to the presiding officers of the United States Senate and the House of Representatives of the United States.

The VICE PRESIDENT also laid before the Senate petitions of several citizens of the States of Arkansas and Texas, praying for the enactment of old-age pension legislation, which were referred to the Committee on Finance.

He also laid before the Senate petitions of several citizens of the States of California and Washington, praying for the inclusion in pending social security legislation of the so-called "Townsend old-age pension plan", which were referred to the Committee on Finance.

He also laid before the Senate petitions of sundry citizens of the United States, praying for an investigation of charges filed by the Women's Committee of Louisiana relative to the qualifications of the Senators from Louisiana [Mr. LONG and Mr. OVERTON], which were referred to the Committee on Privileges and Elections.

He also laid before the Senate a letter in the nature of a petition from the Tennessee State Club of the District of Columbia (P. H. Harris, president), praying for the prompt enactment of the so-called "Costigan-Wagner antilynching bill", which was ordered to lie on the table.

He also laid before the Senate a resolution adopted by Charles Faust Post, No. 281, American Legion, of Cuyahoga Falls, Ohio, protesting against the enactment of the so-called "administration bonus bill", and favoring the enactment of bonus legislation as provided for in the so-called "Vinson bill", which was ordered to lie on the table.

Mr. WALSH presented a resolution adopted by the trustees and board of stewards of the German Methodist Episcopal Church, Vine Street, Lawrence, Mass., favoring repeal of the cotton processing tax and the taking of other remedial measures for the assistance of the textile industry, which was referred to the Committee on Agriculture and Forestry.

He also presented a resolution of the City Council of Fitchburg, Mass., favoring the allocation of work-relief and P. W. A. funds for the development of the Nashua River and its tributaries in the interest of health, control of pollution and floods, and recreation, etc., which was referred to the Committee on Commerce.

He also presented a resolution of the City Council of Malden, Mass., favoring the imposition of higher tariff duties on importations coming in competition with home industry, which was referred to the Committee on Finance.

He also presented a resolution adopted by Aerie No. 1649, Fraternal Order of Eagles, of Attleboro, Mass., favoring inclusion in pending social security legislation of a provision for monetary assistance to the States in the payment of old-age pensions, which was referred to the Committee on Finance.

He also presented a resolution of the Arizona State Chamber of Commerce and endorsed by the Leominster (Mass.) Chamber of Commerce, favoring the extension of the present excise tax on copper, which was referred to the Committee on Finance.

He also presented the petition of members of Middlesex County (Mass.) Council of Veterans of Foreign Wars, praying for the enactment of the so-called "Patman soldiers' bonus bill", which was ordered to lie on the table.

He also presented a letter in the nature of a petition from the Committee on Moral and Social Welfare (signed by Rev. Alred Schmalz, its chairman), of the Massachusetts Congregational Conference and Missionary Society, Boston, Mass., praying for the prompt enactment of the so-called "Costigan-Wagner antilynching bill", which was ordered to lie on the table.

Mr. COPELAND presented resolutions adopted by the Federation of Citizens' Associations of the District of Columbia, expressing gratitude to the subcommittee on the District of Columbia of the Appropriations Committee, and especially to Senator THOMAS of Oklahoma, its chairman, for the consideration given to representatives of the federation and other civic organizations at hearings before the committee, and favoring retention in the pending District of Columbia appropriation bill of items and projects vitally necessary to the welfare of the citizens of the District, which was referred to the Committee on Appropriations.

He also presented a resolution adopted by the Exchange Club, of Utica, N. Y., favoring the revival of private enterprise as being of vital importance to economic recovery, which was referred to the Committee on Finance.

He also presented a resolution adopted by Chenango Valley Aerie, No. 2119, of Binghamton, and Lockport Aerie, No. 825, of Lockport, both of the Fraternal Order of Eagles, in the State of New York, favoring inclusion in pending social-security legislation of a provision for Federal monetary assistance to the States in the payment of old-age pensions, which were referred to the Committee on Finance.

He also presented a resolution adopted by the National Council of the Steuben Society of America at Rochester, N. Y., favoring the enactment of legislation providing that before a declaration of war by the Congress the people of the country shall have an opportunity to declare by referendum their decision on the question, and also to take the profits out of war, which was referred to the Committee on Foreign Relations.

He also presented a resolution adopted by the board of directors of the United Taxpayers' League, of Buffalo, N. Y., favoring making the matter of sewage disposal along the Niagara River a Federal works project, which was referred to the Committee on Foreign Relations.

He also presented a resolution adopted by Bohemian Typographical Union, No. 131, New York City, N. Y., protesting against the enactment of proposed alien and sedition legislation, which was referred to the Committee on Immigration.

He also presented a resolution adopted by Puritan Council, No. 27, Junior Order United American Mechanics, of Southampton, N. Y., favoring the enactment of legislation to eradicate the activities of subversive groups in the United States, which was referred to the Committee on Immigration.

He also presented a resolution adopted by the Transportation Committee of the Association of Commerce of Elmira, N. Y., favoring the enactment of the bill (S. 1629) to amend the Interstate Commerce Act, as amended, by providing for the regulation of the transportation of passengers and property by motor carriers operating in interstate or foreign commerce, and for other purposes, which was ordered to lie on the table.

He also presented the petition of members of the National Auxiliary, United Spanish War Veterans, Department of New York, Brooklyn, N. Y., favoring the enactment of House bill 5541, known as the "American Flag Act", which was referred to the Committee on Military Affairs.

He also presented a resolution adopted by the North Shore of Long Island Chapter of the Reserve Officers Association of the United States, Manhasset, Long Island, N. Y., favoring the making of provision for a hangar and complete permanent facilities for administering and training Air Reserve officers at Mitchel Field, which was referred to the Committee on Military Affairs.

He also presented a resolution adopted by the Oneida County Council of Postal Workers, at Rome, N. Y., favoring the enactment of legislation placing postmasters of the first, second, and third classes under the civil service, which was referred to the Committee on Post Offices and Post Roads.

He also presented a resolution adopted by the Oneida County Council of Postal Workers, at Rome, N. Y., favoring the enactment of the bill (H. R. 3898) for the equalization of letter carriers, which was referred to the Committee on Post Offices and Post Roads.

He also presented a resolution adopted by the Oneida County (N. Y.) Postmaster, endorsing the bill (H. R. 2890) fixing annual compensation for postmasters of the fourth class, which was referred to the Committee on Post Offices and Post Roads.

He also presented a petition of sundry citizens of Central Bridge, N. Y., praying for the enactment of the bill (H. R.

3994) to provide for the issuance of route certificates to carriers on star routes, fixing the compensation of such carriers, and for other purposes, which was referred to the Committee on Post Offices and Post Roads.

He also presented the petition of Bearing Workers Association Union, No. 18482, American Federation of Labor, of Syracuse, N. Y., praying for the prompt enactment of the so-called "Wagner labor disputes bill", which was ordered to lie on the table.

REPORTS OF COMMITTEES

Mr. STEIWER, from the Committee on Indian Affairs, to which was referred the bill (S. 2097) conferring jurisdiction upon the Court of Claims to hear and determine claims of certain bands or tribes of Indians residing in the State of Oregon, reported it with amendments and submitted a report (No. 571) thereon.

Mr. VAN NUYS, from the Committee on the Judiciary, to which was referred the bill (S. 1943) to prescribe the procedure and practice in condemnation proceedings brought by the United States of America, including acquisition of title and the taking of possession under declarations of taking, reported it with an amendment and submitted a report (No. 572) thereon.

Mr. WALSH, from the Committee on Education and Labor, to which was referred the bill (S. 1958) to promote equality of bargaining power between employers and employees, to diminish the causes of labor disputes, to create a National Labor Relations Board, and for other purposes, reported it with amendments and submitted a report (No. 573) thereon.

Mr. WHEELER, from the Committee on Interstate Commerce, to which was referred the bill (H. R. 4005) to amend section 21 of the Interstate Commerce Act, as amended, with respect to the time of making the annual report of the Interstate Commerce Commission, reported it without amendment and submitted a report (No. 574) thereon.

He also, from the same committee, to which was referred the joint resolution (S. J. Res. 92) making final disposition of records, files, and other property of the Federal Aviation Commission, reported it with an amendment and submitted a report (No. 575) thereon.

EXTENSION OF NATIONAL INDUSTRIAL RECOVERY ACT

Mr. CLARK. By direction of the Committee on Finance, I report back favorably without amendment Senate Joint Resolution 113, to extend until April 1, 1936, the provisions of title I of the National Industrial Recovery Act, and for other purposes, and I submit a report (No. 570) thereon. As will be noted, the joint resolution has reference to the proposed extension of the N. R. A.

The VICE PRESIDENT. Without objection, the report will be received and placed on the calendar.

ENROLLED BILL PRESENTED

Mrs. CARAWAY, from the Committee on Enrolled Bills, reported that on the 1st instant that committee presented to the President of the United States the enrolled bill (S. 408) to promote safety on the public highways of the District of Columbia by providing for the financial responsibility of owners and operators of motor vehicles for damages caused by motor vehicles on the public highways in the District of Columbia, to prescribe penalties for the violation of the provisions of this act, and for other purposes.

BILLS AND JOINT RESOLUTIONS INTRODUCED

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

By Mr. GUFFEY:

A bill (S. 2734) to confer jurisdiction upon the United States Court of Claims to hear and determine the claims of Henry W. Bibus, Annie Ulrick, Samuel Henry, Charles W. Hensor, Headley Woolston, John Henry, estate of Harry B. C. Margerum, and George H. Custer, of Falls Township and Borough of Tullytown, Bucks County, Commonwealth of Pennsylvania (with accompanying papers); to the Committee on Claims.

By Mr. METCALF:

A bill (S. 2735) for the relief of Rocky Brook Mills Co.; to the Committee on Claims.

By Mr. BARKLEY:

A bill (S. 2736) to provide that all 50-cent pieces coined in commemoration of the two hundredth anniversary of the birth of Daniel Boone shall be inscribed with "1934"; to the Committee on Banking and Currency.

A bill (S. 2737) authorizing the erection in the District of Columbia of a suitable terminal marker for the Jefferson Davis National Highway; to the Committee on the Library.

By Mr. COPELAND:

A bill (S. 2738) to authorize the use of park property in the District of Columbia and its environs by the Boy Scouts of America at their national jamboree; to the Committee on the District of Columbia.

(By request.) A bill (S. 2739) to authorize cooperation with the several States for the purpose of stimulating the acquisition, development, and proper administration and management of State forests and coordinating Federal and State activities in carrying out a national program of forestland management, and for other purposes; to the Committee on Agriculture and Forestry.

By Mr. COSTIGAN:

A bill (S. 2740) for the relief of Julia C. Gray; and

A bill (S. 2741) for the relief of Maj. Joseph H. Hickey; to the Committee on Claims.

(Mr. BORAH introduced Senate bill 2742, which was referred to the Committee on the Judiciary, and appears under a separate heading.)

By Mr. SHEPPARD:

A bill (S. 2743) to authorize the erection of a suitable memorial to Maj. Gen. George W. Goethals within the Canal Zone; to the Committee on Military Affairs.

By Mr. ASHURST:

A bill (S. 2744) to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, and acts amendatory thereof and supplementary thereto; to the Committee on the Judiciary.

By Mr. COPELAND:

A joint resolution (S. J. Res. 114) directing the President of the United States of America to proclaim October 11, 1935, General Pulaski's Memorial Day for the observance and commemoration of the death of Brig. Gen. Casimir Pulaski; to the Committee on the Judiciary.

A joint resolution (S. J. Res. 115) designating the last Sunday in September as "Gold Star Mother's Day", and for other purposes; to the Committee on Military Affairs.

PROCEDURE IN ENFORCEMENT OF REGULATIONS OF GOVERNMENT AGENCIES

Mr. BORAH. Mr. President, I introduce a bill for reference to the Committee on the Judiciary, and ask that it may be printed in the RECORD.

The VICE PRESIDENT. Without objection, the bill will be received, printed in the RECORD, and referred, as indicated by the Senator from Idaho.

The bill (S. 2742) relating to the enforcement of regulations adopted by agencies of the United States was read twice by its title, referred to the Committee on the Judiciary, and ordered to be printed in the RECORD, as follows:

Be it enacted, etc., That in the trial of any case, civil or criminal, at law or in equity, and in all other proceedings, growing out of attempts to enforce, or to exact penalties for noncompliance with, any regulation adopted by any officer, board, commission, regulative body, or other agency of the United States, there shall be a presumption that any restriction imposed by such regulation upon individual liberty is unlawful; and such presumption shall be overcome only by showing to the satisfaction of the court that the regulation is within the power of the officer, board, commission, regulative body, or other agency of the United States adopting and proposing to enforce it, and that it is reasonably necessary to the accomplishment of the object of the law, or laws, from which such officer, board, commission, regulative body, or other agency of the United States derives its authority.

INVESTIGATION OF SUGAR-BEET INDUSTRY

Mr. MURRAY submitted a resolution (S. Res. 124), which was referred to the Committee on Banking and Currency:

Whereas it is alleged that serious disputes arise annually between sugar-beet growers and processing companies; and

Whereas certain sugar-beet growers of Montana are at present in a deadlock with the Great Western Sugar Co. and refuse to sign a contract with such company because of alleged discrimination practiced by such company; and

Whereas it is alleged that such annual disputes cost the areas affected large sums of money and keep the industry in an unsettled and precarious state; and

Whereas the recent increases in the price of sugar to the consumer are alleged to be sufficient to justify a higher price being paid to the sugar-beet grower by the processing companies: Now, therefore, be it

Resolved, That a special committee of three Senators, to be appointed by the President of the Senate, is authorized and directed to make a full and complete investigation of the sugar-beet industry in the United States. The committee shall report to the Senate, as soon as practicable, the results of its investigation, together with its recommendations, if any, for necessary legislation.

For the purposes of this resolution the committee, or any duly authorized subcommittee thereof, is authorized to hold such hearings, to sit and act at such times and places during the sessions and recesses of the Senate in the Seventy-fourth Congress and succeeding Congresses, to employ such clerical and other assistants, to require by subpena or otherwise the attendance of such witnesses and the production of such books, papers, and documents, to administer such oaths, to take such testimony, and to make such expenditures as it deems advisable. The cost of stenographic services to report such hearings shall not be in excess of 25 cents per hundred words. The expenses of the committee, which shall not exceed $50,000, shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman.

MANIPULATION OF THE COTTON MARKETS

Mr. SMITH submitted the following resolution (S. Res. 125), which was referred to the Committee on Agriculture and Forestry:

Resolved, That in addition to the authority conferred upon the Committee on Agriculture and Forestry, or any duly authorized subcommittee thereof, under Senate Resolution No. 103, Seventy-fourth Congress, first session, agreed to March 16, 1935, the committee, or any duly authorized subcommittee thereof, shall have authority to investigate, with a view to determining whether there has been any manipulation, direct or indirect, of the cotton markets, or any undue influence thereupon in connection with the issuance or publication of cotton reports or statements, (1) the causes of the decline of the price of cotton on the cotton exchanges prior to March 11, 1935, and (2) the activities of the Department of Agriculture, cotton exchanges, cotton merchants, cotton millers, bankers, and any other persons, firms, or corporations connected with the cotton business.

CITY OF BALTIMORE, MD.—MOTION TO RECONSIDER

Mr. KING. Mr. President, I desire to enter a motion to reconsider the vote whereby the bill (S. 672) for the relief of the city of Baltimore was passed yesterday.

The VICE PRESIDENT. The motion of the Senator from Utah, to reconsider the vote whereby Senate bill 672 was passed, will be entered.

EXTENSION OF NATIONAL INDUSTRIAL RECOVERY ACT

Mr. WAGNER. Mr. President, I ask unanimous consent to have printed in the RECORD a statement in the form of a telegram coming from Mr. Ward Cheney, representing the Industry and Business Committee for N. R. A. Extension; also a resolution adopted by that organization, and a telegram from Peter Van Horn, president of the National Federation of Textiles, Inc.

There being no objection, the statement, resolution, and telegram were ordered to be printed in the RECORD, as follows:

NEW YORK, N. Y., *May 2, 1935.*

Temporary 10-months or 1-year extension of emasculated N. R. A. would be utterly disastrous to business and industry. This is conclusion of our committee, representing 60 groups of industry and business operating under codes with over 300,000 units employing several million workers, doing annual business of over $10,000,000. Our committee staunchly supports passage of Harrison bill with necessary changes and prompt action to end serious present business unrest and uncertainty.

WARD CHENEY,
Chairman Industry and Business Committee for N. R. A. Extension.

Whereas the Industry and Business Committee for N. R. A. Extension, representing many hundreds of thousands of business and industrial units—largely smaller ones—employing millions of workers, met today further to consider the extension of the N. I. R. A.; and

Whereas this committee, on April 2, by resolution respectfully requested the Senate Finance Committee to expedite its investigation of the N. I. R. A. and report out at the earliest date the best obtainable legislation to extend an improved and strengthened law, and in such resolution further set forth that the prolonged investigation was creating an atmosphere of uncertainty and unrest in the business world, costing American business millions of dollars; and

Whereas Senator BENNETT CHAMP CLARK, of Missouri, now has proposed that the N. I. R. A. be extended for a temporary period of 10 months, and, we are informed, his proposal is having serious consideration: Now, therefore, be it

Resolved, That the members of the Industry and Business Committee for N. R. A. Extension are unalterably opposed to Senator CLARK's proposal in that it would merely aggravate the present uncertainty and unrest in the business world, to which this committee already has objected, and would continue this uncertainty for another 10 months; and further

That the attitude of this committee remains unchanged in that the industries and businesses it represents desire the extension of an improved and strengthened law; and further

That a copy of this resolution be telegraphed to Senator PAT HARRISON, Chairman of the Senate Finance Committee, and copies be mailed to the other members of that committee.

INDUSTRY AND BUSINESS COMMITTEE FOR
N. R. A. EXTENSION,
New York, N. Y.

This committee was organized about April 1, 1935, as a result of a spontaneous demand from many sources that industry and business favoring the extension of N. R. A. should unify its efforts under a single committee and represent industrial and business groups, with headquarters in New York City.

Business and industrial men are members of the general committee representing the following industries: Cotton industry, paper and pulp industry, steel casting industry, retail tobacco dealers, velvet industry, boiler manufacturing industry, silk and rayon industry, infants' and children's wear, industrial alcohol institute, freight forwarding and carloading industry, foundry supplies, national retail jewelers, photoengraving industry, retail pharmacists, lace manufacturing industry, wooden box manufacturing industry, throwing industry, carbon dioxide industry, advertising typography industry, tag manufacturing industry, master painters and decorators, textile processing industry, garter, suspender, and belt manufacturing industry, organ builders, ladies' handbag manufacturing industry, master plumbers, handkerchief manufacturing industry, men's neckwear manufacturing industry, book manufacturers and binders, textile shrinking and refinishing industry, specialty paper products industry, smoking pipe manufacturing industry.

These industries indicated above, and other represented by this committee, operate over 300,000 units located in all States of the Union. The total number of workers employed exceeds 3,000,000, and the annual gross business volume exceeds $10,000,000,000.

The committee has operated on a quiet program without ballyhoo to encourage industry and business units throughout the country to express themselves about the N. R. A. direct to the Senators from their States and the Congressmen from their districts.

Ward Cheney, president of Cheney Bros., silk manufacturers, South Manchester, Conn., is chairman.

More detailed information will be furnished upon request.

GENERAL COMMITTEE OF THE INDUSTRY AND BUSINESS COMMITTEE FOR N. R. A. EXTENSION

G. H. Door, cotton industry; Carl Whitney, paper and pulp industry; Col. Merrill G. Baker, steel casting industry; Eric Calamia, retail tobacco dealers; Ward Cheney (chairman), velvet industry; A. C. Weigel, boiler manufacturing industry; William Menke, silk and rayon industry; Leo J. Goldberger, infants' and children's wear; A. K. Hamilton, industrial alcohol institute; E. M. Dillhoefer, freight forwarding and carloading industry; J. H. Whitehead, foundry supplies; Kenneth I. Van Cott, national retail jewelers; David Orans, photoengraving industry; Frank L. Grennie, retail pharmacists; Hugo N. Schloss, lace manufacturing industry; Nathan Tufts, wooden box manufacturing industry; H. E. Bishop, throwing industry; A. R. Ludlow, carbon dioxide industry; Kurt H. Volk, advertising typography industry; F. H. Baxter, tag manufacturing industry; Otto Grimmer, master painters and decorators; Harry E. Kenworthy, textile processing industry; A. C. Knothe, garter, suspender, and belt manufacturing industry; Arthur Hudson Marks, organ builders; Sol Mutterperl, ladies' handbag manufacturing industry; John Murphy, master plumbers; Alex G. Ritchie, handkerchief manufacturing industry; Jacob Roth, men's neckwear manufacturing industry; E. W. Palmer, book manufacturers and binders; Max J. Schneider, textile shrinking and refinishing industry; John W. Willmore, specialty paper products industry; George St. John, Jr., smoking pipe manufacturing industry.

NEW YORK, N. Y.

HENRY I. HARRIMAN, Esq.,
President United States Chamber of Commerce,
Washington, D. C.

As president of an organization which has been supporting and admiring member of the United States Chamber for many years, I wish to point out to you personally that I am most fearful that

your splendid organization is being used as a catspaw by a small group of members with selfish political and business interests who seek to accomplish, through the chamber, purposes which they could not attain alone. Our organization has been active supporter of the industry and business committee for N. R. A. extension, with offices in New York, representing 60 important industrial and business groups operating under codes representing over 300,000 business and industrial units employing millions of workers, and doing annual business volume exceeding ten billions.

This committee and our industry are vigorously opposing temporary 10-month extension of emasculated N. R. A., which will add to present business unrest and uncertainty, and, as a member of chamber we call upon your good office to oppose yesterday's action of Finance Committee and recommend 2-year extension of improved law. Kindly have list of members of chamber sent to our office in New York so that we may present our views to other members. If minority of chamber members are successful in misusing your organization I will recommend to our board of directors that we submit our resignation with regret. Filing copy of this telegram with the President and members of Senate Finance Committee. If opportunity affords today will express these views in person from the floor of your convention.

PETER VAN HORN,
President National Federation of Textiles, Inc.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States were communicated to the Senate by Mr. Latta, one of his secretaries.

FREEDOM OF THE AIR—ARTICLE BY DAVID LAWRENCE

Mr. WHITE. Mr. President, I ask unanimous consent to have printed in the RECORD an article by David Lawrence entitled "Freedom of the Air", appearing in the United States News under date of April 29, 1935.

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

[From the United States News of Apr. 29, 1935]

FREEDOM OF THE AIR—POLITICAL CONTROL OF THE RADIO HAS MADE BROADCASTING A TOOL OF THE POLITICIANS AND A BOON TO THE PARTY IN POWER—LICENSING FEATURE OF PRESENT LAW HAS PROVED A DEMORALIZING INFLUENCE AND A MENACE TO FREE EXPRESSION OF OPINION

By David Lawrence

Radio broadcasting is the most powerful means of instantaneous communication the world has ever known.

As such it has become the tool of dictators in Europe and it bids fair to become in America the weapon by which free government may be destroyed.

For this reason it is pertinent to examine without gloves the sorry state into which radio broadcasting in the United States has fallen as a result of Government intimidation, on the one hand, and abject surrender on the other by the broadcasting companies themselves.

To understand the problem and many of its implications it is necessary merely to point out that every radio station is licensed with a permit which may or may not be renewed every 6 months, according as a Federal commission of political appointees may decide what is meant by five words in the Radio Act, namely, "public interest, convenience, or necessity."

Does a broadcasting station satisfy the whims of a Federal tribunal? If so, it keeps its license. Does it become the coveted object of some rival interest in a given community with the proper amount of political pull and influence at Washington? It then loses its license or its "clear channel" to one of the competing beneficiaries of this rule of special privilege.

The National Broadcasting Co. owns or operates 15 broadcasting stations. The Columbia Broadcasting System has 8. All these are key stations. To lose them would mean a serious financial loss and possibly a break-up of whole chains or networks.

LIMITATIONS ON CRITICAL BROADCASTS

It is important, indeed it is vital, for the N. B. C. and the C. B. S. to remain on terms of almost excessive friendliness with the party in power in Washington, and to some extent with the minority party because some day the minority may become the majority.

The whole concept of the broadcasting companies as to their obligation is political. Their policies are made with an eye to the political damage that might ensue or the political benefit that might accrue.

Hence there is a rule that no speaker may appear on their networks for a regular series of broadcasts if his addresses are in any way critical of the national administration at Washington. Almost the first question asked by the director of programs about a projected program on public affairs is: "Will it be antiadministration?"

Faced with the problem of presenting views on controversial issues, both broadcasting systems give the bulk of their time in this field to addresses by the politicians in Congress or in the executive agencies.

Members of the Senate and House can have the privileges of the air right along, but private individuals are permitted occasional speeches, and then only when presented under the auspices of the so-called "national pressure groups" or of educational organizations which, too, might be presumed to have a nuisance value from a political standpoint.

The educators of the country, for instance, have been clamoring for 15 percent of the wave lengths. This is impractical. Still it is recognized that educators have indirect influence at Washington.

CHAINS FEAR REPRISALS BY POLITICIANS

Efforts, therefore, are constantly made by the broadcasting companies to placate the educators. Unfortunately, the educators aren't always interested in the technique of producing attractive programs from the viewpoint of the listener and are still thinking in terms of dull, high-brow discussions which the average man looks on as a waste of valuable time.

But the basic idea of the broadcasting companies is to avoid political reprisals. They give their facilities generously to the politicians on the theory that this is their main obligation to the public and that it will be the best means of protecting themselves against arbitrary action by the Federal Communications Commission.

Thus while nonpolitical persons who wish to make criticisms of the administration are barred from repeated or regular appearances on the radio, the chairman of the Democratic National Committee, who is also Postmaster General, appeared 22 times over the N. B. C. stations in 1934, to say nothing of his broadcasts on the Columbia system. The N. B. C. in a formal report announced last December that the Cabinet had had 78 periods in 1934 and that the Assistant Secretaries had an additional 34 addresses, the emergency agency heads 21, and Mr. Roosevelt had the radio 23 times, thus making a total of 156 times for the party in control of the executive branch of the Government during 1934.

Now, if we take the statistics on Members of Congress we find there was a total of 308 addresses for both parties and for both Houses. While the figures do not indicate what proportion were Democrats and what were Republicans, or the length of time each speaker had, we may assume that the N. B. C. divided the number equally so that 154 appearances were Republican and 154 were Democratic.

BIG ADVANTAGE LIES WITH THE PARTY IN POWER

If we add the 154 congressional broadcast periods which the Democrats were given to the 156 times the Democrats in the executive branch of the Government had the privileges of the air, we find the score is 310 to 154 in favor of the administration in power—more than twice as many.

The usual answer made by spokesmen of both broadcasting systems—for their policies and their statistics are very much alike—is that when the Republicans were in power the allotment of time was in their favor.

The fundamental fallacy is in assuming that a minority in Congress always represents or reflects the intelligent or constructive opposition in America to the economic policies of the administration in power or that we can have free institutions when Government-issued propaganda is not checked or challenged in specific terms on the radio immediately after it is broadcast or within the same 24 hours, as is the case in newspapers.

There have been published in the newspapers plenty of statements and interviews with prominent persons on current problems which the broadcasting companies could have presented had they dared. They cannot convincingly plead lack of space. They could have set aside time for a limited amount of opposition. They could have transmitted criticism if they so desired. But the bugaboo of a Federal Communications Commission prevented them from being alertly or aggressively impartial.

INTIMIDATION AS A WEAPON IN LICENSING

Under the present law the Commission is supposed to follow "an equitable distribution" of wave lengths. The quota system by States has been applied. There is nothing, however, in the law to prevent the Commission from reallocating all wave lengths on a county basis or from using the political gerrymander idea in any other form to exclude stations which fall under the ban for one reason or another.

The record of licenses not renewed will show some cases, of course, in which defamatory language has been used on a radio station repeatedly, and hence the license has been withheld. But there are other instances in which licenses have not been renewed on technical grounds more or less related to the political pressure of the other fellow, who wanted a license or a share of the precious wave length.

When a governmental commission has the power of life and death over a radio station or a network, it is natural that intimidation should develop in most insidious forms.

MANY SPEECHES OF OPPOSITION WERE ON RECORD

The broadcasting companies vehemently deny any prejudice or any favoritism toward the present administration. They argue that they have been willing to offer their facilities to the "opposition" any time, but that for many months the Republicans were tongue-tied and, of course, didn't want to say anything against the Roosevelt administration.

This is rather surprising in view of the many speeches in the CONGRESSIONAL RECORD and in the press in 1933 and 1934 taking issue with many aspects of administration policy.

It would have been very helpful on this point if the broadcasting companies had reduced to writing their proffer of radio time and had made it a matter of record with the entire membership of the House and Senate, because there are Republicans who say

they did not know until quite recently that radio facilities had presumably been available to them at all times.

Within the last few weeks both the broadcasting systems have set up an hour a week for congressional opinion and have begun to rotate the requests for space on the air, but this does not erase the fact that opposition to the administration on the radio has been effectively diffused, if not squelched, by the simple method of now and then putting a few Republicans on the radio to keep up appearances of nonpartisanship.

Constructive criticism is the foundation of free government. The American press throughout our history has been the defender of American constitutionalism and American principles of fair play. The newspapers have not shown any hesitancy to publish material regularly which pointed out the unsoundness of certain of the administration's economic policies.

This was because they could assert themselves under the protection of the freedom-of-the-press clause of the Federal Constitution. They fought against being licensed under the N. R. A. when they saw what was happening to radio broadcasting. The radio has the same constitutional protection if the broadcasting stations will acquire the same courage to assert their rights.

INDISPENSABLE BULWARKS OF OUR LIBERTY

The analogy of the press to the radio is important. Free speech and free press go together. They are the bulwarks of our liberty. They must protect us against dictatorship and despotism.

The newspapers open their news columns to anybody with interesting material and their advertising columns to anybody who wishes to buy space for the presentation of a controversial viewpoint or for the sale of merchandise.

The broadcasting companies, however, permit the purchase of time to sell laxatives but not to present ideas on public affairs. Their objection is ostensibly to "propaganda." But the effect of their rule is to deprive investors and owners of properties of an opportunity to obtain ample radio time to protect their investments from spoliation by political racketeers and demagogues. The broadcasting companies overlook the fact that they are not only refusing facilities to businesses affected by destructive legislation but they are furnishing free time on the air regularly and in abundance to the wrecking crews in government who are undermining our whole economic system.

SHOULD EXTEND LICENSES TO 3 YEARS

All this is because the licensing system is a cancer which eats into the judgment of the broadcasting companies and the stations.

The President of the United States appoints the members of the Federal Communications Commission. He can remove them at will without cause. Nevertheless, to free itself from suspicion of White House domination, the Commission ought to issue licenses for 3 years instead of 6 months. This can be done by the Commission under the present law whenever it wishes to exercise that discretion.

The power of intimidation, of course, will not be completely removed until the Congress specifies in the law the exact technical grounds on which licenses may not be renewed and also makes the facts as well as the decisions reviewable by Federal courts.

This is the great crusade which radio has ahead of it. And the press should enlist in it with a spirit of patriotic comradeship.

For while control of the radio may be thought by the present administration to be essential to the perpetuation of a party in power, it will lead ultimately to a public reaction. "Freedom of the air" may, indeed, become some day an issue at the polls.

If the truth is suppressed, a free people cannot exercise their independent judgment.

A radio broadcasting situation, untrammeled by Federal bureaucracy, is the biggest single need of America in its hour of crisis.

The sooner the American people realize the perils in the present political domination of broadcasting, the quicker will America be saved from the most dangerous form of exploitation it has ever faced—exploitation by the politicians.

EQUIPMENT NEEDS OF AMERICAN INDUSTRY—ADDRESS BY JOHN W. O'LEARY

Mr. AUSTIN. Mr. President, I ask unanimous consent to have printed in the RECORD an address entitled "Equipment Needs of American Industry", by John W. O'Leary, president Machinery and Allied Products' Institute, before the United States Chamber of Commerce Round Table on Durable Goods and Housing.

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

It is especially gratifying that we have a round table on equipment needs of American industry at this, the Twenty-third Annual Meeting of the United States Chamber of Commerce. I know the important place this subject has in the considerations of the Chamber's board of directors, and I look forward to an even greater emphasis upon it and to a larger, more general understanding of its implications on the part of our Federal administration officials and our fellow citizens.

The equipment needs of American industry today have a broad significance. Never before in my experience have either volume or possibilities been so great, and never before has there been a time when we should strive harder to capitalize our opportunities.

Five years of depression have gone by—busy, throbbing years of many events. But days, weeks, and months of this period have passed with but little observation of the natural process taking place. The building of sources of employment for our people, the storing up of a new cycle of industrial activity, and the setting of the course of resumption of America's march toward the greater realization by all its people of higher standards of living is worthy of our thought. Our world-envied standard of living achieved through the efficient functioning of industry in the production of goods and services at constantly lessening cost, to the greater use and enjoyment by all is worth preserving.

We, as thinking business men, whose individual businesses as well as our interest in the preservation of America's standards, counseled earnestly against too extreme experimentation, pointing to the experience of earlier depressions and to the fundamental principles of sound recovery. We were and are still to considerable though lessening extent accused of a failure to recognize supposed basic changes in our economic order. Early in the depression our statements of the necessities of recovery were premised upon previous experience and recognition of the real causes of depression. In 1935 we see before us the evidence of the effect of ignoring these economic truths in continued unemployment and increasing debt. The philosophy of scarcity cannot result in improved conditions.

We have lost much by confusion of principles; the depths of depression have been prolonged. But we have accumulated a portion of the business, or wants, which would more naturally have been earlier supplied. These postponed requirements, the present equipment needs of American industry, are now before us for future utilization.

Equipment needs are capital goods. In our discussion of our subject we shall wish to trace the possibilities of recovery through utilization of equipment needs. It is appropriate, even before we discuss what these needs are, that we review the facts concerning capital goods economics.

Business and industry fall into three distinct categories.

The first we speak of as the consumers industries, composed of the establishments which have to do with the supplying of the necessities of existence—the things we cannot very well get on without, such as food, clothing, heat, furnishings—consumption goods. Depression or no depression, these industries must go on if we are to survive. They have gone on. We may eat a little less and wear our clothes a little longer and huddle more closely together, but there are limits in this respect beyond which we cannot go. Sheer necessity demands the continuation of these industries and they will not fall below a certain level. Even in the depths of the depression they have been well sustained.

In the second classification circumstances are different. In this latter class are the industries which meet the requirements and supply the tools and equipment of the primary supply industries which meet directly the human needs. Included are machinery, construction, manufacturing, and material supply industries which build our national plant—capital goods. It is upon these industries that the impact of depression is more severe. These industries are the first to fall back before its advances and the last to resume activity. Their status most accurately reflects the difference between good times and bad.

The objective of recovery is employment of the idle, and employment is the measure of the status of the capital-goods industries, as well as the gage of the extent to which the equipment needs of American industry may be utilized in bringing about recovery.

Estimates which have been generally accepted indicate that in 1930 there were 49,000,000 gainfully employed in America, 17,000,000 in the consumers'-goods industries, 22,000,000 in the service trades, and 10,000,000 in the capital-goods industries. In 1934 we had one and one-half million unemployed in the consumer industries, or unemployment of 9 percent. This compares with 5,000,000 unemployed in capital goods, or 50 percent unemployment. Service trades in 1934 had 4,000,000 unemployed, or 18 percent.

By far the greatest unemployment exists in the capital-goods industries. The service industries, the third classification, are also dependent, to a large extent upon a revival in the capital-goods industries, there being three employed on the average in servicing, supply, and material lines for each one at work in capital-goods manufacturing. Obviously the possibility of taking up the slack in unemployment by stimulating the consumers' industries is remote. We cannot, in other words, eat our way to recovery. But no such limitation exists in the case of the capital-goods industries. They are, in fact, the measure of our possibilities.

It is important to remember that in normal times annual purchases in the United States of consumers' goods totaled about $30,000,000,000, while capital-goods output was more than $40,000,000,000, and that since 1929 consumers' goods have never declined more than 35 percent from normal and are within 10 percent of normal, while capital goods have dropped in volume 75 to 80 percent.

The motivating forces behind these two classes are quite different. Consumers' goods owes existence to the urge of necessity. Capital goods depends upon what might be called the spirit of progress. The sustaining force behind the capital goods industries is the belief that we shall go onward, the expectation that our development will continue—confidence in ourselves and our institutions. If that confidence is lacking, investment lags, we begin to husband our resources instead of placing them in enterprise, and depression is upon us.

Investment, then, is also a measure of the status and possibilities of the capital goods industries. During the 10 years ending with 1930 the volume of savings flowing into investment in new

securities, exclusive of refundings of every kind, averaged about $3,500,000,000 per annum. In 1931, because of the liquidation then in progress, this had dropped 53 percent, to something less than $1,600,000,000. By 1933, due to various restrictive measures and uncertainties, the figure was only $125,000,000, or but 3½ percent of the 1920 to 1930 average. For the 12 months ending September 30, 1934, this had increased to $137,000,000, which is but 3.9 percent of the 1920 to 1930 average.

With this background of the status of our industries the significance of the figures on equipment needs, which we shall now consider, may be readily recognized.

There are a number of sources of partial information concerning the current equipment needs of American industry, but America is a large country with a great diversity of industries, and it is difficult with a high degree of accuracy to define or identify and consolidate its equipment needs. Were this wholly possible, I am confident that a more striking picture of our potentialities would result. Nevertheless, the information which is available to us, conservative though it necessarily is because incomplete, represents a total of such tremendous proportions that we may well base our discussion upon it with disregard of possible omissions.

The consideration of normal production and in comparison and accumulation of unrealized output is of early interest to us. Figures of the National Industrial Conference Board based upon 1929 production value of manufactured goods of $61,300,000,000, show that there has been an unrealized output during the 5 depression years 1930 to 1934 of 133.1 billions of dollars. All production of goods including agriculture and nonmanufactured goods in 1929 was something more than $70,000,000,000. Reasonably assuming that approximately the same ratio would apply to the enlargement of the figure, the unrealized output of industry for each of the 5 years would have been 43.3 percent, or $30,380,000,000 per year, or an aggregate of $151,900,000,000. Now, of course, it does not necessarily follow that this $152,000,000,000 of unrealized output, or the greatest portion of it, is accumulated into an effective present-day demand, or even if not a present demand that it may in large part become a future realization. But we do know from these figures that a staggering sum of unrealized output is recorded evidencing the fact that repression of our requirements has been most severe, and we do know that millions of our citizens are in need, and if not in actual want, are eager potential purchasers for innumerable commodities, services, and improvements. Our knowledge of the regular requirements of our people compels attention to the fact that a very large demand does exist and will continue to exist until satisfied. What this demand, as distinguished from the forementioned deficiency of production is we shall undertake to discuss as far as possible, with relation to the needs of industry.

A further consideration pertinent at this point is whether this production of 1929 was beyond America's normal capacity to consume, or whether, conversely, our plants were equipped for production far beyond actual productive output, with resultant superfluity of fixed capital and the harmful effects of steadily increasing excess. This is a subject of exhaustive possibilities for discussion, but, though we may wish to go into it later at length, suffice it at this point to refer to certain conclusions in the careful analyses recently made by the Brookings Institute, first that with reference to capacity to consume the "United States has not reached a stage of economic development in which it is possible to produce more than the American people as a whole would like to consume", and second, with reference to capacity to produce that "19 percent is a fair estimate of the amount of added production of which our industrial plant was technically capable under the conditions prevailing in 1929."

In considering the amounts of actual present equipment needs of American industry we have, as I have said, a number of sources of partial information.

Foremost among them, partly because of my own familiarity with the details of the survey and partly because of the completeness of its treatment of an important segment of the capital-goods industries—the machinery industries—I shall refer to the recently completed survey of the potential machinery requirements of American industry made by Machinery and Allied Products Institute. This survey shows potential requirements for machinery alone of eighteen and one-half billion dollars—enough to employ 4,000,000 men full time for 2 years. An essential consideration of the survey was its premise upon the establishment of sound governmental policies and return of normal business confidence. The survey was based upon itemized reports of actual machinery requirements obtained through the members of the 58 trade associations comprising the institute. A striking picture of the survey was the detail in which the reports were rendered. Quotations as to cost were given in practically all instances, specifically, in dollars and cents, and machines were itemized not only by classification but in many cases by name or type, capacity, and catalog or design number. These employers knew their needs, were well impressed with the economic desirability of replacement, they had received actual quotations, in many cases had made decisions as to the machines they would purchase, and had obviously given careful consideration to the question of whether to invest or to postpone investment. That they had postponed investment is evidenced by the inclusion of the requirements as future needs. Here is an eighteen and one-half billion dollar order to machinery manufacturers. Here is a $12,000,000,000 potential order to labor—4,000,000 men full time for 2 years—and it is estimated that for each worker employed in machinery manufacture 3 others find employment therefrom.

A second source of specific information also centers upon machinery—the American Machinist obsolescence survey announced just last week.

This survey enables us to approach the subject of machinery requirements from another direction, for this detailed survey is a measure of the age and life usefulness of metal-working machinery. Of much significance among its findings is the revelation that 65 percent of America's metal-working machinery is more than 10 years old, this percentage having increased from 48 percent in 1930. The American Machinist also brings out in this research its conclusion that the life usefulness of metal-working machinery has decreased during recent years through advancement in design, precision, and productivity to 10 years. Several years ago we would have placed this at 15 years. An interesting though rough calculation may be made from this that since metal-working machinery in use totals 3.5 percent in dollar value of all machinery, if 65 percent of metal-working machinery is now obsolete and not 65 percent but only 35 percent of all other machinery is obsolete, it follows that approximately $23,500,000,000 of machinery may be obsolete and require replacement. Compared with this theoretical potential replacement need, the Machinery Institute survey found that demand for machinery is $18,574,000,000.

The railroads next present a formidable array of potential equipment needs. The equipment purchases during 1933 of rolling stock by class I railroads were 94.4 percent less than the 12-year average, 1922 to 1933, inclusive. In other words, the railroads in 1933 purchased only 5.6 percent of their normal annual requirements. An upturn in business for the railroads would make possible normal additional purchases of $250,000,000 annually. The potentialities for modernization are enormous. The Interstate Commerce Commission reports that as of December 31, 1934, 61.3 percent of all locomotives were more than 20 years old. The rate of advancement in locomotive construction is such that it is fair to regard all equipment more than 10 years of age as obsolete, in which case all motive power numerically would be 91.7 percent obsolete. Were the 46,401 locomotives replaced by 40,000 units of modern design and economy, expenditures of $2,750,000,000 would be involved at present prices. Additional track, signal equipment, shops and housing, heavier rail, electrification, Dieselization, air conditioning, equipment replacement, elimination of grade crossings, and other improvements normally required or necessary for improved service and decreased running time, present a potential demand of tremendous proportions.

The Iron and Steel Institute reported recently a backlog of steel requirements of 67,000,000 tons representing 17 months' production. Equipment needs to properly handle this tonnage are already reflected by an announced modernization program of $125,000,000.

Electric World, in cooperation with the utilities, has released just this month in a special recovery issue its measurement of the possibilities. Here, in normal replacement and expansion of electrical facilities for farm, home, and industry, it is recorded that with friendly governmental encouragement the completion in 2 years of but 10 percent of the program would mean expenditures totaling $16,813,000,000.

Housing rehabilitation and construction cannot be classed directly as equipment needs of industry. The impulse to industrial activity and the demand upon industrial equipment in the furnishing of materials would directly result, however, in additional equipment requirements, for potential housing rehabilitation and construction have also assumed large proportions. According to the Federal Housing Administration 16,000,000 homes need repair, with estimated average cost of repair as $300, making a total of $5,000,000,000. The necessary new construction for 1,000,000 families is estimated at $5,000,000,000.

Obsolescence of equipment in stenotype foundries and pressrooms is reported to amount to $44,000,000. The cotton-textile industry faces the necessity of extensive replacement of machinery in order to successfully compete with other nations. Highway construction planned during the next few years will require road-building machinery estimated to cost $125,000,000.

The news of equipment needs continue to reach us day after day. There are many omissions of entire industries. It has been difficult for us, and is apparently doubly difficult for administration officials to comprehend the extent to which the passage of time has laid the foundation for sound recovery.

Even the most casual observer of the trends of design and efficiency of the equipment with which American industry will make its replacements will recognize that industrial activity will be spurred by more efficient mechanization. Much has been said during this depression, as in previous depressions, of the threat of the machine age to employment. This, again, is too exhaustive a subject to present fully at this time, but it is interesting to refer to the previous expressions of concern on the point issued during earlier depressions. For example, in 1886, at the bottom of that major depression, the Commissioner of Labor officially reported:

"The United States has gone on perfecting machinery, duplicating plants, crowding the markets with products, until today this country is in the exact position of England, with productive capacity far in excess of the demand upon it and her industries stagnated, the wages of labor reduced, prices lowered, and the manufacturers and merchants trying to secure an outlet for surplus goods.

"It is true that the discovery of new processes of manufacture will undoubtedly continue, but this will not leave room for a market extension such as has been witnessed during the last 50 years nor afford a remunerative employment of the vast amount

of capital which has been created during that period. The market price of products will continue low, no matter what the cost of production may be. The days of large profits is probably past. There may be room for further intensive but not extensive development of industry in the present era of civilization."

Other similar prognostications have been made by writers and analysts during poor times. Our experience, as we all know, has been quite different. Figures on employment completely disprove any such possibility of increasing unemployment, for in the period from 1910 to 1930 the number gainfully employed increased from 38,000,000 to 49,000,000, a gain of 11,000,000. Department of Labor figures issued by the Department of Commerce indicate that farm workers decreased in number during this period from twelve and one-half to ten and one-half millions, a loss of 2,000,000, while industrial workers increased from eleven and one-half to fifteen and one-half millions, a gain of 4,000,000, and workers in service trades increased from fourteen to twenty-two millions, a gain of 9,000,000. It is obvious from these figures that an improving standard of living through enjoyment of goods and services by an increasing number of our population, made possible through production at constantly lessening costs, opens up new avenues and opportunities for employment in other fields.

That huge potentialities of general business and industrial activity with consequent reemployment of millions of workers exists there can be no reasonable doubt. The natural processes—the passage of time alone—under the circumstances which existed during the past 5 years have set the stage for a resumption of normal production, distribution, and consumption It is of paramount importance that we shall recognize that these possibilities are now before us, and what is more to the point, that those who are charged with legislative initiation and administration shall comprehend the extent of normal recovery naturally and immediately possible through private initiative.

While we see about us these real and tangible needs, the fact remains that American industry is only slowly responding to the purchase of equipment. The capital-goods industries remain depressed, and deferred programs, postponed purchases and a spirit of caution and watchful waiting beset us.

What may be the reasons for this situation? I think that we may segregate and discuss the possible reasons under the following three general headings: (1) Price; (2) purchasing power, or credit facilities; (3) absence of business confidence.

(1) Price: Industry's equipment needs are capital goods. As I have indicated the capital-goods industries are subject to cyclical fluctuations—they are the first to experience the impact of depression and the last to resume normal activity. This is true because of the durable character of the products, which, in sharp distinction to consumers' goods, permits a postponement of purchase, an indefinite deferment of demand. This ability to defer demand constitutes an ability to shop closely and place pressure on prices. The price which the buyer will pay for a product, and the price at which the economic soundness of buying can be demonstrated, determines the maximum price the seller can obtain. The replacement of obsolete facilities and the opening up of new ventures will be undertaken only in anticipation of profit, and it is essential that equipment be procurable at prices sufficiently low to make probable a profit in their future use.

We have been embarked under the National Recovery Administration upon the trial of a new economic philosophy which has had a profound effect upon prices through its effect upon all labor costs, direct and indirect, involving every phase of development of materials, manufacture, and distribution. Whether the shortening of hours to such an extent that a living wage necessitates 1929 wage rates in the middle of a major depression, with 10,000,000 idle men and a national income not greatly in excess of one-half of the pre-depression volumes, makes possible the sale of capital goods is open to serious question. We know that in the capital-goods industries goods have not been sold. The accomplishment of recovery through an economy of plenty instead of an economy of scarcity would appear to require such flexibility of hours as to facilitate production through a unit labor cost which without denial to the workman of a living wage, will result in a price for the product that will make it salable.

(2) Purchasing power—credit facilities: When we consider that for the 12 months ending September 30, 1934, the total of new securities issued, exclusive of refundings (four-tenths of 1 percent higher than the year 1935) was but 3.9 percent of the average annual amount issued during the 10 years 1920 to 1930, it is apparent that a vast proportion of purchasing power of industry either does not exist or is not being utilized. At the same time we note that in common with all business throughout the Nation industry is maintaining large cash balances and is otherwise maintaining a high degree of liquidity.

Credit facilities are undoubtedly largely deficient. The banks continue to place first emphasis upon liquidity and have heavy holdings of Government bonds. Short-term bank credit is neither possible nor appropriate for industry's purposes. A real need for intermediate credit up to 7 years is felt, and is obtainable through the Reconstruction Finance Corporation under rather severe restrictions. There has been wide-spread disinclination on the part of manufacturers to avail themselves of this medium of credit. A decided preference for privately financed credit is reflected in the greater interest in the operations of the Federal Housing Administration, but these facilities if extended for industrial-plant rehabilitation and replacement would be limited to maximum loans of $50,000. As to long-term and intermediate credit, it is the belief of most business men that such credit could and would be promptly made available if regulatory measures which preclude the establishment of private facilities to handle business of this character were properly modified.

The extent to which lack of credit facilities is responsible for failure of the dammed-up equipment requirements to move is not known. It appears, however, that this factor is not of first importance as a reason for the condition which exists.

(3) Business confidence: Every purchase of plant equipment is an investment, either of cash capital or through use of credit, and it is an investment for long-time use and in expectation of profit. The purchase of capital goods is always dependent upon business confidence and is invariably a demonstration of confidence. Business confidence is intangible, but it is a vital dominating factor which motivates every constructive and enterprising business transaction. It is something we cannot artificially produce or regulate, or even stimulate. It must exist with reason.

That there is present today a wide-spread feeling of uneasiness, a tendency to await unknown developments, a general lack of confidence in ability and opportunity to invest safely and profitably, is beyond doubt. It will be well in our discussion to explore the probable sources of lack of business confidence and the means of overcoming them.

The probable reasons for lack of business confidence may be summarized as follows:

(1) Questioning of the profit motive. Inferences and advocations of reduction or elimination of profits have been frequent. Talk of redistribution of wealth has been disturbing. Emphasis upon benefits to the minority without jobs to the detriment of the majority with jobs is a source of concern. Spokesmen have told of fundamental changes in our economic order and of the collapse of the American capitalistic system. It is important to recognize the necessity for assurance to private enterprise that the profit incentive will continue to receive public approval, if we are to have progress toward recovery.

(2) Burdensome taxes, uncertain monetary policies, generous relief of constantly increasing amount, enormous Federal expenditures, uncertainty as to when and how the Budget will be balanced, as to whether or when further devaluation of the dollar may take place.

It is necessary that there be public recognition that the only legitimate purpose of taxation is to provide necessary revenue for government and not to effect sharp punitive redistribution of wealth which, or the possibility of which, paralyzes business initiative. Also that the threat of inflation be removed by establishment of a program definitely working toward the balancing of the Federal Budget.

(3) Increasing activity by our Government in establishing or subsidizing enterprises in competition with private business.

The activity of the Federal Government in more than 200 types of business carries with it the threat of extension into additional fields. Spokesmen have repeatedly warned that if private business did not function, Government would. It has, and has profoundly shaken the confidence of millions. Since private enterprise supplies all public revenue, Government competition, historically inefficient and unsuccessful, not only stifles private enterprise but also dries up the source of its own support, leading toward socialism.

(4) Increasing activity in the exercise of control over the management of private business by Government bureaus and officials.

Utilities, banks, and railroads have felt the threat or experience of governmental regulation. Industry has been subjected to increasing bureaucratic control. The effect has been to discourage individual initiative. All history records this policy as thoroughly destructive.

Increasing development of administrative law is destructive of confidence and undermines our institutions. It was intended that our Congress should create and enact our laws. The laws thus created were to be specific in their terms. Where doubt occurred, the courts would determine the doubt. The administrative branch of the Government had the duty of administering the laws as written and interpreted by the courts.

But there is being enacted administrative law in increasing number—law whereby departments, bureaus, or individuals are given powers which were intended by our form of government only for Congress and the courts. The result is confusion. We know not what the law will be tomorrow. We are dependent on the determination of a multitude of individuals who have their own views and prejudices.

An example of what happens when Congress passes an act which leaves interpretations to administrative bureaus is contained in the workings of the Vinson Act. A provision of this act limits the profit on Navy contracts to 10 percent, a checking of the costs to be made, following the rulings of the Secretary of the Navy and the Secretary of the Treasury. The Secretary of the Navy has passed to the Secretary of the Treasury the job of performance under this provision. The Secretary of the Treasury has delegated determination of profit to the Bureau of Internal Revenue, where some individual will give the interpretation.

Since the passage of the act the following interpretations have been made by the Bureau covering items which may not be included in establishing the cost on which the profit is to be based. So far these rulings have been:

(1) Selling expenses not part of cost.

(2) Federal income taxes not cost of performing contract.

(3) State income taxes not cost of performing contract.

(4) Allowance for interest on invested capital not cost of performing contract.

(5) Interest on borrowed money not cost of performing contract.

(6) Interest on funded indebtedness not cost of performing contract.

(7) Administrative expenses and salaries impossible to apply directly to product subject to audit to determine if reasonable.

The practical effect of eliminating these standard charges used in all organized business practice and necessary to maintain solvency is to bring the real profit down to between 4 percent and 5 percent. There is no question but that as time goes on other items will be excluded, and it is apparent that ultimately there will be no profit left.

In connection with technical operations, of which there are so many in navy work, the possibilities of loss are very great. While the original 10 percent might be considered fair margin for many purchases, it is not sufficient to encourage the development necessary to keeping our national defense in a leading position. To further hamper through interpretations of administrative bodies to an extent which makes any profit doubtful is completely destructive not only of our industry but of our position as a world power.

The trend to administrative law is opposed to democracy, retards progress, and prevents confidence. Industry can adjust itself with varying degrees of success to laws and rules, if industry knows what the laws and rules are. But it cannot plan with confidence, with uncertainties confronting it, and administrative laws assure uncertainty.

The summary of comment on the lack of business confidence may well be that industry is in the position of a patient fully capable of, and in fact breathing deeply, upon whom is being forced artificial respiration—distasteful, unwanted, unneeded, and destructive to his power of motivation.

Some of these deterrents of confidence we will overcome through our natural unwillingness to be discouraged, some we must hope will be overcome through a recognition by our legislators of the need of business to provide the wherewithal for government. It is just as vital to our governments to cooperate with business as for business to cooperate with governments, and without both there is no cooperation, no business, no government.

Confidence will return. No nation with the resources, the energy, the potential possibilities of this country can fail to reverse the progress of the depression. The Jesse Jones', the John Fahey's, the James Moffett's, and many other able, patriotic citizens have given their time and great abilities to holding the lines. The pent-up equipment needs of industry have meanwhile developed to such a stage that the current has already begun to flow in the opposite direction. Its speed and permanence are detracted by the deterrence of confidence, but even that will eventually be overcome by the force of the demand.

It is your job and mine to hasten the flow toward recovery through constructive and determined effort. We are reminded of that inscription upon the walls of the Capitol, of American business, expressed by Daniel Webster: "Let us develop the resources of our land, call forth its powers, build up its institutions, promote all its great interests, and see whether we also, in our day and generation, may not perform something worthy to be remembered." With a determination to follow this admonition we may hasten rather than retard the return to prosperity.

CONSTRUCTION OF RAILROAD EQUIPMENT

Mr. WHEELER. Mr. President, I ask unanimous consent to have printed in the RECORD an article by John T. Flynn appearing in the Washington Daily News of May 2, 1935, relative to the construction of railroad equipment.

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

[From the Washington Daily News of May 2, 1935]

PLAIN ECONOMICS

By John T. Flynn

ONE GREAT INDUSTRY IN THIS COUNTRY IS PRACTICALLY DEAD BECAUSE MOST OF ITS BUYERS ARE PRACTICALLY BROKE

One great industry in this country is practically dead because most of its buyers are practically broke. That industry is the business of building railroad equipment. The busted buyers are the railroads.

Daily for some years we have been told of the paralyzing influence of our vast long-term debt. More cheerful souls assure us that it is nothing measured against our vast national wealth. There is a notion that the debts are all neatly spread out over the wealth and that the debt coating is hence quite thin. But this is not so. These debts press down only on spots. They paralyze the spots where they rest. And the spots on which long-term debts rest are the railroads, utilities, construction industries, the States, counties, and cities.

Consider the railroads. They make their chief purchases of equipment and construction with borrowed funds. Thus they are large buyers in the capital-goods market. When they are excessively loaded with debt they can borrow no more. Then they can buy no more. That part of the capital-goods industry which sells to the railroads ceases to do business.

Let us look at a single great railroad. Its capital stock is carried at half a billion dollars. But it has long-term debts of nearly $700,000,000. It must pay over $30,000,000 a year in interest. For 3 years it has not made enough money to pay this interest. This is bad for that road. But consider the effect upon general business. The road must spend less for equipment. In 1929 it spent $58,000,000. In 1933 it spent half this. It was the same with road maintenance.

This would be a fair picture of most of our roads. Their roadbeds are in desperate need of repair. Their coaches are shabby. Their locomotives are ancient and run-down. Amazing modern inventions have rendered all this existing rolling stock hopelessly obsolete.

Yet the roads can buy no locomotives, rails, cars, because they have no credit. They have no credit because they are hopelessly crushed under debt. No one is willing to lend money to a corporation which can't pay its interest charges. Yet all the while here lies one of the greatest markets in America, lifeless.

What follows from this? 1. These roads must be revived as buyers of capital goods. 2. To do this they must be relieved of excessive debt. 3. This can be done only by reorganizations. This would injure neither railroad, bondholder, or stockholder. Take the road already pictured. Its stocks sold at 256 in 1929. They sell at 16 now. Some of its bonds are priced as low as 52. The injury is already done. At least half of the junior bonds should be changed into stocks. The existing common stocks should be written down at least one-sixth. The credit of the road would be revived immediately. It would resume buying on a great scale. This could be applied to scores of roads. The effect on the capital-goods industries would be enormous. We would see a great era of railroad rebuilding.

To accomplish all this the following steps are essential: 1. The Government should stop paying railroad interest and preserving these debts. 2. The Wheeler investigation of railroad financing should be vigorously pressed. 3. It should serve as the basis for an intelligent railroad bankruptcy and reorganization law, under which the companies could be reorganized in the interest of bondholders and the public. This would be a genuine recovery measure.

CLAIMS AGAINST THE GOVERNMENT ARISING IN FOREIGN COUNTRIES

The VICE PRESIDENT laid before the Senate a message from the President of the United States, which was read, and, with the accompanying papers, referred to the Committee on Foreign Relations, as follows:

To the Congress of the United States:

I transmit herewith a letter and enclosure from the Secretary of State, suggesting the enactment of legislation authorizing the Secretary of State, in his discretion and in furtherance of the international relations of the United States, to determine, adjust, and settle personal injury and death claims against the United States arising in countries in which the United States exercises privileges of extraterritoriality.

I am heartily in accord with the proposal as outlined by the Secretary of State, and I recommend that the Congress enact legislation, in accordance with the recommendation of the Secretary of State, to make it effective.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *May 2, 1935.*

(Enclosure: From the Secretary of State, with enclosures.)

PAYMENT OF ADJUSTED-SERVICE CERTIFICATES

The Senate resumed the consideration of the bill (H. R. 3896) to provide for the immediate payment to veterans of the face value of their adjusted-service certificates, for controlled expansion of the currency, and to extend the time for filing applications for benefits under the World War Adjusted Compensation Act, and for other purposes.

Mr. HARRISON obtained the floor.

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

The VICE PRESIDENT. Does the Senator from Mississippi yield to the Senator from Missouri?

Mr. HARRISON. I yield.

Mr. CLARK. On behalf of the Senator from Georgia [Mr. GEORGE] and myself, I offer an amendment in the nature of a substitute for the committee amendment to the bill (H. R. 3896) to provide for the immediate payment to veterans of the face value of their adjusted-service certificates, for controlled expansion of the currency, and to extend the time for filing applications for benefits under the World War Adjusted Compensation Act, and for other purposes, and ask that it be printed and lie on the table.

The VICE PRESIDENT. Without objection, the amendment intended to be proposed by the Senator from Missouri and the Senator from Georgia to House bill 3896 will be received, printed, and lie on the table.

Mr. HARRISON. Mr. President, I shall not unduly impose myself upon the Senate by an extended discussion at this time of the bill which has been reported from the Com-

mittee on Finance touching the payment of the adjusted-service certificates of World War veterans. I shall content myself with a brief discussion of the issues before the Senate.

It will be recalled, Mr. President, that back as early as 1919 there began an agitation for legislation to adjust the compensation of the ex-service men of the late World War. It found fruition in 1920. Innumerable bills were offered at that early date—56, I believe, in number—in the House and the Senate. One of the committees having the matter in charge at that time suggested to the executive committee of the organization of ex-service men, namely, the American Legion, that such committee take the various bills, consider them, and make a concrete suggestion as to what, in its opinion, would be the most appropriate legislation the Congress could enact.

There was a recommendation made in 1920 known as the "four-point program", which proposed to give to the ex-service men compensation in proportion to the number of days served in the World War on the basis of $1 per day for service at home and $1.25 per day for service abroad, granting them, up to the amount to which they were entitled for their service, an option to receive vocational training or credit on a home or farm. For instance, if a man was entitled to $400, the Government would provide him this credit on a home, or it might buy him a farm, or he might take vocational training. The plan was finally broadened to include a provision for a 20-year endowment insurance policy. At that time there was no concrete proposal for a cash payment of the bonus. It was not suggested by the American Legion committee and there was no great agitation about it.

It will be recalled that in 1922 a bill was passed by the House and the Senate to carry forward the four-point program, but it contemplated nothing with reference to the payment of a cash bonus. It dealt with providing the ex-soldier with vocational training or providing him a farm or insurance. That bill, which passed both the House and the Senate, went to the President, President Harding, who vetoed it, and the Presidential veto was sustained.

The agitation continued. It will be recalled that in 1924 some of us advocated the optional cash feature, but the bill passed at that time, and which is the present law, provides for giving to the ex-service men adjusted-service certificates, which entitle them to endowment insurance. That bill was vetoed by President Coolidge, but his veto was overridden, and so we have that law on the statute books today.

I desire to refresh the minds of Senators that in the legislation of 1924, which culminated in the present law, many of the representatives of the ex-service organizations took the position that the present plan was the best plan and that it would be unwise to give the men the optional cash plan. If that statement is controverted, I have here a long array of utterances by those representatives of the ex-service organizations to that effect.

I make this statement notwithstanding the fact that at that time I supported the optional cash plan, as did many others on this side of the Chamber. I have just read a speech made at that time by the leader on this side of the Chamber, the senior Senator from Arkansas [Mr. ROBINSON], a very eloquent speech, and in keeping with his custom of making eloquent speeches.

However, we did not carry out that idea. I think I might read just one or two utterances to show how the minds of the ex-service men worked at that time on this matter.

The chairman of the Legion legislative committee was a Mr. Schrugham, from Nevada. In the testimony before the committee in 1920 he said:

> The representative opinion was that the majority, perhaps the large majority, of the men wanted direct adjusted compensation. I will speak frankly to you there. In the opinion of many of the men who were post commanders, or department commanders, or national executive committeemen, this was not the best thing for them; but we desired to give every man the option, in order to be perfectly fair with every man; and if you gentlemen will pass a measure of this kind, we proposed to carry on a campaign of education in every department of the Union, in every town and village, through every post we have, and we will reach literally millions of men who served, and try to get them to take something along the line of a constructive measure which will make them better citizens.

He stated further that he advocated a plan by which they could not get the cash at that time to spend, and urged that the Government should give them something in the form of an opportunity to get a home or a farm or vocational training or an insurance policy.

Mr. John Thomas Taylor, who was then with the Legion, appeared before the committee in 1921 and said, in response to the question:

> Do you not think that there is some danger now that because of nonemployment their condition is such that they are more inclined to take the cash?
>
> Mr. TAYLOR. It never has impressed me that the men would take cash. * * * The American Legion is within itself—we have said this before your committee—within itself pledged to work for the productive features of this bill. * * * We want help for the ex-service man, and I need not tell you we know what will help him best, because we do know what will help him best. The other features of this bill have been made attractive for that reason, and just as soon as the likelihood of this thing going through appears we will be active; indeed, already we are getting in motion machinery to show the men just what they should take. * * *
>
> When this adjusted-service certificate—which is the insurance plan of this bill—is properly set forth to the ex-service man, and I have seen it with hundreds of them, these young men who have just married and who are starting out to make a home for themselves, when this possibility for their families is set forth to them, they think it over very seriously; and when they talk it over with their wives and mothers and fathers at home, they will see that here is something that has never been done before; here is insurance given to them. All they have to do is to leave it alone; that is all, just leave it there, not disturb it, and they may have something for their family. * * * When the other features are shown to the men and the attractiveness is impressed upon them, we never hear any word about the cash; every one of them thinks about the other plan.

In 1922 Mr. Taylor said further:

> * * * This legislation is intended to provide in some way an equalization; in some way to demonstrate to those men that the Government was not watching the fellow who stayed at home and encouraging him and aiding him to make his plenty while the other man was away and doing the service at a loss; * * * I think this, that the adjusted-service certificate, which personally I believe 80 percent of the ex-service men and women will take, will give to the ex-service man and his wife and his dependents a certain sense of security against future want. I do not think there is any doubt about that—that if a man has in his possession the certificate of the United States, drawing 4½ percent interest compounded semiannually, and he knows that if in need he can use that, I think that that instills in that man's heart and mind a certain sense of security against want. * * * I think that 80 percent of the ex-service men and women of the country will take advantage of the adjusted-service certificate. Any man who understands the provisions of the bill will take advantage of it, unless he is desirous of having home aid or land aid.

Mr. Daniel Steck, then chairman of the legislative committee of the American Legion, on January 31, 1922, said:

> We realize and we know, as you gentlemen do, that the cash feature, which is really the basis of computing all the other features, is the least desirable feature of the bill, not only financially, as far as the return in dollars and cents is concerned, but insofar as the economic advantage to the country is concerned. But we realize also that there are a great number of men who were in the service who are not so situated so that they can take advantage of any other feature or option of the bill, and it was in order to take care of these men that the cash feature was written into the bill and very properly kept there when this committee reported the bill.

Mr. Houghton, a member of the Ways and Means Committee, then asked:

> What have been the reports * * * where the cash has been paid as to whether or not such payment has been satisfactory to the men?
>
> Mr. STECK. It has been; yes, sir.
>
> Mr. HOUGHTON. So that the experience of the men where a cash bonus has been paid by the States would favor, perhaps, the acceptance of cash from the Federal Government.
>
> Mr. STECK. I do not believe that is a fair illustration, because the only thing that was offered to the men was the cash and they were satisfied with what their State gave them. * * * We believe it is the duty of the soldier organizations and the committees of Congress to evolve a bill which is constructive insofar as possible and give the men opportunities who wish to take advantage of other features which are more valuable than is the cash.

Mr. Hanford MacNider, then national commander of the American Legion, on January 31, 1922, said:

We believe ourselves that the other options (excepting the cash) of the bill are more advantageous to the veteran if he can afford to take advantage of them. The Legion intends to carry on a comprehensive educational campaign to see that the men affected understand the effect of every option. * * * With reference to this cash feature we believe that every other option in the bill is more advantageous to the veteran. The Legion intends to carry on a comprehensive educational campaign to see that the men affected understand the advantages of every option. * * *

I will give you my own post in Iowa, in a town which is in an industrial center. Ninety-eight percent of the men out of 1,100 stood up for paid-up insurance. * * * Ninety-eight percent out of 1,100 men stood up in my post for the adjusted-service certificate.

Mr. Taylor, John Thomas Taylor, of the American Legion, said further during the hearings on February 7, 1922:

* * * We were very, very careful in our study, and we considered that $1 a day was just about the right amount, because that would give to each man about $400, and we felt that that was about the very lowest sum that would assist this man in properly getting back on his feet. * * *

* * * After the men have had pointed out to them the vast advantages of the adjusted-service certificates, the ratio will be about 80 percent for the productive features and 20 percent for the cash option.

* * * We decided that $1 a day was the minimum upon which to base this legislation, and that was carefully considered by the first convention, by the second convention, and by the third convention, and at those conventions the delegates for the most part were brand-new men practically every time. Forty percent of them are brand-new men. That has been the case at all of the conventions. This is one of the big features of our conventions, one of the big questions. Whether there should be an increase or a decrease was brought up in the executive committee meetings at each of those conventions, and it was always decided that $1 a day was a fair estimate of what the basis should be. Personally I feel that way about it. * * *

I believe that when these men are offered a paid-up policy, all that will have to be done is just reach the wives, and they know that if anything happens to them they are protected. We can say to them, "If anything happens to you your wife and your child are taken care of", and, believe me, the young wives throughout this country are not going to let their husbands get away with a few dollars cash when they can obtain that security. That is just common sense.

Mr. President, we now come down to the present. We have before us three proposals. One is a measure passed by the House, the so-called "Patman bill." The Patman bill seeks to give full payment at this time of the adjusted-service certificates and to make that payment in money, which is to be printed by the Government. It releases the interest incurred by the soldiers since October 1, 1931, on any loans obtained by them on their certificates. It adds $60 in addition to the aggregate based on the number of days served here and abroad. The argument is that when the soldiers entered the service they gave up civilian clothes, and so on, which were sent to the Red Cross or given away, and that the $60 should be added to compensate them for that loss. The bill adds also the 25 percent which was included in the adjusted-service certificates based on the length of service at home and abroad. That, in brief, is the so-called "Patman bill."

The estimated maturity value of the outstanding certificates, under the Patman bill, is $3,479,000,000. There is now an estimated value in the adjusted-service certificate fund of $1,460,000,000. Interest to be refunded under the Patman plan is $182,000,000. Consequently it would cost the Government $3,661,000,000, less $1,460,000,000, or $2,201,000,000, to carry out the Patman plan.

Mr. LEWIS. Mr. President, will the able Senator from Mississippi allow me to ask him a question?

Mr. HARRISON. I yield to the Senator from Illinois.

Mr. LEWIS. In the figures just given by the Senator from Mississippi, speaking for his committee, is a difference recognized between the conclusion of the Senate committee and the conclusion of the House committee on the subject of the amount which it would be necessary to raise under the Patman bill?

Mr. HARRISON. I think there is no difference of opinion as to that, because these figures are furnished by the Veterans' Administration, and the House committee was given the same figures that were given to the Finance Committee of the Senate.

Mr. CONNALLY. Mr. President——

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

Mr. CONNALLY. As I understood the interrogatory of the Senator from Illinois, he asked whether there was any difference in the amount.

Mr. LEWIS. Yes; whether there is any difference in the amount as stated by the committee of the House and the amount as concluded by the committee of the Senate.

Mr. CONNALLY. The computation of the committee is on the basis of the bill which passed the House.

Mr. LEWIS. I regret that it seems to be a little difficult for me to make my meaning clear in this matter. I refer to the conclusion. Does the House committee contend that the cost under the Patman bill would be the same as the amount now stated by the Chairman of the Finance Committee?

Mr. HARRISON. I have never heard of any difference on that point.

Mr. LEWIS. As to the cost?

Mr. HARRISON. Yes. In other words, the additional cost to the Government under the Patman bill would be $2,201,000,000.

Mr. LEWIS. And that is conceded as a preliminary fact by the committees of both House and Senate?

Mr. HARRISON. I have never heard of any difference of opinion on the subject.

Mr. THOMAS of Oklahoma. Mr. President, will the Senator from Mississippi yield to me?

Mr. HARRISON. I yield.

Mr. THOMAS of Oklahoma. In order to make this matter clear, I wish to call the attention of the Senator from Mississippi, and likewise the attention of the Senator from Illinois, to page 158 of the hearings. On that page we have the testimony of General Hines; and if the Senator from Mississippi will permit me to do so, I desire to read three statements from his testimony.

General Hines is making a statement as to the cost of the payments under the Patman bill, and here is what he says:

The amount of appropriation required under the Patman plan, or the amount of currency to be issued, would be $2,201,934,710.

Then, a few lines farther down, General Hines makes the following statement:

The Vinson bill would be $2,263,545,684.

In other words, the Vinson bill would cost something like $60,000,000 more than the Patman plan.

On the same page General Hines, still testifying, states as follows:

The Harrison bill would require $1,199,686,958. That means either currency or bonds, or whichever you wish.

On page 158 will be found a statement of the cost of the three plans as testified by General Hines.

Mr. HARRISON. I may say that that is exactly what I was about to read to the Senate; and the statement I intended to make was based upon the testimony, which has not been controverted, as to the cost of these plans. So, as stated in that testimony, the Patman plan would cost, in addition to what it already has cost, $2,201,000,000. That is the amount of money the Government would have to provide; and the author of that plan, of course, proposes to print the money. Under the Vinson plan, which has been offered as a substitute for the other one, the maturity value of the outstanding certificates would be $3,479,000,000. The interest to be refunded—because the Vinson bill seeks to refund all the interest—would be $243,743,000. The total amount would be $3,723,000,000. The amount now in the certificate fund, as stated a while ago, is $1,460,000,000, which would make the amount to be raised under the Vinson bill $2,263,000,000; and, as Senators appreciate, the Vinson bill does not propose any particular plan to raise the money. It authorizes appropriations which naturally will call for a bond issue to raise the money.

I have no controversy with anyone who desires to vote for either the Vinson bill or the Patman bill. I have, however,

offered a plan which I believe will be approved by the President of the United States as a basis of compromise, in the hope that we can at last get this vexatious question behind us.

Under that plan, as stated, so far as cost is concerned, the estimated surrender value of the outstanding certificates—the plan is to pay the present value of the certificates—would be $2,659,000,000, and there is now in the fund $1,460,000,000; so it would call for the raising of $1,199,000,000. The plan does not propose to refund any interest upon money borrowed by the ex-service men upon their adjusted-service certificates.

Mr. CONNALLY. Mr. President——

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

Mr. CONNALLY. Will the Senator develop for us how he arrives at the present cash surrender value as fixed in his bill? I think there is some confusion in the minds of Senators and others as to how the present face value of the certificates was originally arrived at, and how the Senator's bill goes back and computes the amount from November 11, 1918, and proposes to pay 4-percent interest thereon.

Mr. HARRISON. When the adjusted-service certificate law was enacted and the certificates were issued, there was taken as a basis the number of days that the ex-service man was in the Army at home and abroad. If at home, $1 per day was allowed; if abroad, the amount was $1.25 per day. The average amount that the ex-service man was to receive was about $400. That was taken as a basis; and, just as the insurance companies work out a 20-year endowment policy, these adjusted-service certificates in the nature of insurance were given to the ex-service men, and it was provided that the certificates should reach their full face value in 20 years. The average time of maturity is 1945 under the present law. Up until that time the holders of the certificates have the insurance feature. If an ex-service man dies, his dependents or his heirs will receive the full $1,000. Many of them have received it. The evidence before us was that some 199,000 ex-service men had already passed away, and their widows or their dependents had received the full value of the certificates.

I desire to say, in that connection, that the testimony before the committee was that in more than 80 percent of the cases of death of ex-service men all they left was their adjusted-service certificates. That was all that was given over to their dependents and their widows.

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

Mr. HARRISON. I yield to the Senator.

Mr. LONG. That statement will apply to anybody else as well.

Mr. HARRISON. Oh, yes. Of course, my argument is confined to this particular issue; but that was the testimony before us at that time.

Under some process of reasoning of the experts, the cash surrender value of these insurance policies is computed. These particular adjusted-service certificates did not carry any cash surrender value; but the experts have worked it out on the same plan as it is worked out in all 20-year-endowment insurance policies, and they have figured the present value of the certificates. So the figure I have given as to the present estimated surrender value of the outstanding certificates is $2,659,000,000; and there is estimated, in the adjusted-service certificate fund, $1,460,000,000, which, under the plan I have proposed, would call on the Treasury for $1,199,000,000. In other words, when it is compared to the Patman bill there would be about a billion dollars less cost to the Government under the plan the Committee on Finance have proposed; some $1,100,000,000 less than the plan proposed in the so-called "Vinson bill."

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

Mr. HARRISON. I yield to the Senator from Michigan.

Mr. VANDENBERG. I think the Senator from Mississippi still is overlooking the question suggested by the Senator from Texas [Mr. CONNALLY]. Is it not a fact that under the existing arrangement the calculation is figured only from 1925, or thereabouts?

Mr. HARRISON. I was just coming to that.

Mr. VANDENBERG. I think that is very important.

Mr. HARRISON. Yes. The great majority of these certificates were issued on the 1st of January 1925. Some were issued afterward. Two hundred and fifty thousand have not been applied for at all by the ex-service men of the country. In the case of about 500,000 no loan has been requested from the Government. So if we should make the computation from the date of January 1, 1925, naturally the estimated surrender value would not approach the figure I have stated; but in order to make the certificates more valuable, and have them reach their full face value at an earlier date, the Committee on Finance said, "Let us date them from the close of the war. Let us start with Armistice Day, November 11, 1918"; and on the basis of the number of days the men served here and abroad, taking $400 as the basis, we added 4-percent compound interest from November 11, 1918, up until January 1, 1925, or up until the time the application was made for the issuance of the certificate. So by adding 4-percent compound interest from the close of the war we have made every adjusted-service certificate much more valuable, and it will accelerate the time when the full face value will be reached.

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

Mr. HARRISON. Yes.

Mr. VANDENBERG. There is a 25-percent factor for deferment in the present situation. Is that included in the Senator's plan, or is it not included?

Mr. HARRISON. That is not included in the plan. I may say that in the testimony before our committee and before the other committees there was a great difference of opinion as to why the 25 percent additional was added to the credit for service performed by the ex-service men. There was a viewpoint that the 25 percent was added because we were not giving the men cash, but were giving them these certificates under which they had to wait some time for the money. Others since have contended that it was because we had delayed the issuance of the certificates until 1925 from the close of the war.

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

Mr. HARRISON. Yes.

Mr. CONNALLY. In answer to the suggestion of the Senator from Michigan, I desire to say that while the original computation included the arbitrary addition of 25 percent, it did not include interest from 1918 to 1925; so when this bill gives the ex-service men interest from 1918 to 1925 it is a little more, as I now recall, than they would have gained by the arbitrary addition of the 25 percent. So there is no denial in this measure of the right to receive interest during that 7-year interregnum.

Mr. HARRISON. As pointed out by the Senator, with the 4-percent compound interest from November 11, 1918, added, the amount is much more than with the 25 percent added, whether one takes one horn of the dilemma or the other in figuring the 25 percent, or whatever may have been the reason advanced.

Mr. President, if the contention is accepted that the so-called "bonus" should have been paid in 1925 on the basis to which all the ex-service men's organizations agreed, at 4 percent up to date, they would get much more in cash under the proposal of the Finance Committee than they would have received at that time, taking into consideration the 4-percent interest. In other words, they would fare just as well under the plan of the Finance Committee, as far as obtaining cash is concerned, as they would have fared if they had taken the cash under their suggestion in January 1925.

I will now state what a soldier would receive under the various plans, figured on the basis of an average thousand-dollar certificate not borrowed upon.

Under the Patman plan, the soldier would get a thousand dollars now. Under the Vinson plan, he would get a thou-

sand dollars now. Under the plan proposed by the Finance Committee, he would receive $768.

Mr. CONNALLY. Or a bond.

Mr. HARRISON. Or a bond. We proposed to amend the law by granting an option of payment in cash or in 3-percent bonds. Senators are familiar with the fact that Government 3-percent bonds are selling on the market at between 103 and 104. The committee amended the provision at the suggestion of the Senator from Texas [Mr. CONNALLY], so that if the veterans who did not want to take bonds could take the cash. Now, therefore, they have the option of either taking cash or bonds based on the estimated surrender value of a certificate.

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

Mr. HARRISON. I yield.

Mr. BORAH. The Senator spoke of the amount which would be received by the veteran who had not borrowed on his certificate. Suppose a veteran has had to borrow $500; how much would he receive?

Mr. HARRISON. I was coming to that. Suppose a veteran had borrowed the maximum he would be permitted under the law to borrow. Under the Patman plan he would receive $487. Under the Vinson plan he would receive $500. Under the plan proposed by the committee he could realize $180.

Mr. SMITH. Mr. President, is the Senator making his estimate based upon the 50 percent the veteran has already borrowed?

Mr. HARRISON. If the soldier had borrowed to the very limit he could borrow under the law, that would be deducted.

Mr. SMITH. What was the limit?

Mr. HARRISON. The limit was 50 percent.

Mr. SMITH. That was my understanding.

Mr. HARRISON. We passed the law in 1931 making that the limit.

Mr. SMITH. Therefore, taking a $1,000 certificate as the basis, what would a veteran receive on the $500 still due under the Patman plan?

Mr. HARRISON. Under the Patman plan, if the veteran had borrowed on his certificate up to the limit, that would be deducted and he could receive $487. Under the Vinson plan, if he had borrowed to the limit, he could receive $500. Under the plan of the committee, he would in that case receive $180.

Mr. SMITH. Am I to understand that under the Patman plan the veteran would be relieved of the payment of interest?

Mr. HARRISON. Interest accruing since 1931.

Mr. SMITH. But there is no release from the payment of interest under the Vinson plan?

Mr. HARRISON. The Government would release the soldier from the payment of interest on the money he borrowed under the Vinson plan.

Mr. SMITH. The interest is canceled under the Vinson plan?

Mr. HARRISON. Yes.

Mr. WALSH. Of course, no two certificates represent the same amount of money.

Mr. HARRISON. No.

Mr. WALSH. Under the illustration, the veteran whose certificate is for the maximum would receive what?

Mr. HARRISON. It depends on the maximum amount of loan made.

Mr. WALSH. I refer to the maximum amount of the certificate.

Mr. HARRISON. The certificates are issued according to age. If the Senate Finance Committee bill should become law, there are certain certificates which would become due immediately, and the veterans would receive their full face value. There are others who would have to wait 2 or 3 years, but the average—because the greatest number were taken out in January 1925—would become due in 1942, instead of 1945.

Mr. BORAH. What percentage of the soldiers have borrowed under the act permitting them to borrow? I understand that only a very small percentage have not borrowed.

Mr. HARRISON. Two hundred and fifty thousand ex-service men have not applied for their adjusted-service certificates, and 500,000 veterans have not borrowed on their certificates.

Mr. President, there is another feature of the Senate Finance Committee bill to which I wish to call attention; that is, it makes it optional with the ex-service man as to whether he will take cash, according to the estimated surrender value of his certificate, or take a Government 3-percent bond. He could do either. If he does not wish to do either, but wants to continue his insurance policy for the benefit of his family, and as an investment, he is given the option to do so, and when the certificate reaches its full face value, say, in 1940, it would be optional with the ex-service man whether he would then cash in and take his money or not. He could carry on the policy with the Government as an investment if he desired to do so, until 1945, and draw 4-percent compound interest upon his investment.

Under the first feature—that is, giving him bonds if he desires to cash in his certificate—under the Senate Finance Committee plan we insert a provision that no person can buy one of those bonds from the ex-service man within a period of 6 months without paying him par value for his bond, because we appreciate there might be some danger that certain people would try to practice fraud upon the ex-service men and obtain the bonds at lower prices, or the prices might be driven down in some way. So we have provided a heavy penalty—a fine of $10,000 and imprisonment—for those who might buy one of these bonds from an ex-service man at less than 100 percent of the face of the bond.

Mr. President, this in a nutshell is the plan proposed by the Finance Committee. In addition to that, it has written into the bill a declaration of policy with reference to general pension legislation for the World War veterans in the future. Of course, we appreciated when that was written into the bill, and we appreciate now, that one Congress cannot bind another Congress. We believe it would have a wholesome effect upon the country and upon the ex-service men, because there are millions of them who do not believe in general pension legislation, and in the hearings before committee after committee expressions of that idea have been given to the committees by the representatives of the ex-service men's organizations.

I shall be very glad to answer any question I can, but I believe I have stated succinctly the differences between the various propositions.

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

Mr. HARRISON. I yield.

Mr. MINTON. How much would it add to the cost under the committee bill if the Government should release the interest which the veterans have incurred on the loans they have made against the certificates?

Mr. HARRISON. It is estimated that it would amount to about $250,000,000. As testified by General Hines, many of the ex-service men borrowed from banks, and some of them paid too high a rate of interest; but that was the fault of the banks. It has been said that as a matter of bookkeeping, as a matter of adjustment, it would create a great entanglement if there had to be refunds to the ex-service men, and adjustments with the banks in the matter of interest.

Mr. McKELLAR. Mr. President, if the interest were conceded to the veterans, how much would it add to the amount each veteran would receive?

Mr. HARRISON. May I say to the Senator from Tennessee that it would be appreciably increased. The expert is working on the figure, and I will give it to him in a moment.

This fact must be pointed out, that if the interest on the loan which has been effected to the ex-service men should be remitted, then something must be done in order to do equity—because every ex-service man must be treated alike with reference to this matter—otherwise there would seem to be a very gross discrimination in the case of those 500,000

men who have not borrowed, and those 260,000 men who have not even made application for adjusted-service certificates, and have not borrowed. They would not be receiving the amount in the end which those who have borrowed upon the certificates will receive if the latter should be released from the interest charges.

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

Mr. HARRISON. I yield.

Mr. WALSH. The Senator has just developed the argument which General Hines made in the committee. It was his position that in order to do equity to those who had not yet taken out certificates, and to those who have certificates but have not borrowed upon them, it would be necessary to appropriate the same amount of money we deduct in favor of those veterans who have paid interest, and add it to the certificates of those others, which would make about $500,000,000.

Mr. HARRISON. I thank the Senator from Massachusetts. I am told that the estimated surrender value in the event the interest should be remitted would be about $81 more than the $180.

Mr. McKELLAR. About $261.

Mr. WALSH. What is that amount?

Mr. HARRISON. About $261. Are there any other questions Senators wish to ask me at this time?

Mr. VANDENBERG. There is one further figure the Senator has not given which interests me. If the typical $1,000 certificate is permitted to continue to run to its 1945 maturity, and the veteran chooses to take it in that form, how much will it amount to in 1945 under the Senate committee bill?

Mr. HARRISON. One thousand one hundred and fifteen dollars.

Mr. VANDENBERG. In other words, the veteran would be $115 better off than he would be under his existing contract?

Mr. HARRISON. Yes. That veteran would have the finest investment which is offered by the Government today to any investor.

Mr. MINTON. Would that not take care of any apparent discrimination which there might be against him by reason of the fact that the interest is remitted to the veteran who had made a loan against the certificate?

Mr. HARRISON. It might take care of it in the case of that one who was able to carry on and let his certificate run until 1945.

May I say one further word. Under the bill which the committee has reported there will be an additional cost to the Government of about $550,000,000. That is the additional cost which would result from the pending proposal. That is about $1,000,000,000 less than the cost of the one proposal and about $1,100,000,000 than the other.

In the 1st of July there will be in the certificate fund about $260,000,000 in cash or in Treasury notes which can immediately be converted into payment. The rest, of course, is in other securities.

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

Mr. HARRISON. I yield.

Mr. VANDENBERG. I did not understand the last figure which the Senator from Mississippi gave. What is the relationship between the $550,000,000 and $1,000,000,000 which he originally stated was the cost of the Senate committee bill?

Mr. HARRISON. The amount that I first cited was the additional amount which must be raised in the event the pending bill shall be passed—the $1,199,000,000. The $550,000,000 is the additional cost over and above the theoretical present value, which would be added by virtue of the bill of the Finance Committee.

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

Mr. HARRISON. I yield.

Mr. ROBINSON. May I ask the Senator what is meant by the additional amount which must be raised? Additional to what?

Mr. HARRISON. Under the present plan, of course, these certificates mature in most instances in 1945, and they can be taken care of under the arrangement we have made of Congress appropriating $112,000,000 every year. That is what we have been doing. If we now make provision to pay up the certificates, we must immediately raise $1,199,000,000, but that is only if Congress adopts this pending plan. It only involves $550,000,000 more cost than the present plan which is in the law.

Mr. ROBINSON. I understood that latter figure, but it was the use of the word "additional" which confused me in connection with the billion dollars plus which would have to be raised to meet the expenses of this bill.

Mr. HARRISON. That is due to the shortening of time and so forth.

Mr. THOMAS of Oklahoma. Mr. President——

Mr. HARRISON. The Senator from Oklahoma wanted the floor, did he?

Mr. THOMAS of Oklahoma. Yes. Has the Senator from Mississippi completed his statement?

Mr. HARRISON. Yes.

Mr. THOMAS of Oklahoma. Mr. President, I am not at this time a member of the Finance Committee, and because of that fact I am at a disadvantage in not having heard the testimony and not having had time to read the testimony. The bill pending before the Senate is House bill 3896, known as the "Patman bill", which, of course, has passed the House. It came to the Senate and was referred to the Finance Committee.

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

Mr. THOMAS of Oklahoma. I yield.

Mr. LONG. Has the Senator offered the Patman bill?

Mr. THOMAS of Oklahoma. I was going to explain the status of the matter and if the Senator will permit me to proceed for a moment, I will do so.

The Senate Finance Committee in considering the Patman bill in effect disregarded it. The committee retained the number of the House bill and the title but struck out the preamble and the remainder of the text and submitted a new text in its stead, the new text being the Harrison bill which was introduced by the Senator from Mississippi [Mr. HARRISON] a few days ago.

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

Mr. THOMAS of Oklahoma. I yield.

Mr. HARRISON. Of course, the number of the pending bill is the number of the so-called "Vinson bill", the House having stricken out everything after the enacting clause of that bill and inserted the Patman bill, and the Finance Committee had to follow the same course and strike out the Patman bill and insert the proposal now before the Senate.

Mr. THOMAS of Oklahoma. The Senator from Mississippi is correct. The original Patman bill was House bill no. 1, the first bill introduced in the present session of the Congress. In its consideration of the question the House committee declined to report House bill no. 1, the Patman bill, but reported the Vinson bill; so the Vinson bill, with the number carried by it, came from the Ways and Means Committee of the House of Representatives. Then when the bill reached the floor of the House the House membership struck out the subject matter of H. R. 3896, being the Vinson bill, and inserted the exact copy of House bill no. 1, the original Patman bill. Therefore, insofar as substance is concerned, H. R. 3896 is the original Patman bill.

This bill is now before the Senate with a report from the Committee on Finance that the Patman bill be stricken from the text and that the Harrison bill be substituted.

Now, Mr. President, a parliamentary inquiry! Under our procedure, is it not proper that the Senate proceed to consider the committee amendment as reported by the Finance Committee?

The PRESIDENT pro tempore. It is the opinion of the Chair that the committee amendment is in order.

Mr. THOMAS of Oklahoma. Mr. President, in order to protect the parliamentary status I now move that the committee amendment be stricken from this bill.

Mr. HARRISON. Mr. President——

Mr. THOMAS of Oklahoma. Mr. President, I do not yield except for a question.

Mr. HARRISON. I merely wanted to have made clear the present status.

Mr. THOMAS of Oklahoma. I will explain that.

Mr. HARRISON. I was in conference with the Senator from Oregon [Mr. McNary] and failed to hear the last part of the proceedings.

Mr. THOMAS of Oklahoma. I will be glad to yield for a question.

Mr. HARRISON. Is it the intention of the Senator from Oklahoma to move to strike the Finance Committee amendment from the bill?

Mr. THOMAS of Oklahoma. Yes.

Mr. HARRISON. In other words, he desires to have the question come in that way rather than in the other way?

Mr. THOMAS of Oklahoma. Exactly so. The Senator from Mississippi caught my point. [Laughter.]

Mr. LONG. Mr. President, a parliamentary inquiry.

The PRESIDENT pro tempore. The Senator will state it.

Mr. LONG. As I understand, the motion now pending is that of the Senator from Oklahoma to strike out the Harrison amendment, which would leave the Patman bill standing?

Mr. THOMAS of Oklahoma. That is correct. But pending the putting of my motion the Senate has the right and will exercise the right to perfect the committee amendment.

Mr. FLETCHER. Is not the question one of agreeing or disagreeing to the committee amendment?

Mr. THOMAS of Oklahoma. The effect is the same, I will say to the Senator from Florida; that is, the effect is the same in substance. The effect might not be the same when the vote comes to be taken.

Mr. HARRISON. Mr. President, a parliamentary inquiry.

The PRESIDENT pro tempore. The Senator will state it.

Mr. HARRISON. I am not particularly interested as to how the proposition comes up. The Senator from Missouri [Mr. Clark] asked unanimous consent, and there was no objection raised, that the so-called "Vinson bill" be offered as a substitute for the pending bill. Would the vote come first on that motion, or would it come first on the motion to strike out the entire Senate committee amendment?

The PRESIDENT pro tempore. The present occupant of the chair understands that the question is on the motion to strike out all after the enacting clause and to substitute the amendment reported by the committee.

Mr. HARRISON. As I understand, the Senator does not desire to offer a substitute for it, but to strike it out.

The PRESIDENT pro tempore. Permit the Chair to complete his statement. The amendment reported by the committee, which is in the nature of a substitute, is open to amendment, and there may be a substitute offered for it. The Chair holds, however, that a motion to strike out the amendment in the nature of a substitute reported by the committee, being the same as the question submitted, namely, on agreeing to the committee amendment, is not in order, because a vote on that question determines the issue. However, the offering of a substitute for the substitute is in order, providing it is not in exactly the same form as the matter proposed to be stricken out, and such a substitute would not be in the third degree.

Mr. THOMAS of Oklahoma. Mr. President, I gladly accept the ruling of the Chair. The only purpose I had in raising the question was to enable the Senate to understand at a later date just what the vote will mean when the vote shall be taken.

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

Mr. THOMAS of Oklahoma. I yield.

Mr. LONG. The Chair has ruled, as I understand, that the substitute may now be offered for the substitute. In other words, the Harrison bill has been reported as a substitute for the Patman bill, and now we may offer the Patman bill as a substitute for the Harrison bill. In other words, it is "whipping the devil around the stump", but getting the same result. [Laughter.]

Mr. BARKLEY. Mr. President, that is hardly correct, because the Patman bill is before the Senate, having been stricken out by the committee and a substitute offered. The vote will be on the substitute as against the Patman bill, which the committee has reported to strike out. If the committee substitute should be defeated, of course, the Patman bill would then be up before the Senate. It is not necessary to move to reinsert the Patman bill.

Mr. LONG. Mr. President, it is not necessary to do it, but if the Senator will pardon me while I make another remark or two; I do not wish to transgress on his time——

Mr. THOMAS of Oklahoma. I yield.

Mr. LONG. What we would like to do, as I understand the Senator from Oklahoma, and I think the better thing to do is to see whether we are going to adopt the Patman bill and give the soldier something or nothing. There is a lot of shadow boxing around here over $100 of money it is proposed now to give the veterans. It does not amount to anything; we know that. We ought to get down to cases and decide if the soldiers are going to get something or merely a whole lot of talk. I think the Senator from Oklahoma ought to offer a substitute for the substitute and let us find out if we are going to do anything. If we are going to do something, all right; but if we are not, then those of us who are waiting around here can go back and do something else. [Laughter in the galleries.]

Mr. THOMAS of Oklahoma. Mr. President, there is no difficulty about the parliamentary situation.

The PRESIDENT pro tempore. Let the Chair remind the occupants of the galleries that they are guests of the Senate. It is not permissible to laugh, applaud, or disturb the proceedings of the Senate in any way, and if order cannot be preserved in the galleries there is only one thing to be done, and that is to clear the galleries. The Senator from Oklahoma will proceed.

Mr. THOMAS of Oklahoma. Mr. President, I just made the statement that there is no difficulty about the parliamentary situation. We are now considering the committee amendment which is in the nature of a substitute. The Senate has the right to perfect that amendment before it votes to strike it out, in the first instance. When the committee amendment shall have been perfected, the vote will come upon whether or not the Senate will approve of the committee amendment in lieu of the Patman bill.

My motion refers to both. If my motion had been held in order, I would have moved to strike out the committee amendment, and a vote in the affirmative would have meant a vote in favor of the original Patman bill. Under the ruling of the Chair, when the motion shall come hereafter, if we approve the committee amendment, then, those who favor the amendment will vote against the Patman bill and those who are opposed to the committee amendment will vote in favor of the Patman bill. I shall keep that before the Senate, if I may, until the vote comes, and to the end that there may be no mistake when the final vote comes on this proposition. If I am in error, I will be glad to yield to the Senator from Mississippi to make a correction.

Mr. HARRISON. I think the Senator from Oklahoma is absolutely correct.

Mr. LOGAN. Mr. President, may I inquire what becomes of the amendment offered by the Senator from Missouri [Mr. Clark] to substitute the Vinson bill for the Senate committee amendment to the Patman bill?

Mr. THOMAS of Oklahoma. Under the parliamentary status of the matter, that motion would not be in order until the Senate had perfected the committee amendment. When the Senate shall have completed its consideration of the committee amendment, then, as I understand the parliamentary practice, it will be in order for the Senator from Missouri to offer the Vinson bill as a substitute for the committee amendment as perfected. Then we will have a chance to vote for either the Harrison bill, or the Vinson bill. If the Vinson bill should carry, then it will take the place of the Patman bill originally. If the Vinson bill should fail, then we will have a vote upon the committee report, which is the Harrison bill, and that will be final, if it shall carry.

Mr. LONG. Mr. President, will the Senator pardon a further interruption?

Mr. THOMAS of Oklahoma. I yield.

Mr. LONG. I think the better plan would be to offer a modified Patman bill as a substitute for the pending substitute, and I intend to offer it unless the Senator from Oklahoma does so. I say that for this reason: There are some of us who, if we cannot get the Patman bill, will take the Vinson bill. In other words, the person who favors giving to the veterans the very most that he can give, as I see it, would be for the Patman bill first, for the Vinson bill next, and, after that for the other proposal.

Mr. THOMAS of Oklahoma. I intend, if I may, to explain the various bills. If the Vinson bill should carry, it would be of no more importance than a resolution adopted this day by the United States Chamber of Commerce or any other chamber of commerce or any other body anywhere at any time. The Vinson bill does but one thing; it says that we owe the soldiers and owe them now, but it does not provide for a single penny with which to pay the debt. Of what benefit will it be to the soldiers to pass the Vinson bill? It simply declares the debt created back yonder, during the World War, if created at all, is now due. Then, it authorizes an appropriation to pay it. If we pass the Vinson bill we simply have gone on record in favor of the payment now to the soldiers. Then, there must follow an appropriation bill, which must originate in the House of Representatives and come to this body. So there would be two fights. Does anyone think that we can pass a soldiers' bonus bill at this session and then follow it by an appropriation bill providing for payment of the amount? I have it on authority that the distinguished Chairman of the House Committee on Appropriations has made the statement that he will never agree to any appropriation to pay the amount called for by the Vinson bill until and unless taxes are first imposed to meet the appropriation. There is no occasion for the Senate to deceive the country and we should not at least deceive ourselves. The Vinson bill is merely a resolution in favor of the payment of the soldiers' bonus, but it carries not a single penny of money with which to meet that payment.

Mr. President, this bonus proposition is a very practical matter.

Mr. BORAH. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Oklahoma yield to the Senator from Idaho?

Mr. THOMAS of Oklahoma. I yield.

Mr. BORAH. It was contended in the House that the committee which had charge of the soldiers' adjusted-service compensation bill could not provide an appropriation, and for that reason it was not practicable to do so. What has the Senator from Oklahoma to say about that?

Mr. THOMAS of Oklahoma. It is my contention, my conviction that the Vinson bill is a studied effort to defeat the payment now of the bonus.

Mr. BORAH. Would the supporters of the Vinson bill be in favor of it if they did not think that the amount was going to be paid at this session?

Mr. THOMAS of Oklahoma. I do not think they would, but I cannot speak for them.

Mr. President, someone has circularized the ex-service men of the United States and convinced great numbers of them that they favor the Vinson bill over and above the other proposals pending before the Congress. I think that was done on the theory that if the Vinson bill should be passed the interest would be canceled and they would get more money. The chairman of the committee admits that on a thousand-dollar certificate, on which a soldier has borrowed $500, under the Vinson bill, when payment was made the soldier would get the full $500 due. I think some of the soldiers, realizing if they had taken in the form of a loan, $500, that the $500 on their certificates that has not been paid, would under the Vinson bill be paid, have favored that measure, for that is a larger sum than the Patman bill would provide and a larger sum than the Harrison bill would provide. They want the larger sum, and, therefore, they are for the Vinson bill; but they were not advised that if the Vinson bill should be passed there would be no money available under it.

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

Mr. THOMAS of Oklahoma. I yield to the Senator from Illinois.

Mr. LEWIS. I ask the able Senator from Oklahoma to respond to me with his best judgment on the point I am about to suggest. If he feels there is an absence of appropriation under the Vinson bill or any other bill touching the payment of the bonus, what will the Senator say might be the effect of the Congress passing a measure requiring the payment of the money owed us by our foreign debtors, the money so paid to be applied to the payment of the bonus to which the able Senator alludes but as to which he says at present there is an absence of provision for payment?

Mr. SMITH. When would the veterans get it if they had to wait until the foreign debt due us was paid?

Mr. THOMAS of Oklahoma. The suggestion should sound well to the 4,000,000 soldiers in these United States, that we are going to pay them the debt we owe them when some foreign nations pay us.

In order that there may be no mistake about my construction of the Vinson bill, I will read one or two lines from it. On page 2 it provides:

> The adjusted-service certificates issued under the authority of such act—

Meaning the original act—

> are hereby declared to be immediately payable.

That is the first proposition of the Vinson bill, that the certificates are immediately payable. Then, on the last page, we find these words in section 5:

> There is hereby authorized to be appropriated such amounts as may be necessary to carry out the provisions of this act.

Not a penny is appropriated by the bill. The authority is there for the appropriation, and if the bill carries, then a future Congress must make the appropriation to pay the amount due.

Mr. President, the Vinson bill is a studied effort to prevent the present payment of the soldiers' bonus. That may not have been the idea in its inception; that may not have been the reason; but that is the effect of it. It is a studied effort to prevent, and will have the effect of preventing, the payment of the soldiers' bonus at this session of Congress.

The Harrison bill, which is before the Senate, is a bill that proposes to cut down the amount due the soldiers, as they believe, by $1,100,000,000. Some people jollify by saying that if we can pass the Harrison bill we will save the United States Treasury $1,100,000,000; but, Mr. President, if we save the money, who loses it? The soldiers of the Nation lose it. The Harrison bill is a bill to repudiate, in my opinion, $1,100,000,000 of the debt which the Congress and the Government have acknowledged is due to the soldiers of the Nation.

Mr. CLARK. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Oklahoma yield to the Senator from Missouri?

Mr. THOMAS of Oklahoma. I yield.

Mr. CLARK. Mr. President, I offered the Vinson bill a little while ago on behalf of the Senator from Georgia [Mr. GEORGE] and myself as a substitute for the committee amendment. I am advised that while I was temporarily absent from the floor there has been some discussion about the parliamentary situation. Will the Senator from Oklahoma yield to me for the purpose of offering the amendment?

Mr. LONG. Mr. President, a point of order. Will the Senator from Oklahoma yield to me?

Mr. THOMAS of Oklahoma. I yield for a statement.

The PRESIDENT pro tempore. The Senator from Louisiana will state his point of order.

Mr. LONG. I just want to ask the Senator to yield, instead of rising to a point of order. I withdraw the suggestion of a point of order. I was not here when the Senator made the request yesterday. I ask the Senator from Oklahoma to give us a chance to be heard before yielding for that purpose.

I think this is the status under which the bill ought to come up: We ought to be allowed to have the Patman bill

offered as a substitute for the substitute. That is what ought to be before us. Then, if the Patman bill is not acted on favorably, let us take up the Vinson bill. If we should adopt the Vinson bill, I am afraid that would settle the form of the amendment, as a further amendment would be liable to be in the third degree. That is the point I am making.

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

Mr. THOMAS of Oklahoma. I yield for a question.

Mr. CLARK. As I understand the parliamentary status, if the Vinson bill were to be substituted for the Harrison bill, the question would then recur, in the final analysis, on a vote between the Vinson bill and the Patman bill. In other words, a motion would still be necessary to substitute the committee amendment, as amended, for the Patman bill. If the Senator from Oklahoma does not want to yield, I shall submit my motion at the conclusion of the Senator's remarks.

Mr. THOMAS of Oklahoma. Mr. President, there is no way by which anyone can prevent the Senate from having a direct vote on the Patman bill. We may have to vote "nay" in order to vote for it, but the Senate will understand it is going to have that chance.

Mr. CLARK. I agree entirely with the statement of the Senator from Oklahoma that there is no way on earth—and there is no disposition on the part of anybody, so far as I know, to prevent a vote on the Patman bill. Whether or not the Vinson bill be substituted for the Harrison bill, the crucial vote must still recur as between the committee amendment, on the one hand, whether amended or not, which would be either the Vinson bill or the Harrison bill, and, on the other hand, the Patman bill.

Mr. LONG. Mr. President, will the Senator yield for a question?

Mr. THOMAS of Oklahoma. I yield.

Mr. LONG. I am wondering if we cannot get together on an understanding that will simplify the situation. The real issue is the Patman bill or not the Patman bill. The Vinson bill is an entirely different thing, and so is the Harrison bill. I do not know which is the worse. Why not settle the question in this way: Let the Senator from Oklahoma offer the Patman bill as a substitute for the pending Senate committee amendment.

Mr. CLARK. That would clearly be subject to a point of order.

Mr. LONG. No; it would not; it is not in the third degree.

Mr. CLARK. The Senator could not offer the original bill as a substitute.

Mr. LONG. We could strike out two or three words or change a sentence around and make it different.

The PRESIDENT pro tempore. The bill H. R. 3896, designated as the "Patman bill", is pending before the Senate. An amendment has been offered by the Senator from Mississippi, on behalf of the Committee on Finance, to strike out all of that bill and substitute matter which constitutes a new bill. The Senator from Missouri desires to offer a substitute to be inserted for the committee amendment, which would be in order when offered. The vote then would come on the substitute offered by the Senator from Missouri for the amendment offered by the Senator from Mississippi in behalf of the committee. If the amendment of the Senator from Missouri should be defeated, then the question would be on the amendment of the Senator from Mississippi offered on behalf of the committee. If that should be defeated, then the question would recur on the passage of the pending bill.

Mr. THOMAS of Oklahoma. There is no difficulty about the parliamentary situation, as I understand it.

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

Mr. THOMAS of Oklahoma. I yield.

Mr. HARRISON. In order that no one may get the impression that any Senator is trying to prevent a vote on this matter, I desire to say I shall not be a party to anything of that kind. I think the Senator from Missouri [Mr. CLARK] stated the true parliamentary situation. Certainly the Chair stated it accurately. However, even going further than that, if, after the bill shall have reached its final stages, any one Senator shall desire to move to recommit the bill with instructions to report it back immediately "as follows", including the Patman bill, we can in that way get a vote on that proposal.

Mr. CLARK. Mr. President, will the Senator from Oklahoma yield for a further statement?

Mr. THOMAS of Oklahoma. I yield.

Mr. CLARK. My purpose in asking the Senator from Oklahoma to yield was simply because the question had arisen as to whether I had offered the substitute for the committee amendment or whether I merely gave notice. As a matter of fact, I offered the substitute. I asked the Senator to yield for that purpose, and not for the purpose of changing the parliamentary status in any form.

Mr. THOMAS of Oklahoma. We will consider for some time the committee amendment, which is the entire Harrison bill. In the perfection of that amendment, as I understand the parliamentary situation, it will be proper for any Senator to offer any substitute he may choose as an amendment to the committee substitute. If in that way a complete substitute should be adopted, of course, that would in effect become the committee report. If the substitute should be rejected and some other Senator had some other proposal he desired to offer as an amendment, it would be in order as a further substitute. I do not understand there is any limit to the number of substitutes which may be offered if they are taken in order.

Mr. CLARK. My understanding of the parliamentary situation is that since the Patman bill has come here as a House bill, the committee has reported the so-called "Harrison bill" as an amendment to the House bill. I have offered the Vinson bill as a substitute for the committee amendment. My understanding of the parliamentary situation is that it is first in order to perfect the committee amendment, next to perfect the substitute, and then to vote on the substitute. If the substitute be voted down, then it is in order to further perfect the committee amendment, and any other substitute any Senator may desire to offer will be in order. I am not attempting to bind the Chair with my view of the parliamentary situation.

Mr. THOMAS of Oklahoma. That is my understanding of the situation.

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

Mr. THOMAS of Oklahoma. I yield.

Mr. McGILL. I desire to submit an inquiry to the Senator from Missouri. As I understood, he submitted his substitute and asked to have it lie on the table. It is not my understanding of the parliamentary situation that the substitute is now before the Senate.

The PRESIDENT pro tempore. That is the understanding of the Chair.

Mr. McGILL. It has never been offered as a matter of fact.

The PRESIDENT pro tempore. That is the understanding of the Chair.

Mr. THOMAS of Oklahoma. Mr. President, the question before the Senate is the perfection of the committee amendment, which means perfection of the Harrison bill.

The three propositions have for their purpose the immediate payment to the ex-service men of the amount due them. The three bills determine the amount due the soldiers by different methods and therefore they come to different conclusions.

The Patman bill, which I favor, provides for payment of the soldiers' bonus now; it provides for payment in full, and for payment in cash. Of course the soldiers are not particular whether they get a check on the United States Treasury or whether they get a $20 bill. If we should listen to the admonitions of the distinguished Senator from Virginia [Mr. GLASS], the $20 bills might not be money; but I think I can guarantee that the soldier will accept them as if they were money even though they be $20 bills.

Mr. GLASS. Yes; but many people in Germany accepted marks as though they were money, too; did they not?

Mr. THOMAS of Oklahoma. But that was in Germany.

Mr. GLASS. And this will be in the United States!

Mr. THOMAS of Oklahoma. The veterans throughout the country did not have a word to say about the passage of the original bonus bill, and they have not had much to say about the payment of the bonus since that bill was passed in 1924. The original bill was purely arbitrary. The soldiers took what the Congress gave them, a certificate. It was not of their choice. The Congress made the bill—perhaps I should not say the Congress made it, but it was prepared and came here and the Congress passed it—the President vetoed it, and the Congress then passed the bill over the President's veto, and it became the law.

The original bonus bill is very little understood by the people of America. The original bonus bill, passed in 1924, gave the veterans a certificate made up in a very technical manner. The first point was that the time the soldier had served in the Army was computed. If he served abroad, he received a certificate on the basis of $1.25 per day, and if he served in the United States, he received a certificate based upon service at $1 per day. That made a certain number of dollars for a certain number of days. Then, for some reason, those who prepared the bill provided that in the computation 60 days should be deducted from the veteran's service, representing a deduction of $60. As explained by the Senator from Mississippi, that sum was deducted for the purpose of making up the $60 which the Government paid the veterans when they were discharged.

When the veterans enlisted in the service they had to surrender what clothing they had. That was taken for Red Cross purposes or some other purposes. When the boys came back from the service their old clothing was gone. All they had was the military uniform; and, no doubt being very tired of wearing the uniform, they wanted to procure civilian clothes, but they had no money. So the Congress passed a bill appropriating $60 for each of the soldiers in order that they might have that much money with which to outfit themselves on going back to their former homes or in trying to find jobs in private life.

When the bonus bill was formulated, that $60 was taken from the soldiers. I contend that that was an unjust act. It is indefensible for a nation proposing to adjust the compensation of soldiers on the basis of per diem pay to take from that adjustment the amount necessary to outfit the soldier and return him to private life, especially when the soldiers had turned over their original clothing to the government or to some public charitable institution. So I contend that the $60 should be restored to the adjusted-service certificates.

Mr. President, after those who framed the original bill had figured the amount due each soldier, they added 25 percent to the amount of the adjustment, and that made an amount ranging from a few hundred dollars to six or seven hundred dollars.

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

Mr. THOMAS of Oklahoma. I yield to the Senator from North Carolina.

Mr. BAILEY. Why was the 25 percent added? What was it for?

Mr. THOMAS of Oklahoma. I think those who wrote the bill, when they found out how small an amount they were giving to the soldiers, became conscience-stricken, and added 25 percent just to make the sum a little bit respectable. Of course, someone might say that the 25 percent was added because the war was over in 1918 and the bonus bill was passed in 1924, and administered probably late in 1924 and 1925. Seven or eight years had elapsed after the service was rendered, and a dollar and a quarter a day or a dollar a day did not make a very large amount; so 25 percent was added, perhaps to enhance the value of the certificate because it had not been paid for those 7 or 8 years. As to the reason, I cannot say; but that is the most reasonable explanation that occurs to me.

Mr. BAILEY. The Senator says it was either interest or conscience money?

Mr. THOMAS of Oklahoma. It may have been interest; but, if it was a conscience addition, it was a very small piece of conscience.

When we ascertained how much was due the veterans, those who wrote the original bill figured out that the sum provided would buy a 20-year endowment insurance policy for a certain amount and pay for it all at once; so, in the case of any particular soldier, they found out how much was due him—say $500—and, if he was 21 years of age, how large an insurance policy $500 would buy due in 20 years. Going by the accepted standards of insurance tables, it was easily ascertained that $500 would make a down payment on an insurance policy of a certain amount maturing in 20 years, and that was the amount of the bonus certificate.

I received this morning a statement signed by numerous Members of the House of Representatives, explaining the so-called "Patman bill." At this point in my remarks I ask unanimous consent to have incorporated in the RECORD the statement received on this date. I shall not read the statement. It will appear in the RECORD.

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

The statement is as follows:

MAY 2, 1935.

DEAR SENATOR: The bill to pay the adjusted-service certificates to veterans of the World War passed by the House of Representatives may be summed up as follows:

1. It will pay three and one-half million veterans $2,000,000,000 remainder due.

2. The payment will be made without a bond issue or an increase in taxes.

3. The bill is not inflationary, as the Secretary of the Treasury will be empowered to retire Federal Reserve notes, if necessary, as United States notes are paid the veterans. In other words, the payment may be made without necessarily increasing the circulating medium by one dollar.

4. The Government has title to the $8,700,000,000 in gold in the Treasury. This is sufficient gold to permit the Government to have 111-percent gold reserve behind all money if the $2,000,000,000 is paid to the veterans. In other words, the Government now has $15 in gold and $2 in silver to pay every outstanding $10 bill.

5. This money will be distributed into every nook and corner of the Nation quickly, uniformly, and without the possibility of graft or favoritism. It will be a distribution of purchasing power very much needed.

6. Although the certificates are payable in 1945, we have shown conclusively that each veteran was entitled to the face value of his certificate in 1931, if the debt to him is liquidated in the same way and manner that all other debts growing out of the World War were liquidated.

Respectfully submitted.

House of Representatives Steering Committee for the Passage of H. R. 1: Wright Patman, Chairman; Abe Murdock, Secretary; Sabath, Illinois; Scrugham, Nevada; Greenwood, Indiana; Colmer, Mississippi; Randolph, West Virginia; Cannon, Missouri; Connery, Massachusetts; Berlin, Pennsylvania; Hancock, North Carolina; Johnson, Oklahoma; Richards, South Carolina; Boileau, Wisconsin; May, Kentucky; Hildebrandt, South Dakota; Smith, Washington; Dies, Texas; Miller, Arkansas; Dondero, Michigan; Kvale, Minnesota; Ayers, Montana.

Mr. THOMAS of Oklahoma. Mr. President, as I stated, the Vinson bill provides no funds for the payment of the certificates. The Harrison bill likewise provides no funds, except that it authorizes the Treasury Department to go into the open market and sell bonds, and from the sale of such bonds to secure money with which to make the adjustment to those who desire cash; and, of course, those who prefer a bond can take the bond without its having first been sold.

We are told in some places that if we should undertake to pay the bonus with money—what is called "printing-press money"—that would be liable to upset the credit of the Nation. Those who take that view call this money "printing-press money"; they call it "fiat money." Mr. President, that is the only kind of money we have. There is but one kind of money that we now have in the entire United States, and that is printing-press money. There is some silver in circulation, about $31,000,000; then we have some subsidiary coins, amounting to three or four hundred million dollars; but the only real money we have is printing-press money, money printed by the Bureau of Engraving and Printing here in Washington.

If the Patman bill should pass, and the soldiers should be paid with the kind of money which the Patman bill provides, it would be the same kind of money which the people of the country now have in their pockets—those who may be so lucky as to have some money in their pockets. If the money we now have is printing-press money, the money provided by the Patman bill would be printing-press money. If the money we now have is bad money, the money provided by the Patman bill would likewise be bad money. But, Mr. President, I contend that the money we now have is the best money in the world. The money we shall have tomorrow will be the best money in the world; and if the Patman bill should pass, authorizing the issuance of $2,000,000,000, and more, of new money, it would be the same kind of money we now have, and that money would be the best money in the world.

Certain persons call it fiat money. Let me call attention to the facts.

On April 29, just 2 or 3 days ago, we had in the Treasury total gold to the amount of $8,706,000,000. At the same time we had in the Treasury silver of the value of $805,000,000, which, added to the total gold, made an aggregate amount of gold and silver in your Treasury and mine of over nine and a half billion dollars. On the 24th of April, less than a week ago, the total amount of money in circulation was $5,459,000,000. Subtracting the amount of money in circulation from our total amount of gold and silver, we have in our Public Treasury over $4,000,000,000 of gold and silver that is not in use.

Mr. President, the Patman bill provides for the issuance of sufficient new money to pay the soldiers. It is estimated that that amount would be about $2,285,000,000. If we should issue this new money, and pay the soldiers, and place that money in circulation, and add it to what we now have, we should still have, after that money had been placed in circulation, over $1,700,000,000 of gold and silver against which there would be no money in circulation. In other words, if we should pay the bonus bill in printing-press money—the same kind of money that is now in circulation—we should have dollar for dollar behind every dollar of that money, and when it was all in circulation we should have almost $2,000,000,000 left of gold and silver against which there would be no money in circulation.

Mr. President, we have heard much about fiat money. I desire to place in the RECORD at this point a definition of fiat money, so called. The dictionary states that fiat money means the following:

> Paper currency of Government issue, which is made legal tender by fiat or law, does not represent, or is not based upon, specie, and contains no promise of redemption.

That is what the dictionary says fiat money is. It is money back of which there is no gold or silver, or, if any, little, not based upon specie, and containing no promise of redemption.

The dictionary defines specie as follows:

> Coin, usually of gold or silver; hard money.

Mr. President, there is no possible way in which anyone can define the money proposed to be issued under the Patman bill as fiat money. There is specie back of it, there is gold back of it, there is silver back of it, dollar for dollar; and then we should have almost $2,000,000,000 left.

Mr. President, we could redeem with gold tomorrow, or this afternoon, every dollar of money outstanding in the United States, and when it was all redeemed we would have over $4,000,000,000 of gold and silver left against which there would be no money issued and outstanding. Then, if the Patman bill should pass, we could put $2,000,000,000 more in circulation, and we would still have in the Treasury more gold and silver against which there would be no money in circulation. How can anyone call that kind of money fiat money under the definition given in the dictionary?

A little while ago I made the statement that the Vinson bill was no more important than a resolution passed by the United States Chamber of Commerce—and when I say that, I think I am not overstating the case. All that the Vinson bill does is to declare this debt due, and then authorize an appropriation at some time in the future to pay the debt. If the Vinson bill should be enacted, the press of the country, perhaps not advised of the true import of the measure, would probably carry the statement that the Congress had passed the soldiers' bonus bill. Three million soldiers throughout the Nation would jollify, expecting very shortly to have paid to them every dollar due them—$500 on a $1,000 certificate, without interest.

Mr. President, what must the awakening be, if that should happen, when they find that before they can get a single penny, the Congress must pass a second bill making an appropriation. By that time the present session of Congress will have about concluded its labors, and if a bill should be launched in either House of Congress, there would be a fight against the appropriation, as there is a fight against the bonus. If the House should make provision and it should come to the Senate, a fight would be made here, as a fight is being made against the Patman bill.

There is no chance, in my judgment, to pass through the Congress a second bill making an appropriation. So, if the Vinson bill should be enacted, as a result of its enactment the soldiers would have absolutely nothing except an illusion, and the shock they would receive when the truth dawned upon them at a later date.

Now let me call attention to some of the provisions of the so-called "Harrison bill." The Harrison bill provides a policy which does not bind anyone. It is a statement of policy that the old pension system shall not be applied to the World War veterans.

The veterans of the Union Army of the War between the States, known as the "Civil War", have the pension system, and many States in the South have the pension system to take care of the Confederate veterans.

The pension system was extended and applied to the veterans of the Spanish-American War, and of other wars in which our Nation has been engaged. But when the World War came on, in place of providing a pension system, we provided for a system of compensation, a system of insurance, a system of hospitalization, a system of homes, and the pension system has not as yet been adopted. So, if Congress should enact the Harrison bill, it would recite that pensions shall never be extended to the veterans of the World War.

Mr. President, such a declaration would bind this Congress, at least during the time the vote is being taken upon the bill. Of course, if the bill should be enacted, tomorrow Congress could amend the law and pass a law providing exactly the opposite. So it is a declaration of policy, but the policy would bind only this Congress, and need not necessarily bind this Congress longer than the time necessary to take a vote. However, I am for the policy, I may say.

I shall now refer to the second proposal in the Harrison bill. The original bonus law provided that the 20-year period should start in 1925 and end in 1945. In other words, this mythical insurance policy, a 20-year endowment policy, a paid-up policy, would start to run in 1925, and the policy would be matured and subject to be paid in 1945.

In order to place this matter in a position where immediate payment could better be justified, the Harrison bill provides for moving the 20-year period back, and for starting the period on Armistice Day, November 11, 1918, which would make the 20-year period end on November 11, 1938.

If the date is moved back, I shall offer an amendment to strike out "Armistice Day" and insert in lieu thereof the date when war was declared. This Nation declared war against the Central Powers on April 6, 1917. On that date every regular soldier was in the service. On that date every national guardsman was called to the colors. On that date every youngster of military age had served upon him constructive notice that he would be liable to call to the colors.

Mr. CLARK. Mr. President——

The PRESIDING OFFICER (Mr. TRUMAN in the chair). Does the Senator from Oklahoma yield to the Senator from Missouri?

Mr. THOMAS of Oklahoma. I yield.

Mr. CLARK. Does not the Senator think that, so far as fixing the date is concerned, the proposition advanced by the author of the Patman bill, Representative PATMAN, of striking a mean, which he has attempted to do, is fairer than taking either the date of the armistice or the date of the declaration of war? In other words, it seems obviously unfair, in the case of a man who served 2 years, to start the time running on the date of the armistice; and it seems equally unfair, in the case of a man who served 11 days, or 7 days, as some of them did, to start the time at the date of the declaration of war.

Of course, taking into consideration the clerical work, it would be impossible to fix the date at the time when each man went into the service. Does not the Senator think that the proposal of Representative PATMAN, striking a mean date, is fairer than either one of the other proposals?

Mr. THOMAS of Oklahoma. This is a purely arbitrary matter, so far as the soldiers are concerned. Each veteran has a certificate, a piece of paper, which states on its face that there is so much money due him. The veterans do not know how that time was computed. They do not know that there was fixed a 20-year period beginning in 1925 and extending to 1945. They merely know that the Government gave them a piece of paper stating that at some time in the future they were to have a certain amount of money, and that under the terms of that paper they were not to get the money until 1945. They have never yet understood that; they do not understand it today; and it is the purpose of those proposing the legislation to move the date back. They probably would understand it then. It is not material, but it vests in Congress, in conscience, a right, a reason, an excuse, for making the certificates payable now. If we move the period back to April 6, 1917, when war was declared, then the 20-year period will end on April 6, 1937. That will be less than 2 years hence, and some of the soldiers might wait for less than 2 years. They might not for the best of reasons want to wait until 1945.

I think the soldiers are wise in trying to get the payment made now. If I do not mistake, if they have to wait until 1945, they will not get very large dollars. They will get dollars, and the dollars will pay their taxes, whatever they may be; the dollars will pay their debts, whatever their debts may be; but those dollars will be small in buying power, and it is my judgment that the soldiers see that, though some Members of the Congress have not seen it yet.

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

Mr. THOMAS of Oklahoma. I yield.

Mr. KING. I wish to ascertain if I understand the last observation made by the Senator. Does he contemplate that our Government is going to enter upon a policy of inflation, so that in 1945, when these obligations will be due, the dollar will be so valueless, measured by commodity prices, that it will buy only a small quantity of what it now will purchase?

Mr. THOMAS of Oklahoma. Of course, in answer to the suggestion, or question, I may say that no one knows; I do not know; but, reasoning from the information I have, I cannot possibly see where the dollar in 1945 can have the value it has today. Today there is a national debt of more than $30,000,000,000. There is a total tax bill throughout the entire country of more than $15,000,000,000 a year. There is a total interest bill of something like $10,000,000,000 a year. It is my judgment that we can never pay those taxes, we can never pay that interest bill, we can never pay the debts we owe, which, in the mass, amount to $250,000,000,000, with the present high-price dollars.

If my reasoning is sound, and my forecast comes true, in 1945 the American dollar will have a much less buying power, measured by commodities and by wholesale prices, than it has today. I think it should have. I am not for cheap money, but I am for a cheaper dollar than the one we have today. Yesterday the dollar still had a buying power of 124½ cents. That means that every man in debt, every man who pays taxes, every man who has to pay interest, must sever from himself goods, wares, or services to the value of 124½ cents in order to obtain a dollar with which to meet a dollar's worth of debts. That is unfair, it is unsound, it is unjust, to me it is dishonest, and the Congress alone is responsible.

Mr. KING. Mr. President, will the Senator yield again?

Mr. THOMAS of Oklahoma. I yield.

Mr. KING. I received a number of communications yesterday, and one today, challenging attention to the rapid rise during the past few months, or during the past year, in the prices of commodities. One of the communications stated that the prices of food supplies and of many of the textile commodities, clothing, and so on, were as high as they were in some period between 1926 and 1929, if not higher.

I do not know whether or not that statement is accurate—I doubt it—but I do know that prices are mounting very rapidly, and I have received a number of communications from residents of the District of Columbia—I suppose because I am Chairman of the Senate Committee on the District of Columbia—protesting against the rapid rise in food prices in the District and demanding that some steps be taken, by investigation or otherwise, to prevent the rise in prices, which my correspondents say are getting so high that many of the people are unable to purchase the necessities of life.

Mr. THOMAS of Oklahoma. Mr. President, does the Senator from Utah believe that the farmers of Utah are receiving too much for their wheat and potatoes and livestock, their cattle, hogs, and sheep?

Mr. KING. I have made no comment at all as to whether the producers have been receiving too much. I am merely telling about the certainty that prices of many commodities are rising, perhaps, more rapidly than wages are rising; rising, perhaps, in advance of any proper justification.

Mr. THOMAS of Oklahoma. Mr. President, the rise in prices is not to be wondered at. The fact that the Government last year killed more than six and a half million pigs was calculated to make pork higher. The fact that the Government paid farmers to not sow wheat and to curtail their wheat production, plus the drought, was calculated to make wheat scarcer and higher. The further fact that farmers are paid not to plant cotton is calculated to make cotton higher.

The economic law of supply and demand has been recognized by the Government. The Government made hogs scarce so as to make the price of hogs higher. The Government has made wheat scarce so as to make the price of wheat high. The Government has made cotton scarce so as to make the price of cotton high. The same Government has made money scarce in order to make money high.

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

Mr. THOMAS of Oklahoma. I yield.

Mr. KING. I assent to the first part of the Senator's statement. I condemn the policy of the Department of Agriculture, the policy of the A. A. A. in its ruthless, unwarranted destruction of hogs, in its plowing under of cotton, and its apparent determination to restrict production for the purpose of improperly raising prices. I think such a policy is unsound and unwise, will result in great controversy, and will arouse a great deal of indignation among the producers of the commodities to which we have referred.

Mr. THOMAS of Oklahoma. Mr. President, let me say to the distinguished Senator from Utah that if we ever pay the $30,000,000,000 of Federal debt, if the States ever pay their State debts, if the counties ever pay their county debts, if the cities ever pay their city debts, if the corporations pay their corporate debts, if the people pay their private debts, they must get money. They cannot manufacture money. They will have to secure it from some source.

In the Senator's State of Utah and surrounding States there are great silver mines which have been lying idle for years. Silver has been selling at 24½ cents an ounce and 30 cents an ounce, prices under which the silver mines cannot possibly operate. If silver could be raised to a reasonable value, no doubt many of those silver mines could be opened, silver would be produced, and thereby the citizens of the Senator's State and the citizens of the sister States would be able to make some money from the production of silver.

What is true of silver is true in the cattle States. They could raise some cattle, make some profit, pay their taxes, pay their debts, and pay their interest.

In the South the people could raise cotton, sell the cotton, and secure some money; but they cannot do it under the present prices.

Silver men cannot prosper even at the present price of silver; wheat producers cannot prosper at the present price of wheat, and cotton growers cannot prosper at the present price of cotton. It is true that the price is better than it was 2 years ago, but it is not sufficiently high.

The farmers of my State and of the Northwest can never pay their bills on ninety-odd-cent wheat. The farmers of the South can never pay their bills on 10- or 11-cent cotton. The miners of Nevada and Utah can never pay their bills on 60- or 75-cent silver.

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

Mr. THOMAS of Oklahoma. I yield.

Mr. KING. I desire to say, with respect to the observation of the Senator regarding silver, that I regret exceedingly that there are not more silver mines. Probably there are only one or two silver mines per se in the United States. Silver is associated with zinc and lead and copper. It is a sort of byproduct. I do not believe there is a silver mine in the United States which can operate at a profit with silver at 75 or 80 cents an ounce; and in view of the fact that except in a few instances silver is found only in association with other metals, particularly lead and zinc, it is obvious that with the low price of zinc and the low price of lead many of the mines containing silver will be unable to operate, notwithstanding the great advance in the price of silver.

Mr. THOMAS of Oklahoma. Mr. President, I come back to the so-called "Harrison bill." It enunciates, first, the policy that pensions shall not be extended to the World War veterans. Second, it moves the 20-year period from 1925 back to Armistice Day and ending 20 years thereafter, or November 11, 1938.

The Harrison bill eliminates the 25 percent which was added to the original adjustment. No reason is given for the elimination, but it is provided in the bill.

The Harrison bill retains the charge of $60 made against the adjustment by the original bonus bill. I contend that the $60 should be returned to the veterans as the basis for the calculation of the amount due them.

The Harrison bill penalizes the poor soldier. The one who has to cash his certificate immediately takes the smallest possible amount, and the soldier who can afford to let his certificate run until 1942 or 1945 gets a bonus.

I saw in the public press a statement that a veteran having a thousand-dollar certificate, if he should cash it immediately, under the terms of the Harrison bill would get about $750. If he let the certificate run until it matured by law in 1942, on the average he would get $1,125. In other words, this bill penalizes the poor soldier $250 on the thousand, and gives to the rich soldier $125 on the thousand in the form of a subsidy.

I cannot understand how the Congress could make that distinction, and I am opposed to such a provision.

Mr. President, it was admitted on the floor this morning that the Harrison bill reduces the amount due the soldiers by over $1,000,000,000—to be exact, $1,100,000,000. If the Harrison bill should be passed, the pay of these soldiers could be adjusted for $1,100,000,000 less money. Of course, that is a saving to the Treasury, but it is likewise taking that much money from the veterans of the United States; and I am opposed to that provision. I am opposed to the Harrison bill, and I am going to vote for the Patman bill when it comes before the Senate.

The Harrison bill provides that the Secretary of the Treasury shall pay the veterans either in bonds, if they prefer bonds; or, if they wish to turn in the certificates and secure the cash, the Secretary is authorized to sell bonds under the existing law and raise money and settle with the veterans on the basis of a cash payment.

Mr. President, I propose to support and offer, if necessary, some amendments to the Harrison bill. I propose first to move back the 20-year period to begin on the date war was declared, April 6, 1917, and make the 20-year period end on April 6, 1937, which is less than 2 years hence.

I shall do that, as I stated a moment ago, because every soldier in the Regular Army was in the Army at that time. Two hundred and fifty thousand soldiers of the National Guard were called to the colors on that day. Every male citizen of military age had served upon him constructive notice, when war was declared, that he was subject to be called to the colors. He must have begun to make his plans accordingly; and as this is purely an arbitrary matter, I shall make a motion to move the beginning date back 18 months prior to the date to which the Harrison proposal proposes to move it back. Under the Harrison bill it starts on Armistice Day, November 11, 1918. I shall move to put it back to April 6, 1917, and have the 20-year period start 18 months before it would start under the Harrison proposal.

I shall make a motion, if some other Senator does not, to restore to the adjustment of each certificate the $60 which was arbitrarily deducted from the amount found to be due each soldier.

I shall move to amend the Harrison proposal by the cancelation of all interest. I shall do that on the theory that when the soldiers borrowed upon their certificates they could only borrow, in the last analysis, one-half; but when they had the right to borrow one-half, more than one-half the period had expired from the time when the war was declared, or when the war ended, for that matter, until the time they borrowed the money. They could borrow only one-half. More than one-half the time had expired. More than one-half the amount due them had been earned. So, as I construe the matter, the soldiers were forced to pay interest on money already in equity due them. I contend that is not fair. At least, it is not just; it is not governmentally honest.

I shall make another motion, if no other Senator does, that the certificates may be discounted if the soldier wishes to get his money immediately, but that the rate of discount shall be that of the unearned interest.

Mr. President, I shall offer another amendment to the Harrison proposal; namely, to pay the soldiers in cash, to pay them immediately, and to pay them in full. This proposal brings us again to the money question. I think I showed a few moments ago that the Government can pay the veterans in cash with the best money in the world. It will be the same kind of money that we now have in circulation. It will be money backed by gold and silver, one dollar back of each "printing-press dollar", so-called.

I am in favor of the payment of the bonus in cash. Of course, as I said a moment ago, the soldiers are not particular, so far as they are concerned. They would just as soon have a good check of the United States Government, the kind the country is now full of, as to have $20 bills or to have $100 bills; and, so, the veterans are not particularly interested in the kind of payments they shall receive. I doubt if they would want to receive the amount due them in silver dollars. They would be glad to take them, but would prefer a check to silver dollars. No doubt many of them might prefer a check to receiving currency. I am in favor of paying in currency, not because the soldiers want it, not because it will help the soldiers, but because I believe that the putting the money in the form of currency into circulation will help the nonsoldiers far more than it will help the soldier himself.

I make the statement that the payment now of the bonus in cash will be of far more benefit to the 125,000,000 nonsoldiers than to the three or four million soldiers themselves. The soldier has $500 due him or $1,000 due him; he gets a check or he gets the money. He has bills to pay; he either pays his bills or deposits the money in the bank. They are just dollars to the soldier. The payment by check does not increase the circulation; it does not increase the price of commodities; it has no effect upon the price of commodities. During the past 2 or 3 years the Government has put out ten or fifteen billion dollars of that kind of money—bonds

and check or deposit money—and yet some commodities are away below the cost of production. So I am contending that it is the duty of the Government to provide more money and place that money in circulation, to the end that money may become more plentiful and thereby cheaper; and to the extent money becomes cheaper, prices will go up. That is what I favor.

Mr. President, we will never get out of the depression, in my judgment, until prices are raised. There is no chance for banks to commence making loans until the people of the United States make money, and the people cannot make money on the present price level. The cotton farmers cannot raise cotton at 10 or 11 cents a pound and make any money; the wheat farmers cannot raise wheat at ninety-odd cents a bushel and make any money, when there is deducted from the 90-cent price the cost of transportation, the cost of insurance, and the cost of handling. There is no profit left; and, because the farmers are not making money, they have no credit at the banks.

But just the moment the farmers commence making money the farmers will have credit at the banks.

In the past 30 or 60 days hogs have risen in price; livestock has gone up in value. Now there is no place in the country where men who have livestock have not credit at the banks. In my section, in the livestock area, a hog section, the depression is over. If we will bring about the same condition in the Wheat Belt, in the Wheat Belt the depression will be over; if we will bring about the same condition in the cotton-producing South, the depression in that section will be over. As soon as prices are raised, there will be a profit in production; farmers can borrow money at the banks; and throughout the country, by and large, the farmers have a very large share in the banking deposits of the Nation.

Mr. BORAH. Mr. President——

Mr. THOMAS of Oklahoma. I yield to the Senator from Idaho.

Mr. BORAH. How does the Senator explain the increase in the prices of hogs and cattle?

Mr. THOMAS of Oklahoma. First, by the program of the Government in killing off six and a half or seven million pigs and hogs, limiting the production, thus making hogs scarce and making the law of supply and demand operate.

Mr. BORAH. That program resulted in the man who got a better price having fewer hogs to sell.

Mr. THOMAS of Oklahoma. That is correct, but that was not my program. The Government made the hogs scarce; it made the price of hogs high. The Government has made wheat scarce and made the price of wheat high; the Government has made corn scarce and made the price of corn high; and the Government has made money scarce and has made money high. The reverse process should have been followed. If it be desired to make hogs high and wheat high and cotton high the Government would accomplish that purpose by making money plentiful and making money cheap. It does not do the farmer any good to have a great quantity of wheat if he can get nothing for it. It does not do the farmer any good to have a high price for wheat unless he has wheat to sell.

Mr. BORAH. Mr. President——

Mr. THOMAS of Oklahoma. I yield.

Mr. BORAH. I observed in press dispatches some 2 days ago that a large quantity of corn had been shipped from Argentina to the United States and up the Mississippi into the great Corn Belt of the United States and sold there.

Mr. THOMAS of Oklahoma. I was not aware of the fact. If corn is getting scarce, of course, those who have to buy corn want to get cheap corn, and if they can buy corn in Argentina or some other foreign country at prices at which they can ship it to America, pay the tariff, if there be a tariff, and have that corn delivered to them at a less price than they can buy it here in America, they are going to do it; but that gets back again to the law of supply and demand.

Mr. BORAH. It is pretty hard on the farmer though.

Mr. THOMAS of Oklahoma. Absolutely; I agree with the Senator in that respect.

Mr. President, the Vinson bill will help each one of the 125,000,000 American citizens far more than it will help the soldier himself. Take, for example, the old farmer who has 160 acres at some place in the West and who raises nothing but wheat. He has a son who was called to the colors a few years ago; the son went to the war and came back. The son later received a thousand-dollar certificate; he has borrowed $500 on that certificate, and all he can possibly get now is $500. Pass the Vinson bill and he would receive $500; pass the Patman bill and he would receive $487; pass the Harrison bill and he would receive $180; that is all the soldier could obtain under the terms of the respective bills, if any of them should be passed; but the old father still has his farm. If the Patman bill should be passed, it would put $2,000,000,000 in circulation; it would make money more plentiful; it would make money cheaper; it would raise prices. The old farmer perhaps raises two or three thousand bushels of wheat each year. It would raise the price of wheat. If it should raise the price of wheat 50 cents a bushel, and the farmer raised 2,000 bushels of wheat, there is a thousand-dollar profit next year to the father of the soldier boy, although the soldier boy would get only $180 under the Harrison bill, $487 under the Patman bill and $500 under the Vinson bill. That is all he could possibly get. The father, however, because of the higher price for wheat, would receive double the amount the soldier could possibly receive. That is for the next year. The next year it would be the same, or should be the same, and the year following that it should be the same. The farmer would receive a high price for his wheat and high prices for the other commodities he produces on his farm, and when he gets higher prices for his wheat then the farm itself goes up in value; perhaps the farm will double in value. With profitable prices a farm now worth three or four thousand dollars, embracing 160 acres, might increase in value to six or seven thousand dollars.

Mr. President, I am supporting the Patman bill and the cash-payment plan, so as to help the nonsoldiers by placing money in circulation, by making money more plentiful, by making money cheaper. I am not for cheap money; I am not asking to go back to the cheap money we had in 1920, when the dollar was worth only 64 cents measured by the best standard of value we have; but I think we should go back to at least 1926, when the dollar had a reasonable value, a value that enabled commodity prices to show a profit to the producer. In 1926 wheat was selling for $1.40 or $1.60 a bushel, corn was selling around $1 a bushel, cotton was selling around 20 cents a pound, and livestock prices were in proportion. With such prices as these, farmers can produce commodities and pay the cost of production and have a profit, and with such profit they can pay their taxes; they can pay interest on their farm loan, if they have one; they can buy a new automobile ever so often; their purchasing power is increased, and that makes business for the stores; it makes business for the banker; it makes good business for everyone. I am not afraid of making the statement that this Nation will never get out of the depression until the price level is substantially raised, and it can only be raised by cheapening the dollar. The Government can cheapen the dollar. Why it does not do so, I am not advised. Suffice it to say it has not cheapened the dollar. The dollar on yesterday was worth 124½ cents.

Mr. President, we read in the public press constantly that the currencies of the world should be stabilized; that nations should stabilize not only their own currencies, but should likewise stabilize the currencies of other nations. Mr. President, national monetary systems are individual affairs. The money question in each country is the problem of that country. We have no jurisdiction over the value of the pound in Great Britain, except incidentally; we have no jurisdiction over the value of the monetary units of other nations; that is their domestic problem; but the value of the dollar in America is our domestic problem; and we have the power, and the Congress has the command, to regulate the value of the dollar in the best interest of the people of the

Nation. It is impossible for the United States even to talk about stabilization of the dollar. We have today a dollar abroad which is worth 60 cents and a dollar at home which is worth 124½ cents. Which dollar are we going to stabilize?

The United States is in no position even to consider stabilization of the dollar. We will not be in a position to stabilize the dollar until other nations are likewise ready to stabilize their monetary units; and I know of no nation that is ready to stabilize, unless, perchance, it be France and Switzerland, which are still lingering along on the old gold standard. They might be very glad to try to keep the present value of their monetary units, but, aside from those two countries, there is no nation in the world, so far as I know, which at this time is in a position even to consider stabilizing the value of its monetary unit. Most certainly England is not today ready to consider stabilization. England does not know at what point she wishes to fix the value of the pound. England is going through a period of experimentation. When Great Britain arrives at that point in her self-consciousness when she has the pound fixed at a value that will best serve her domestic economy, England will consider the stabilization of the pound in terms of gold. The United States is in the same position. Today we are not in a position seriously to consider the stabilization of the dollar.

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

Mr. THOMAS of Oklahoma. I yield.

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

The PRESIDING OFFICER. The clerk will call the roll.

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

Adams	Coolidge	King	Radcliffe
Ashurst	Copeland	La Follette	Robinson
Austin	Costigan	Lewis	Russell
Bachman	Couzens	Logan	Schall
Bailey	Dickinson	Lonergan	Schwellenbach
Bankhead	Dieterich	Long	Sheppard
Barbour	Donahey	McAdoo	Shipstead
Barkley	Duffy	McCarran	Smith
Bilbo	Fletcher	McGill	Steiwer
Black	Frazier	McKellar	Thomas, Okla.
Bone	Gerry	McNary	Thomas, Utah
Borah	Gibson	Metcalf	Townsend
Brown	Glass	Minton	Trammell
Bulkley	Gore	Moore	Truman
Bulow	Guffey	Murphy	Tydings
Burke	Hale	Murray	Vandenberg
Byrnes	Harrison	Neely	Van Nuys
Capper	Hastings	Nye	Wagner
Caraway	Hatch	O'Mahoney	Walsh
Carey	Hayden	Overton	Wheeler
Clark	Johnson	Pittman	White
Connally	Keyes	Pope	

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

Mr. CLARK. Mr. President, in order to straighten out the parliamentary situation I now desire to offer formally the amendment which I submitted this morning in behalf of the Senator from Georgia [Mr. GEORGE] and myself as a substitute for the committee amendment, and which I then asked to have lie on the table.

The VICE PRESIDENT. The Chair will state his understanding of the parliamentary situation so that the Senate may understand it. The Finance Committee has reported a bill with an amendment striking out all after the enacting clause and inserting certain matter. The Senator from Missouri [Mr. CLARK] has offered an amendment in the nature of a substitute for the committee amendment. The question now is on agreeing to the amendment in the nature of a substitute offered by the Senator from Missouri.

Mr. THOMAS of Oklahoma. Mr. President, I have already discussed to some extent the amendment in the nature of a substitute proposed by the Senator from Missouri, which is the so-called "Vinson bill."

Before a quorum was demanded I was making some comment upon the world stabilization of currency. I stated that no nation is today ready to undertake the stabilization of its currency. Most assuredly the United States is not in a position to stabilize the dollar at its present value. Great Britain is not ready to stabilize the value of the pound in terms of gold at its present value. The countries on the silver standard are not ready today to consider the stabilization of their silver units.

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

The VICE PRESIDENT. Does the Senator from Oklahoma yield to the Senator from Louisiana?

Mr. THOMAS of Oklahoma. I do.

Mr. LONG. Earlier in the day I propounded to the President pro tempore of the Senate a parliamentary inquiry, which I now ask permission to propound again to the Vice President.

The VICE PRESIDENT. The Senator will state it.

Mr. LONG. The Vinson bill, which the Senator from Missouri [Mr. CLARK] and the Senator from Georgia [Mr. GEORGE] have offered as a substitute for the committee amendment, if it should be adopted, would stand in lieu of the committee amendment?

The VICE PRESIDENT. It would stand in lieu of what is known as the "Harrison amendment."

Mr. LONG. Then the vote would come, would it not, on whether the amendment should prevail over the Patman bill; that is, the House bill? It would still require another vote as between the two, would it not?

The VICE PRESIDENT. If the Senate should adopt the Clark substitute for the committee amendment, then the question would come upon whether or not the Senate should adopt the amendment as substituted; and that would be a contest between the so-called "Vinson amendment" and the Patman amendment.

Mr. LONG. That is what I desired to know.

Mr. THOMAS of Oklahoma. Mr. President, the issue has shifted, and the contest now is between the Vinson bill and the Harrison bill. When the vote shall come, the Senate will vote as to whether they prefer the Vinson bill or whether they prefer the Harrison bill. If the motion made by the distinguished Senator from Missouri should carry, the Vinson bill would take its status before the Senate in exactly the same position which the Harrison bill now occupies, and the Vinson bill would be subject to amendment. If the Vinson bill should become the unfinished business by having its text adopted, it would be subject to further amendment, and later on we should have a chance to vote as between the Vinson bill and the Patman bill.

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

The PRESIDING OFFICER (Mr. MCKELLAR in the chair). Does the Senator from Oklahoma yield to the Senator from Missouri?

Mr. THOMAS of Oklahoma. Yes.

Mr. CLARK. Without undertaking to differ from the Chair, I will state my understanding of the parliamentary situation.

Mr. THOMAS of Oklahoma. I will say to the Senator that I was slightly in error.

Mr. CLARK. The committee has substituted the so-called "Harrison bill." The committee amendment strikes out all after the enacting clause of the House bill, which is the Patman bill, and offers the Harrison bill as a substitute. I have offered the Vinson bill as a substitute for the committee amendment. Under general parliamentary law, as I understand, amendments to the so-called "Harrison bill"—that is, the committee amendment—are first in order. Amendments to the so-called "substitute", the Vinson bill, are then in order. Then the vote would recur on substituting the Vinson bill for the Harrison bill. If the motion to substitute the Vinson bill for the Harrison bill should be adopted, further amendment would not then be in order to the Vinson bill; but if the motion to substitute the Vinson bill for the Harrison bill should be rejected, then further amendments to the Harrison bill would be in order, or any further substitute for the committee amendment which any Senator desired to offer would be in order.

Mr. LONG. Mr. President, if the Senator will yield, if we should adopt the Clark amendment—the Vinson bill—as a substitute for the Harrison bill, then the vote would come on whether or not the committee amendment, as substituted by the Vinson bill, should prevail as against the House bill?

Mr. CLARK. Of course, any substitute for the original House bill would then have to be voted on; and the Senate

would always have an opportunity to adhere to the House bill or to adopt any substitute or any amendment it might see fit.

Mr. THOMAS of Oklahoma. Mr. President, to simplify the matter, the contest now is between the Vinson bill and the Harrison bill. The Vinson bill proposes to pay the soldiers at some time in the future, and that time will be when the Congress makes an appropriation to pay the amount. The Harrison bill proposes to pay the soldiers now by discounting the amount due them and by giving them either bonds or cash; but the Harrison bill deprives the soldiers, in mass, of $1,100,000,000 of the amount due them under the terms of the law. Because of that condition—cutting down the amount due the soldiers by $1,100,000,000—I am opposed to the Harrison bill. I am opposed to the Vinson bill because it makes no provision for paying the soldiers; and as between these two bills I have no choice, because, in the last analysis, I shall vote for the original Patman bill.

Mr. President, I was discussing briefly the question of stabilization of money. I think everyone agrees that the world can make no particular progress toward getting out of the depression until world currencies shall be stabilized, and at this particular time no country seems to be able or ready to consider stabilization. The countries which want stabilization are unable to bring it about. There may be some nations somewhere which are satisfied with the present value of their monetary unit. If so, they are ready for stabilization; but most certainly the larger countries are not ready for stabilization. The United States is not ready, Great Britain is not ready; and those two countries have a very large part to play in the regulation and management of world currencies.

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

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

Mr. THOMAS of Oklahoma. I yield.

Mr. LONG. Before the Senator retires from the floor I desire to ask him a question, because we recognize him as quite a leader on both the bonus question and the inflation question in the Senate. Our best course seems to be this, does it not—that we ought to vote for the Vinson bill as a substitute for the Harrison bill, and then vote for the Patman bill over the Vinson bill? That would be our best course; would it?

Mr. THOMAS of Oklahoma. I agree to that line of strategy. As between the Vinson bill and the Harrison bill, there is no choice for the friends of the soldier. The Senator who votes for the Harrison bill votes to cut practically in two each certificate in the hands of each soldier of the Nation. The Senator who votes for the Vinson bill votes to pay the soldier the full amount of his certificate at some time in the future. If we can defeat the Harrison bill and can adopt the Vinson bill as a substitute for the Harrison bill, we can at least go on record in favor of paying the soldiers the full amount due on their certificates; and I shall take that course. Then, if we should pass the Vinson bill, and the Vinson bill should become the law, at some future date, on some deficiency bill, perhaps we might have the power to attach an amendment appropriating the money to pay the soldiers in accordance with the terms of the Vinson bill.

Mr. LONG. But the ideal solution would be this, as I understand the Senator: If we adopt the Vinson bill in lieu of the Harrison amendment, and then, when the question reverts as between the Patman bill and the Vinson bill, adopt the Patman bill, we shall have a complete solution of the whole thing in one bill.

Mr. THOMAS of Oklahoma. Mr. President, as I understand the situation and the interest of the veterans, when my name shall be called, I shall vote for the Vinson bill as against the Harrison bill. If the Vinson bill shall carry, then the contest will come between the Vinson bill and the Patman bill; and as between those two bills I shall vote for the Patman bill. I think that makes the matter plain from my standpoint.

Mr. President, it is apparent that Senators are not greatly interested in this matter. I take it for granted that each one knows exactly how he is going to vote, and, knowing how he expects to vote, he is not interested in staying upon the floor to listen to explanations or questions or speeches that would not, under any conditions, influence his vote. If I can have distinctly understood what is the issue before the Senate, I shall take no further time to explain my understanding of these measures.

I cannot understand how anyone who is a friend of the soldier can vote for the Harrison bill, because when he votes for that bill he votes to cut down the amount due the soldiers in the sum of $1,100,000,000. He deprives the soldiers of receiving that amount of money at some time in the future. I am not in favor of reducing the amount of the certificates approximately 50 percent. I cannot understand what kind of argument or what kind of explanation a Member of Congress could give to a soldier constituent back home if he should vote for the Harrison bill, and the soldier should expect to have the certificate cashed at its face value, and should find that he had been deprived of one-half its face value. At least, I shall not look my soldier constituents in the face and try to make such an explanation. I shall not put myself in an attitude where it will become necessary.

Mr. President, so far as I am concerned, unless there are some questions, I shall not take any more time.

Mr. ADAMS. Mr. President, I should like to have the Senator from Oklahoma devote a moment's time to section 3 of the Patman bill, in reference to the method there suggested for contracting the issuance of currency provided for in connection with the bonus.

Mr. THOMAS of Oklahoma. Mr. President, we now have in circulation approximately five and a half billion dollars of all kinds of money. If the Patman bill should pass and be approved by the President, or should pass over his veto and become the law, we probably should put in circulation something like $2,000,000,000 of new money. The circulation would be increased to the extent of something like $2,000,000,000. If, as a result of placing $2,000,000,000 of new money in circulation, money should become too plentiful—personally, I should like to see that happen—and we could not use the new money, if it should come to be in the way of the people of the country, section 3 provides a plan for getting this money out of circulation; and the plan is for the Government to take the money out of circulation. It could be done by selling bonds.

The Government has plenty of bonds to sell. The Federal Reserve System has approximately two and a half billion dollars of bonds in the portfolios of the several Federal Reserve banks. So, under the terms of the Patman bill, and under the terms of the Federal Reserve Act, the Government, at any time it sees fit, can remove money from circulation exactly as it removed money from circulation in 1921.

Beginning on the 4th of March 1921 and for the next 18 months the Government took out of circulation over a hundred million dollars a month. At the end of 18 months the actual money in circulation, gold and silver and paper, had shrunk $1,800,000,000. As I understand, similar action is proposed by section 3 of this bill.

The bill proposes to take as the standard the price level of 1926—that is, the price level when the prices of all sorts of commodities were estimated on a basis of 100. In 1926 every class of business was more or less prosperous, and the price level of 1926 has been taken as the standard for the measurement of prosperity. Since 1926 prosperity has been going in one direction; before 1926 it was coming from another direction.

Taking the price level of 1926 as the standard, if money should become too plentiful, if prices should become too high above the 1926 price level, the remedy would be to take money out of circulation, to make money scarce, to make money high, and to bring prices down.

In 1920 we had high prices, we had plenty of money, and after 1921 a new administration came into power, and in an

effort to reduce prices money was taken out of circulation, money was made scarce, money was made high, and prices were made low. The exact thing the administration wanted to do was done.

This bill provides a similar plan for the adjustment of the price level. I contend that the price level is still too low. It is too low in every State in the Union, and we will have no return of prosperity, in my judgment, until the price level is substantially raised, and just as fast as the price level is raised upon any given commodity, that commodity is out of the depression.

I made the statement a little while ago that in the West, hogs and cattle now have a price level which makes their production profitable. Today, with cattle at the present price, cattle can be raised and the cattle growers can make some money. Today hog producers can raise hogs, with hogs at the present price, and make some money. Today, for the cattlemen and for the hog men, the depression is practically over, and they are given opportunity to adjust their affairs and produce something.

A cattle raiser has no trouble today in borrowing money at the bank. A hog raiser has no trouble today in borrowing money at the bank. Banks are glad to make loans to those raising cattle; banks are glad to make loans to those raising hogs, because the banks know that when the cattle and the hogs are ready for the market the farmers can sell them and have a substantial profit left, and that profit will be paid back to the banks.

Does that explain the matter to the Senator from Colorado?

Mr. ADAMS. Mr. President, I am obliged to the Senator. During the course of the Senator's explanation I noticed, by reference to the bill, that no provision whatever is made for retiring the notes which are to be issued under the provisions of the proposed legislation; that is, whatever contraction of currency there is is to be in Federal Reserve notes.

Mr. THOMAS of Oklahoma. I might say, in answering the question, that the author of the bill has a conviction that the amount of money that we must keep in circulation would be in excess of the amount we put in circulation through the payment to the veterans. We now have, and have had for some time, approximately five and a half billion dollars of money in circulation. It is thought by many that we must always have that much actual money in circulation. Some believe we ought to have more. I think we should temporarily have more. I am not sure about what may be necessary later on, when times get better and conditions improve. We might go back to a small amount of money in circulation when check money and credit money are vigorously active. But I think it is necessary to place more real money in circulation in order to thaw out the frozen deposits and frozen assets, notes, mortgages, bonds, and what not, held by the banks as security for their loans.

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

Mr. THOMAS of Oklahoma. I yield.

Mr. ADAMS. Would not section 3 authorize the Secretary of the Treasury to compel the Federal Reserve authorities to reduce their circulating notes regardless of the needs of business? In other words, there might be a difference of opinion between the Secretary of the Treasury and the Federal Reserve banks, in which event there would be in the hands of the Secretary of the Treasury absolute control over the amount of circulating medium in the country.

Mr. THOMAS of Oklahoma. That is true today. That makes no change from a practical standpoint.

Mr. ADAMS. The Senator does not approve it, does he?

Mr. THOMAS of Oklahoma. I approve the theory of some Government official having control. As it has been in the past years, someone has controlled the matter, and we do not know who it is. I know of no one who can point his finger at the man today who controls the monetary situation in the United States, yet someone controls it. We have in circulation the amount of money that is in circulation because of someone's influence. Those controlling it are unknown, they are called "money changers", they are called "international bankers", but we cannot say actually who they are, perhaps. Some may know who they are.

I prefer to have a Federal board control the amount of money in circulation than to have an unknown board, or an unknown influence, or an unknown person control the volume of money in circulation for his own or his friends' private benefit, and that is what we have today and what we have had for years past.

I am for the administration banking bill, let me say to the Senator from Colorado, because it proposes to take control from that private influence, wherever it may be, and pass it into the hands of Federal officials, whom we know and with whom we might have some influence.

Mr. President, before I take my seat, I should like to say that I was shown a dispatch a moment ago stating that silver had fallen 5 cents today. I wonder how my friends in the Senate from the 8 or 10 silver States view the situation. A year ago we passed a solemn enactment through Congress commanding the Treasury to go out into the markets of the world and buy silver until one of two things happened—until either silver went to $1.29 an ounce or until we secured in the monetary stocks of the United States at least one-third of as much silver as we had gold, 25 percent in gold, 75 percent in silver. There was a solemn command by the Congress upon the Treasury Department to go into the open markets of the world and commence securing silver until one of those two things happened. Neither thing has come about. We have bought about 400,000,000 ounces of silver in a year's time.

When the price of silver began to go up some influence stopped the rise, and now the price is 70 cents. It has fallen 11 cents in the past week or 10 days. If silver had been permitted to go to $1.29 an ounce, one of the objectives of the Congress would have been fulfilled, and the Treasury could have stopped buying silver. Under the present policy we are not raising the price of silver to $1.29 an ounce, and we are not getting 25 percent of it in our monetary stock. Neither branch of the program is being carried out as far as I know.

Mr. President, the plan of securing silver, so far as I am advised, is rather peculiar. It is well known that the Federal Reserve bank in New York is against the silver program. It is well known that the big banks of New York and of the Northeast are against the silver program. When the Congress commanded the Treasury Department to go into the open market and buy silver, the Treasury Department took the power which Congress gave it and transferred that power to the Federal Reserve Bank of New York, and made the Federal Reserve Bank of New York its agent, the Treasury's agent, to buy the silver. It put the power to buy the silver into the hands of perhaps the greatest enemy of the silver program in the country.

Then the Federal Reserve bank, in turn, took the power the Treasury gave it to buy silver, and put that power into the hands of the banks comprising the Federal Reserve System in New York City, and here we have the situation of the Treasury, acting under a congressional decree to buy silver, in order to raise the price of silver, giving that power over to the Federal Reserve Bank of New York.

Mr. President, I may say that I have no interest in the production of silver; no silver is produced in my State; but the price of cotton follows the price of silver, the price of wheat, and the price of livestock follow the price of silver. When silver goes up, cotton goes up, wheat goes up, livestock goes up. When silver goes down, wheat goes down, cotton goes down, and livestock goes down.

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

Mr. THOMAS of Oklahoma. I yield.

Mr. HATCH. I am just wondering whether those commodities have fallen because of the recent decline in the price of silver. Does the Senator know?

Mr. THOMAS of Oklahoma. If I had time, I could show clippings from the financial journals which disclose that the price of cotton has gone down with the decline in the price of silver; that the price of wheat has fallen with the

decline in silver. When silver was selling at 81 cents an ounce, wheat was selling at $1.02 a bushel. Last year wheat was selling for 95 or 96 cents a bushel. That explains the situation.

Mr. President, I am asked by a Senator sitting beside me what has caused the price of silver to fall. Silver could not have gone down had our Government been in the market buying silver. We are trying to get silver; we have tried for a year, and have bought only 400,000,000 ounces. We have to buy over a billion ounces of silver, and we have not bought it. Presumably we cannot get it. But silver has been selling in the markets of the world, and we have not been there to buy it. If we had been, silver would not have fallen in the world market. The United States is not in the silver market at the present time. That is the reason why silver has fallen.

Under the plan that is being followed by the Treasury of delegating power to buy silver to the greatest enemy of silver in the Nation, the Federal Reserve Bank of New York, and the Federal Reserve bank in turn delegating its power to other enemies, banks of New York, to buy silver, what have we?

The Federal Reserve Board of New York knows what the Government's policy is from day to day. The big banks which have been commissioned by the Federal Reserve Bank of New York to buy silver for the Reserve bank know what the policy of the Government is from day to day. When the Government is buying, they buy. When the Government is in the market, they know the Government is in the market.

Mr. LEWIS. Mr. President, I dislike to interrupt my able friend, but he is on a theme which interests me, because I must confess considerable want of information—I may say ignorance—as to a phase of his discussion. I ask the Senator from Oklahoma whether he does not know from his experience that our Government buys gold directly?

Mr. THOMAS of Oklahoma. Every time an ounce of gold is offered for sale in this country, our Government buys it for itself.

Mr. LEWIS. Why should not the silver-purchasing policy be the same system as that for purchasing gold?

Mr. THOMAS of Oklahoma. It should be exactly so; but we are not doing so.

Mr. LEWIS. May I ask the able Senator from Oklahoma what the reason is for not doing so?

Mr. THOMAS of Oklahoma. I cannot say. The fact is that we are not buying silver. Had we been buying silver, it would not have gone down 11 cents in the past 3 or 4 or 5 days.

Mr. President, there are only 10,000,000,000 ounces of silver in all the world. A little over a year ago silver was selling for 25 cents an ounce. We could have purchased every ounce of silver in the world at that time for two and a half billion dollars, and we had the money with which to do it. Considering the manner in which the Congress has been appropriating money, two and a half billion dollars is only pocket change. Less than 2 years ago we could have taken two and a half billion dollars and with it have bought all the silver in the world. However, I must modify that statement. We could not have bought all the silver in the world, because half the people in the world use silver, and they would have refused to sell. India would not have permitted her currency to come to America. India has 450,000,000 people. The people of India use their silver for coin. They do not use paper.

The people of India use silver, and they would not have sold their silver coin, so the United States could not have bought the Indian silver. Four and a half billion ounces of the world's supply of silver is located in India. We cannot buy it.

There are two and a half billion ounces of silver in China. The Chinese have the Chinese silver dollar. They must have those silver dollars. They are not used to using paper money; they use silver. They might sell us some little silver, but not very much; so we could not buy the Chinese silver.

Take the four and one-half billion ounces of silver in India, and add to that the two and one-half billion ounces of silver in China, and what do we have? We have 7,000,000,000 ounces of silver in two countries alone which we cannot secure. Then, the United States has 1,000,000,000 ounces of silver. That makes a total of 8,000,000,000 ounces; and there are only 10,000,000,000 ounces of silver in the whole world. There are only 2,000,000,000 ounces of silver in all the world outside of China, India, and the United States. The 50 other countries using silver have only 2,000,000,000 ounces of silver. In order to carry out our program we must get a billion ounces of that 2,000,000,000 ounces of silver. However, we cannot get it, of course. It would be impossible to get it without raising the price of silver to $2 or perhaps $3 an ounce.

When the speculators are selling silver on the foreign market it is patent and evident that the United States is not in the market, because if it were in the market silver would not have fallen as it has fallen in the past few days. But someone might ask, "What significance has the rise of the price of silver and the fall of the price of silver?" Let me show the Senate what the significance of that is.

As silver goes up in buying power, the silver-using countries—that is, countries using silver for money, such as Mexico, which has the peso, and Brazil, which has the milreis, and India, which has the rupee—as silver goes up, the values of other commodities go up as measured in terms of gold, which means as measured in terms of other commodities.

As I mentioned, some days ago the Mexican silver dollar increased in value 2½ cents, by reason of the American silver program. The buying power of the silver peso in Mexico went up 2½ cents. In the past 2 days silver has gone down, so the Mexican silver peso has fallen 2½ cents.

Is it a good thing for Mexico to have their money worth a cent more one day than it is worth the next day? The value of the money has gone up and down, and in the past few days it has gone down 2½ cents through no fault of theirs. Who is responsible for the fluctuation in the price of silver? The Americans are responsible, because they went into the market and started the price up.

Mr. President, that is not the worst of it. During the past week or 10 days in China the Chinese silver dollar has increased 12 cents in value. On March 30 the Chinese dollar was worth 48 cents. As silver went up the buying value of the Chinese dollar likewise went up; it increased 12 cents in that length of time. When silver goes down again, measured in terms of gold, the Chinese silver dollar falls, and we are responsible for it.

If we have a policy, that policy should be known. It should be regular. It should not be permitted to fluctuate up and down, because to that extent it interferes with and destroys and ruins the currencies of the world.

The United States has the power to control the price of gold. We are controlling the price of gold. When we fixed the value of gold at $35 an ounce, and stepped out in the open market of the world to buy gold at $35 an ounce, from that moment to this gold has been worth $35 per ounce.

When we started to raise the price of silver the world price soon reached the price we fixed. We have the power today to fix the value of gold throughout the world. Does anyone doubt that?

There are only $20,000,000,000 of gold in all the world. All the 50 nations of the world together, civilized and uncivilized, have only $20,000,000,000 worth of gold. Of that amount the United States has eight and one-half billion dollars. France has over $5,000,000,000. The United States and France together have fourteen-twentieths of all the monetary gold in the world. That is seven-tenths for the two nations. We, the United States, have almost half of it.

The United States today has the power to fix the price of gold at any point America sees proper, and maintain that price by buying and selling gold. The United States today has the power to buy every ounce of silver in the world if it can get possession of it. However, we cannot get possession of it. There is not a billion ounces that we can get. We can put the price of that billion ounces at any point we desire,

and the price of that billion ounces will control the price of all the other silver in the world.

To return to the question of stabilization for just a moment, when we have stabilization of money in America it will be at a time when the United States takes a notion to stabilize its own currency; and when we stabilize our own currency at such a buying value as best to serve our own domestic economy we must keep our taxes in view, and our interest in view, and our mass debts in view, because they will control the value of our money.

When we decide to stabilize our currency we perhaps shall have no assistance from other nations, but today we have the power to fix the value of the dollar in terms of gold just where we want to fix it. We can fix the value of the dollar in terms of silver just where we want to fix it.

If we proceed to regulate our money at the point where we want it to serve our own domestic economy, we can fix that policy, and through our policy of buying gold and our policy of buying and selling silver we can maintain the price of gold at any point we see fit, and we can maintain the price of silver at any point we see fit.

It is a simple matter, as I see it, to fix the ratio between silver and gold; but before we can fix that ratio we must get silver up to where the ratio is recognized. We cannot have a ratio between gold and silver when gold is worth $35 an ounce and silver is worth 70 cents an ounce. That ratio is too much at variance. Any time this Government desires to stabilize its currency we can stabilize our currency to suit ourselves; and when we stabilize our currency we stabilize the price of gold and we stabilize the price of silver throughout the world.

If Congress would do what I think it should do, it would carry out the mandate of the Constitution, regulate the value of the dollar to suit our own domestic economy, fix its value in terms of gold and fix its value in terms of silver, and say that 1 ounce of gold is worth so many ounces of silver, and so many ounces of silver are worth 1 ounce of gold—possibly in the relation of 16 ounces of silver to 1 of gold.

We can say that 1 ounce of gold is worth 16 ounces of silver, 1 to 16. That is the 16-to-1 ratio. We can fix that by law. Then, with the gold we have, and the power we have to secure silver, we can maintain that ratio by selling silver and buying gold, and buying silver and selling gold. When we get stabilization, we can maintain it in that way. We now have the power to fix it, and we can do it at any time we see fit. As I see it, that is the most important thing now before the country.

Mr. President, I yield the floor.

Mr. LONG. Mr. President, I wish to speak for only a few moments.

Mr. NEELY. Mr. President——

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

Mr. LONG. I will surrender the floor to the Senator from West Virginia.

PREVENTION OF LYNCHING

Mr. NEELY. Mr. President, yesterday afternoon I vainly endeavored to prevail upon the distinguished junior Senator from Alabama [Mr. BANKHEAD], who had been in possession of the floor for the greater part of 2 days, to yield me a few minutes in which to speak in opposition to the parliamentary lynching of the Costigan-Wagner antilynching bill. But the Senator held the floor until he finally yielded it for the express purpose of permitting the submission of a motion to adjourn. That motion prevailed. Thus, circumstances beyond my control have made it impossible for me to discuss the antilynching bill at an earlier hour.

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

Mr. NEELY. I yield.

Mr. CLARK. With the parliamentary situation which has existed for a week, I think the Senator from West Virginia will agree it was impossible for any Senator who desired to speak for the bill to occupy any time on the floor himself without participating in the filibuster. I can understand the embarrassment of the Senator from West Virginia, who desired to speak in favor of the bill, in not occupying time on the floor on yesterday.

Mr. NEELY. Mr. President, the Senator from Missouri has with his characteristic accuracy correctly stated the case. But the Senator from West Virginia is not embarrassed now. The filibusters have subsided, and the debate is without restriction.

During the last 8 days everything in the universe excepting the United States Senate has been in constant, persistent progression. The infinity of buds, which a week ago adorned the countless trees and shrubs on the spacious grounds around the Capitol, have burst into beautiful leaves or gorgeous flowers. The waters of the historic river on whose banks we loiter or labor have passed on to the bay, and from the bay to the vast and restless ocean beyond. The earth has, as usual, traveled on its tireless, ceaseless journey around the sun at the prodigious speed of 68,000 miles per hour. It has also continued to turn upon its axis at the incomprehensible rate of 19 miles a second. During these last 8 days, how far has the United States Senate traveled, what service has it rendered the Nation, what blessings has it bestowed upon the American people?

Let these questions be answered by those who are responsible for the willful waste of the last 8 days which have passed away forever.

Comfort may be found in the fact that in the course of the filibuster it appeared that during the last 19 centuries civilization has at least slightly advanced. Nineteen centuries ago the best and wisest man who ever preached the holy gospel of social justice on this planet was crucified as a reward for his efforts to humanize and Christianize the world. But one of the ablest and most uncompromising of those who have prevented the Senate from even considering the antilynching bill has made it perfectly clear that he would not crucify or even lynch the Reverend Mr. Coughlin, who millions believe is now preaching a gospel similar to that proclaimed by the Man of Galilee. The eminent Senator in question contented himself by declaring that he would only "snatch the halo from" Father Coughlin's "brow and throw it into" what was euphemistically designated as "the nearest spittoon", and "then throw the spittoon into the gutter."

Mr. LONG. Mr. President——

The PRESIDING OFFICER (Mr. MINTON in the chair). Does the Senator from West Virginia yield to the Senator from Louisiana?

Mr. NEELY. I yield.

Mr. LONG. Does the Senator remember that Dr. Harry Emerson Fosdick, the pastor of the John D. Rockefeller Baptist Church, delivered a number of political sermons of which there never was any criticism? I wondered why any Senator should find it so terrible to have the gospel preached according to Christ and not complain of the preaching of the gospel according to the Standard Oil Co., which went abroad throughout this land for so many years.

Mr. NEELY. Mr. President, instead of attempting to answer the Senator from Louisiana, let me express the opinion that if the sinless Savior were to return to earth in the flesh today and repeat the righteous gospel which He preached along the shores of Galilee nineteen hundred years ago, He would be denounced as a demagogue and a revolutionist and would, in all probability, again be put to death.

Mr. LONG. Would the Senator let me read him something?

Mr. NEELY. Gladly.

Mr. LONG. Here is a passage from the Bible which cannot be read in a pulpit. I defy the minister of any Protestant church—and I am a Protestant, as my father and mother were Protestants, and my grandfather and grandmother were Protestants, and their grandfather was a preacher—I defy any minister to read it from his pulpit.

Mr. NEELY. Let me invite the Senator from Louisiana to read it in my time, and let us hope that it may have a spiritualizing influence on all who are present.

Mr. LONG. I should like to have the Senator from North Carolina get any Christian minister to read in the pulpit the

passage I am about to read. I read from the fifth chapter of the Book of James:

Go to now, ye rich men, weep and howl for your miseries that shall come upon you.

Your riches are corrupted, and your garments are motheaten.

Your gold and silver is cankered; and the rust of them shall be a witness against you, and shall eat your flesh as it were fire. Ye have heaped treasure together for the last days.

Behold, the hire of the labourers who have reaped down your fields, which is of you kept back by fraud, crieth: and the cries of them which have reaped are entered into the ears of the Lord of Sabaoth.

Ye have lived in pleasure on the earth, and been wanton; ye have nourished your hearts, as in a day of slaughter.

Such passages from the gospel are not read from the pulpit any more by ministers of the gospel. If a priest, a Baptist, or anybody else dares to utter them over the radio, there is nothing but crucifixion left for him.

Mr. NEELY. It is unfortunate that the distinguished Senator from Louisiana was not here with his Bible yesterday afternoon. If he could have obtained the floor, he might have read the Scripture with good effect to those who were making it impossible for the Senate to vote for a bill which provides ways and means of scourging every loathsome lyncher and infamous mob murderer from this Nation's temple of civilization.

Mr. President, as the result of the prolonged filibuster against the antilynching measure, the Senate has for more than a week utterly neglected the veterans' compensation legislation; the social security bill, including old-age pensions; the 30-hour-week bill for industrial workers; the Guffey coal bill, designed to stabilize the coal industry and save it from chaos; the extension of the National Recovery Act; and other highly important matters too numerous to mention. Let no one lay to his soul the flattering unction that the country has approved of his action in filibustering against the antilynching bill.

The press of the East and the West, the North and the South has almost unanimously condemned the Senate filibuster which ended yesterday afternoon.

And let me observe in passing that I am speaking as a southerner. The State which I have a part of the honor of representing in this body lies south of the Mason and Dixon line. It is a part of the happy land that a West Virginia poet had in mind when he said:

O, Southland fair and fine;
Where the air is tanged like wine,
And the slumbrous days are lethed in a languor half divine;
Where the cypress rears its head o'er the swamp plants' oozy bed,
And the water lily rustles to the muskrat's stealthy tread.

Let me read from a recent number of the Huntington Advertiser, which is one of the leading Democratic newspapers of West Virginia. Referring to one of the Senators who participated in the filibuster, this paper says:

His outburst is typical of the general assault being made upon the measure by southern Members of Congress. They seem to interpret it as particularly designed to insult and reflect upon their section. It is unfortunate that they should assume this attitude.

Lynching long since has become a national evil and reproach. And because it has ceased to be sectional we find practically all the States in the Union with statutes of some kind intended to safeguard against known or suspect perpetrators of revolting crimes becoming the victims of mob passions. Sometimes these laws are not enforced, in the North as well as in the South, because officers are influenced by local sentiment.

Some of the worst examples of mob violence in recent years have been provided in States without the South. There was the barbarous lynching of two men in California a year or so ago after they had confessed to the murder of a boy in connection with a kidnaping. Illinois, Ohio, Michigan, and New England States have been the scenes of lynchings during the past decade and a half. In virtually every case the victim was a white man.

Since lynching no longer is confined to any one section, it is a reproach to our whole American civilization, and therefore should be subject to Federal legislation to be enforced without fear or favor and regardless of local sentiment. That is the purpose of the Wagner-Costigan bill, to rid the Nation of a barbarous custom, not to insult a section and interfere with local self-government. On that score it deserves to pass.

I now read from a leading newspaper of one of the greatest and most Democratic of Southern States—old Virginia.

Mr. LONG. Virginia went for Hoover. [Laughter.]

Mr. NEELY. Thrice and four times happy the State which has made but one political error and has subsequently fully atoned for that. I now read from the Richmond Times-Dispatch of Tuesday, April 30:

UNEDIFYING SPECTACLE

While this newspaper is without enthusiasm for the Costigan-Wagner antilynching bill, it takes this opportunity of deploring the methods being used by certain southern Senators to defeat that legislation.

It is interesting to recall in this connection that there are representative southerners who favor the bill. The Interracial Commission, composed of 50 members from 11 Southern States, unanimously approved the measure at its annual meeting in Atlanta last week.

While we have no particularly strong feeling either for or against this piece of proposed legislation, we feel that such a filibuster as its opponents are organizing is a travesty on the parliamentary process. Imagine a supposed group of statesmen having to sit up for hours, days, and possibly weeks, while southern Senators read books of the Bible, lengthy documents having to do with the most approved mode of exterminating the earwig, and the latest technique for growing horse radishes.

We are aware that filibusters have been resorted to over a long period of time, and that the Senate has been reluctant to limit them, because of a feeling on its part that this might constitute a limitation on freedom of debate. At the opening of the current session, if memory serves, Senator GLASS introduced a resolution which would have compelled all Senators to speak to the question at issue, but this paper has not been heard of since. Apparently most of the Members of the upper branch of our national legislature are reluctant to adopt any such resolution for fear that some day they may wish to filibuster some projected statute to death.

So the Senators resort to such methods whenever they are sufficiently aroused over a pending bill. In the present instance a southern bloc appears to be highly excited over the proposed mode of combatting lynching. The red herring of State rights has been dragged forth and dusted off, intersectional animosities are being aroused, and obfuscations of various kinds are being resorted to.

Although we are inclined to wonder whether it would be wise to enact the Costigan-Wagner bill, our attitude proceeds primarily from doubts as to whether the proposed approach would be effective, and whether the bill's enactment might not serve greatly to intensify interracial animosities in the South. Certainly we are convinced that the bill ought to stand or fall on its merits, rather than on whether a group of diehards can stand the physical strain of reading chapters from the Bible until the proponents of the measure surrender.

Those proponents claim they have 52 certain votes in the Senate, with various other Members in doubt. If that claim is justified, the Costigan-Wagner bill should pass the Senate. If parliamentary government means anything, if the Democratic process has any validity, such a conclusion is inescapable.

The following editorial appears in today's Washington News, the most progressive daily paper published in the Capital city:

SO THIS IS DEMOCRACY

A large majority in Congress wants to enact a Federal antilynching law. A large majority of the citizens of the country favor such a law. This has been so for many years. Then why isn't there a law? Since this is a democracy in which Congress is elected by popular majorities and in which Congress itself acts by majority rule, how could the Senate yesterday throw the antilynching bill and prevent majority rule?

Well, it seems that ours is a democracy in textbooks and Fourth of July orations, but not in the Senate. There, periodically, it is possible to rule by minority dictatorship. The method is not the one of stuffing the ballot box, or of kidnaping or terrorizing the majority, so that the minority can palm itself off as the majority. The method is much simpler. The minority merely decrees that there shall be no vote at all. This is achieved under the rule of unlimited debate by which the minority talks a measure to death. It forces the majority to turn to other emergency legislation acceptable to the minority dictators.

While congratulating the southern Senators on the effectiveness of their dictatorship, we venture to raise this question for their consideration: Is it wise, from their point of view, to kick democracy in the face quite so publicly at this particular time?

Granting that they have got away with it for many years, hasn't there been a recent change in the public temper which makes this sort of thing somewhat dangerous? Wouldn't it have been wiser from their point of view, for instance, to give the Negro lynch victim the nominal protection of Federal law and then nullified the law as they nullify the Negro's constitutional right to vote?

We are interested in this question because we understand that these southern Senators are very fearful of the spread of radicalism, especially among Negroes. The radicals are said to be telling the Negroes and the poor white share-croppers and mill hands of the South that democracy is a fake, that there is no such thing as representative government in this country, that democracy is only camouflage for dictatorship by their enemies. Aren't those radical agitators just mean enough to prove this point in the minds of ig-

norant Negroes and whites by citing the dictatorship of those few southern Senators thwarting the mass democratic will of the American people and of the majority of Congress?

Admitting, from the point of view of these southern Senators, that Negroes must continue to be robbed of constitutional rights, couldn't they find a safer method? After all, the Negroes are one-tenth of the national population and in many places they are a majority. With all this talk of radicalism and some of the oppressed actually demanding their rights, perhaps it would be safer for the country to hold out enough hope of democracy to them to discourage more violent weapons.

Anyway, it may be a matter worth thinking about while these southern Senators are patting themselves on the back, secure in their dictatorship—secure for the moment.

Mr. President, this filibuster was conducted on two alleged grounds, first, on that of State rights. It was urged that the enactment of the bill would violate these rights which are so very dear to so very many Democratic hearts. This contention is but the repetition of one that has been persistently made, times without number, during the last hundred and twenty-five years. But there is more than the State rights article of faith in the Democratic creed. Another is to the effect that the majority shall rule. Any other theory is un-Democratic and unsound because as Mr. Bryan once said, "One who opposes majority rule must favor minority rule", and a minority might dwindle until eventually there would be but one person on one side of a question and all the rest might be on the other side. It would obviously be preposterous to admit that one person had more wisdom or more virtue than all the rest of the people combined.

It is generally understood that a majority of the Members of the Senate have favored the enactment of the antilynching bill. If those who have, for more than a week, so vigorously preached the democratic doctrine of State rights had only practiced a little of the democratic principle of gracefully submitting to the will of the majority, the antilynching bill would have long since received senatorial approval.

Mr. LEWIS. Mr. President——

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

Mr. NEELY. I yield to the eloquent Senator from Illinois.

Mr. LEWIS. I want to ask the Senator from West Virginia, conscious of his past experience in this body and in the House to justify my allusion, if he will not recall that there has been exercised by the Federal Government, under a change in policy, a jurisdiction of the Federal courts to take cognizance of the offense within the States called kidnapping, therefore taking such jurisdiction in conjunction with the States and giving the Federal courts sufficient jurisdiction to punish completely for the wrong and the outrage. Would not such a measure be wholly legal in the Senator's opinion, and would it not be wholly legal for us to give the same jurisdiction in the matter of lynching within the State to the Federal court in a direct process as we do now with reference to kidnaping, and thus avoid all these other matters of mere dollars and cents judgments against counties?

Mr. NEELY. If the Senator from West Virginia had entertained the slightest doubt concerning the power of the Congress to enact valid antilynching legislation, he, as a member of the Committee on the Judiciary, would not have voted for a favorable report on the Costigan-Wagner bill which is now on the calendar.

Mr. President, the other ground upon which the filibustering battle has raged is that of unconstitutionality. Dr. Johnson once said:

Hell is paved with good intentions.

If he were alive today, he might, with equal propriety say that hell is paved with endless, fallacious, fantastic arguments against the constitutionality of every great reform measure that has been before the Congress of the United States during the last hundred years.

Every time that an effort is made to legislate for the underprivileged, the friendless, or the oppressed, some hair-splitting metaphysician, who does not know that the law was made for man, and not man for the law, promptly comes forward to declare that reform legislation is unconditionally unconstitutional.

Can it possibly be unconstitutional for this Government to protect its citizens—its taxpayers—against mob murderers in cases in which the States refuse or fail to discharge their duty in this important matter? How can anyone with a scintilla of national pride or self-respect seriously contend that the Constitution requires the Federal Government to stand idly by while nearly a hundred of its citizens are every year tortured to death by means more horrifying than any of which the fiercest Indian tribe ever dared to dream; and what is this crime which the States have failed to prevent and which we are now making a belated effort to eradicate by Federal law? The report of the committee on this bill describes it better than any words in my vocabulary can explain it. I now read so much of the report of the lynching of Claude Neal as can be read without offending the ears of the gentlewomen and gentlemen with whom the galleries are filled. This unspeakable horror occurred in a Southern State, which, in compliance with a Senate rule, will not be named. In this case the victim of the mob was charged with the murder of a white girl. The accused was taken from the officers of the law. Some of the outrages perpetrated upon the victim are too horrifying for repetition.

Mr. COSTIGAN. Mr. President——

Mr. NEELY. I yield to the distinguished Senator from Colorado.

Mr. COSTIGAN. May I ask my friend, the able Senator from West Virginia, whether prior to the incidents he has narrated there was a court trial establishing the guilt or innocence of the accused?

Mr. NEELY. There was no trial. The accused did not enjoy even the shadow of an opportunity to have his guilt or innocence determined according to law. Here is what a bystander told the investigator who was sent by the Association for the Advancement of Colored People to the scene of the lynching to obtain the facts in the case. As many of you doubtless know the association in question numbers among its members such distinguished persons as the present Governor of the State of New York; the Honorable William Allen White, of Kansas; the able senior Senator from Kansas [Mr. CAPPER], and many others whose names are household words throughout the land.

I now read from the report but necessarily slightly digress from the letter of the text to avoid giving offense either to the Senate or the audience in the galleries.

After taking the nigger to the woods about 4 miles from Greenwood—

They cut off certain parts of his body and then compelled him to eat them, and made him say that he liked it.

Then they sliced his sides and stomach with knives, and every now and then somebody would cut off a finger or toe. Red-hot irons were used on the nigger to burn him from top to bottom. From time to time during the torture a rope would be tied around Neal's neck and he was pulled up over a limb and held there until he almost choked to death, when he would be let down and the torture begin all over again. After several hours of this unspeakable torture "they decided just to kill him."

Neal's body was tied to a rope on the rear of an automobile and dragged over the highway to the Cannidy home. Here a mob estimated to number somewhere between 3,000 and 7,000 people from 11 Southern States was excitedly waiting his arrival. When the car which was dragging Neal's body came in front of the Cannidy home, a man who was riding the rear bumper cut the rope.

"A woman came out of the Cannidy house and drove a butcher knife into his heart. Then the crowd came by and some kicked him and some drove their cars over him."

Men, women, and children were numbered in the vast throng that came to witness the lynching. It is reported from reliable sources that the little children, some of them mere tots, who lived in the Greenwood neighborhood, waited with sharpened sticks for the return of Neal's body, and that when it rolled in the dust on the road that awful night these little children drove their weapons deep into the flesh of the dead man.

The body, which by this time was horribly mutilated, was taken by the mob to Marianna, a distance of 10 or 11 miles, where it was hung to a tree on the northeast corner of the courthouse square. Pictures were taken of the mutilated form and hundreds of photographs were sold for 50 cents each. Scores of citizens viewed the body as it hung in the square. The body was perfectly nude until the early morning when someone had the

decency to hang a burlap sack over the middle of the body. The body was cut down about 8:30 Saturday morning, October 27, 1934.

Fingers and toes from Neal's body have been exhibited as souvenirs in Marianna where one man offered to divide the finger which he had with a friend as "a special favor." Another man has one of the fingers preserved in alcohol.

Mr. President, no one, however eminent he may be in the profession of the law; no Senator, regardless of his wisdom, his eloquence, or the sincerity of his purpose, can ever convince me that there is anything in the Constitution of the United States which says that the Congress cannot pass a law to drive this devastating, horrifying, infamous monster known as "lynching" or "mob murder" from this land. If there is a single phrase, or sentence, or syllable, in the Constitution to the effect that the United States cannot protect its humblest citizen, of whatever color or creed, against blood-curdling barbarities, such as were inflicted for more than 10 hours upon the agonized body of Claude Neal, such phrase, or sentence, or syllable, is a disgrace to the great charter of American liberty and should by appropriate means be forever stricken from that immortal document.

Some of the greatest legal authorities in the land have declared that they believe the Costigan-Wagner bill is constitutional. The Senate Committee on the Judiciary has unanimously decided that it is constitutional.

Let me remind my Democratic friends that the great Woodrow Wilson, in denouncing never-ending efforts to have all humanitarian legislation declared unconstitutional, once said:

> The Constitution of the United States is a vehicle of life, not a skeleton of fear.

In terrifying this body into silence on this subject with your specious argumentation you have, in defiance of Woodrow Wilson—one of the greatest men who has walked this earth since the morning stars sang together—made the Constitution of the United States a skeleton of fear.

Senators, when this measure again comes before this body, as it is almost certain to do, let us not make the Nation a laughing-stock by making the Constitution a skeleton of fear. Let us make that sacred instrumentality a vehicle of life which one of our greatest Democratic Presidents declared it to be, let us as Senators see to it that under that living instrument—which I pray God may never die—the people of this Nation, regardless of color or condition, enjoy absolute security of life and liberty and law until the end of time.

PAYMENT OF ADJUSTED-SERVICE CERTIFICATES

The Senate resumed the consideration of the bill (H. R. 3896) to provide for the immediate payment to veterans of the face value of their adjusted-service certificates, for controlled expansion of the currency, and to extend the time for filing applications for benefits under the World War Adjusted Compensation Act, and for other purposes.

MAKE GOOD ON THE PROMISE TO THE SOLDIERS

Mr. LONG. Mr. President, returning to the bonus fight, I wish to counsel with my friends in the Senate in the open as to the best method by which we can get a bonus bill that will mean the payment of a respectable sum of money to the soldiers and do some good for the country.

Some moments ago I addressed a question to the Senator from Oklahoma [Mr. THOMAS] as to whether or not our best strategy might not be to offer the Vinson bill as a substitute for the Harrison bill, so that we might have then a vote straight out on the Patman bill as against the Vinson bill.

The Senator from Oklahoma and myself at that time were apparently in agreement that the best thing we could do would be to adopt the Vinson bill as an amendment to the Harrison amendment, and then try to adopt the Patman bill as a substitute for the amendment known as the "Vinson bill."

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

Mr. LONG. I yield.

Mr. FRAZIER. If the Senator from Louisiana is about to address the Senate on this very important measure, I should like to suggest the absence of a quorum.

Mr. LONG. Mr. President, I dislike to have a quorum called, since it is rather late in the evening; but if the Senator desires to have a quorum present, I yield for that purpose.

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

The PRESIDING OFFICER. The clerk will call the roll.

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

Adams	Coolidge	King	Radcliffe
Ashurst	Copeland	La Follette	Robinson
Austin	Costigan	Lewis	Russell
Bachman	Couzens	Logan	Schall
Bailey	Dickinson	Lonergan	Schwellenbach
Bankhead	Dieterich	Long	Sheppard
Barbour	Donahey	McAdoo	Shipstead
Barkley	Duffy	McCarran	Smith
Bilbo	Fletcher	McGill	Steiwer
Black	Frazier	McKellar	Thomas, Okla.
Bone	Gerry	McNary	Thomas, Utah
Borah	Gibson	Metcalf	Townsend
Brown	Glass	Minton	Trammell
Bulkley	Gore	Moore	Truman
Bulow	Guffey	Murphy	Tydings
Burke	Hale	Murray	Vandenberg
Byrnes	Harrison	Neely	Van Nuys
Capper	Hastings	Nye	Wagner
Caraway	Hatch	O'Mahoney	Walsh
Carey	Hayden	Overton	Wheeler
Clark	Johnson	Pittman	White
Connally	Keyes	Pope	

Mr. LEWIS. Mr. President, I have earlier announced the absence of certain Senators, and I now repeat my announcement, and ask that it stand for the day.

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

Mr. LONG. Mr. President, I have risen for the purpose of trying to strike a note of harmony among those of us who want to pass a bonus bill.

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

Mr. LONG. I yield.

Mr. BLACK. Does not the Senator know that the bonus bill is now before the Senate?

Mr. LONG. Which bonus bill?

Mr. BLACK. The adjusted-service-certificate bill.

Mr. LONG. Does the Senator mean the Harrison amendment?

Mr. BLACK. I mean that the measure before the Senate is the bonus bill. The Senator is going to discuss that, is he? He is not going to engage in any filibuster?

Mr. LONG. No; I am going to discuss the bonus bill. I have never filibustered in my life. [Laughter in the galleries.]

Mr. President, we are up against two old-line forces here, and I hope we will not be caught between them. My good old-line Republican standpatter friends on the other side do not want any bonus bill, I am afraid; that is, those who call themselves standpatters. That does not include all of them who might be standpatters. The reactionary Democrats do not want any bonus bill, either. So now we are up against the proposition here of trying to get a bonus bill through.

I do not regard either the Harrison amendment or the Vinson bill as being a bill to pay the bonus. The question is as to what we ought to do. Should we pass the Vinson bill as against the Harrison amendment and then trust to beating the Vinson amendment with the Patman bill, or should we vote down the Vinson bill with a feeling of assurance that our chances are better to pass the Patman bill against the Harrison amendment than to pass it against the Vinson bill?

As I understand it, there are a good many Senators on the Republican side, and some on the Democratic side, who feel that they would have to vote for the Patman bill as against the Harrison amendment, but who might feel that they would not have to vote for the Patman bill against the Vinson bill. I do not know just why that is.

I understand the Vinson bill would somewhat mollify their situation, ease their consciences, of course, whereas that result would not follow if the Harrison amendment were left to a vote as against the Patman bill. I am wondering whether or not we should not begin to discuss strategy.

Mr. President, the move that has been taken is a very peculiar one. The Patman bill passed the House of Representatives. The House, after considerable study, went on record for the Patman bill. Under that bill the soldiers would be paid the bonus, and it would be of other benefit besides that. It would put a little money into circulation, which the country sadly needs. If the Patman bill were enacted, it would turn loose in the United States $2,100,000,000, which, without any interest charges against the Government, or any bonds, without any bonds whatever, without any bankers' discount, without any kind of delay, would all go directly into the pockets of the soldiers who fought the war of 1917–18.

Mr. President, of all the jujitsu objects that have been bounced about on the party feet of Democratic and Republican politicians, the soldier has been the one who has received the worst treatment. I have seen a Japanese artist take a barrel and toss it in 14 different directions. I have seen him take his hands and throw the barrel onto his feet and then take his feet and throw the barrel back to his hands. I have seen those artists balance a barrel in various and sundry positions, at one angle at one time and at another angle at another time, but I have never seen as many wriggling performances done by any Japanese jujitsu artist with a barrel or other object that he was handed to bounce about as have characterized the efforts to keep from paying the soldier a bonus, while Congress tried to make the soldier believe they were giving him something.

We never have been able to get from Congress anything for the ex-service men unless it was accompanied by something in the nature of a bounty to the bankers; it has never yet been possible to get a real soldiers' bonus bill out of the United States Congress since that question has been before it. Unless it was sweetened up and made into some kind of a bounty for the bankers of this country no kind of a soldiers' bonus was possible that would meet the approval of the President or secure sufficient votes in Congress to override a veto by the President.

The talk which has gone abroad is that the Patman bill has only one fault, which is that it might be vetoed by the President. Let Senators be told something from someone who knows something. [Laughter.] The President is not going to veto the Patman bill. Did I not tell the Senate here last year that he would not veto the Frazier-Lemke bill? When we were trying to put through that bill proposed by the Senator from North Dakota, and when the only objection urged at the eleventh hour was that it would be vetoed by the President of the United States, I said then that the President would not veto the Frazier-Lemke bill, and he did not. How did I know that? Not from any word that came to me from the President. He seldom sends me any word. [Laughter.] But I knew it, because I know the President is a good politician.

I am a politician and a candidate for reelection. I would not veto the bonus. The President is a politician and is a candidate for reelection. He will not veto the bonus. I ask Senators to put that down. I know what I am talking about. There is not any chance on earth of the President vetoing the bonus.

There is not any difference in politicians except which politician stays in and which one gets out. They are all doing what they think they had better do. That is axiom no. 1. That is the first axiom of the conscience of a politician—what he had better do comes first. That is the first axiom of a politician. That is the first thing on his conscience. I do not mean that is any ulterior motive. I mean that is a superior motive. What the politician had better do to stay a politician, that is law no. 1 with him—the law of self-preservation.

There is no more chance of the President vetoing the bonus bill, if the Senate shall pass the Patman bill, than there is of my voting against it—none whatever.

I introduced this same bill here last year. I thought it was a good bill then. In fact, I knew it was a good bill.

If Senators wish to do any good for the country, the best thing they can do, instead of having $4,800,000,000 wasted—and I will guarantee that at least 75 percent of it will be wasted from the way the last $3,000,000,000 was spent, as I saw it—the best thing Senators can do would be to take $2,100,000,000 of that money and pay it out on this Patman bill. It will do more good and less harm, cause less scandal, and result in greater stimulation of business to put out that $2,100,000,000 than it will to spend $4,800,000,000, for which the Government is going to issue bonds, without increasing the currency circulation.

If we had a circulating currency of seven and one-half billion dollars in America today instead of five and one-half billion dollars which we now have, I know that that circulation of 30 percent more money or 40 percent more money would do more good than the issuance of $4,800,000,000 more of bonds, which would place the payment of the interest on that much more money onto the backs of the people, and give them no more money with which to pay the interest than they had before that great amount of bonds was issued.

That is one of the main reasons why the Patman bill should be passed. From that standpoint alone it will do more good than all the laws issued in this session of the Congress—and I mean all of them—and also all the laws enacted in the last session of the Congress, including the blessed Blue Eagle and other laws of similar kind and character.

Mr. President, unfortunately we have a very queer situation. On a real issue of consequence we never have been able to divorce the leadership of the Democratic and the Republican Parties in the Senate. Remember what I am saying. I am not trying to give any offense to anyone, or talking about any one man. I am talking about the general vote of the Democrats on this side and the general vote of Republicans on the other side of the Chamber, who, when it comes down to a genuine issue, somehow or other are together. We never are able to divorce them. They are going to find themselves together now on this question. We shall have to adopt a little strategy so they cannot get together, at least so they will not dare to allow people to see them together. We shall have to make it so they cannot get under the same tent. They do not want to be seen together. The last thing they want is to have it known that they are really running together, and we must do something to bring about a situation so they cannot afford to get together.

Therefore, it seems to me we must force the hands of the standpatters over on the Republican side who would like to beat the Democrats next fall, and fix them up to the point where they cannot stand with the Senator from Mississippi [Mr. HARRISON], and fix the Senator from Mississippi up to the point where he cannot afford to stand with them. Therefore, the strategy which I am recommending seems to be at variance with what I thought would be the best policy. Advocates of the Patman bill seem to think we had better vote down the Vinson bill. The House advocates think so. I am informed that the author of this bill over in the House, the Congressman from Texas [Mr. PATMAN], believes we had best vote down the Vinson bill and take chances on voting the Harrison amendment down as against the Patman bill. That is the strategy we have to figure out. I believe we can work around here and get enough votes to pass this Patman bill if on this vote we can keep anyone from hiding behind the brush heaps.

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

Mr. LONG. I yield.

Mr. BLACK. The Senator is going to stay here with us this time, is he not? He is not going to play golf?

Mr. LONG. I have not played golf for a long time.

Mr. BLACK. I have not seen the Senator here for the last 3 days.

Mr. LONG. The Senator has not seen me here? The trouble with the Senator from Alabama, Mr. President, is that he does not want to come in and hear anything which will be helpful.

Mr. BLACK. I have been here all the time, Mr. President.

Mr. LONG. The trouble with the Senator from Alabama is that he does not listen to my advice nearly as much as

he ought to. Many times he is up here making as though he wants me to tell him what to do, and then when I go to the trouble of figuring out to tell him what to do, half the time he does not do it, and I am not going to spend my time any more doing so.

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

Mr. LONG. I yield.

Mr. BLACK. Half the time it is impossible to tell which side the Senator is on. I have called his attention to that a number of times. Therefore, half the time it is impossible to know which way to go for those who desire to follow him.

Mr. LONG. Mr. President, I will tell the Senator, any time he asks me, whether to vote yes or no. All in the world he has to do is to ask me, and I will tell him.

Mr. BLACK. Mr. President, I will ask the Senator whether he desired to vote for or against the motion to adjourn in connection with the bill which was up for several days.

Mr. LONG. What bill is the Senator talking about?

Mr. BLACK. Has the Senator been away all the time?

Mr. LONG. No, no; I have been around here, and between here and Iowa, for the past week. I have also been in Louisiana part of the time.

Mr. BLACK. We had a motion to adjourn and also a motion to recess, and I could not find out which side the Senator from Louisiana was on.

Mr. LONG. If the Senator from Alabama was making a speech I should have voted either to recess or to adjourn, whichever motion was up. It would not have made a bit of difference with me; I should have voted either to adjourn or to recess if the Senator was making a speech.

Mr. BLACK. I was not making a speech at that time.

Mr. LONG. Then I would have been willing to stay here.

Mr. BLACK. Would the Senator have been willing to vote in favor of adjournment?

Mr. LONG. That would depend on what was going on. If the Senator from Alabama was speaking——

Mr. BLACK. I was not speaking. I am stating that fact to the Senator.

Mr. LONG. The Senator was not speaking?

Mr. BLACK. No. Now, I want to know how the Senator would have voted on the motion to adjourn.

Mr. LONG. I should like to know what was the matter with the Senator, in view of the fact that he was not speaking.

Mr. BLACK. I should like to know how the Senator from Louisiana would have voted on the motion to adjourn.

Mr. LONG. If the Senator from Alabama was here listening to some one other than himself speak there was something wrong with the Senator, because I have never seen the Senator from Alabama stay here unless he himself was either fixing to speak or actually speaking.

Let me go a little further.

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

Mr. LONG. I yield.

Mr. BLACK. The Senator from Louisiana says he has not seen me here except when I was fixing to speak or when I was speaking. I desire to call the attention of the Senator from Louisiana to the fact that he evidently thinks I follow him all the time, because he has spoken all the time he was here when he could get the floor.

Mr. LONG. That is the trouble, Mr. President. If the Senator had listened to me as much as he ought to, he would have voted right all along the line. I could tell him a number of things as to how he ought to vote. I can tell him how he ought to vote on this bill.

Mr. BLACK. On which side is the Senator from Louisiana? I have been listening to him, and I cannot tell on which side he is.

Mr. LONG. I have been trying to say on which side I am.

Mr. BLACK. The Senator waits so long before he tells that I am unable to say on which side he is.

Mr. LONG. I am calling the Senator from Alabama in to consult with me in order that we may fully decide where to go.

Mr. BLACK. The Senator is going to call me into a conference?

Mr. LONG. I am going to call the Senator into the organization in order to make up our minds what to do. Is the Senator from Alabama for the bonus?

Mr. BLACK. Yes.

Mr. LONG. Which one?

Mr. BLACK. The one that will be the best and give the veteran the most money out of what is due him.

Mr. LONG. Will the Senator vote for the Patman bill?

Mr. BLACK. I will vote for the bill which has the most strength in the Senate.

Mr. LONG. Oh, the Senator is going to vote with the biggest vote? Then we shall have to wait for the roll call to find out how the Senator from Alabama will vote.

Mr. BLACK. No; I voted in the committee for the Vinson bill.

Mr. LONG. I see.

Mr. BLACK. I was sure it was stronger than the other. The Senator says he is going to have a conference. He says "we." I am trying to find out whom he includes in "we."

Mr. LONG. I am talking about all the Senators now, 95 of them. I am talking about all the Senators who are here.

Mr. BLACK. Then the Senator has accepted the leadership for both sides? [Laughter.]

Mr. LONG. Absolutely, at this time.

Mr. BLACK. At this time?

Mr. LONG. Yes. There is no question but that both sides need a leader right now. [Laughter.]

Mr. BLACK. I am sure the Senator's leadership is needed by the other side, and I am certain he has been working with them continuously for the past few months.

Mr. LONG. Of course, I do not want it to get back to Alabama that the Senator from Alabama is following me, Mr. President.

Mr. BLACK. I should not want it either, Mr. President, because I am not following the Senator. [Laughter.]

Mr. LONG. It was on behalf of the Senator from Alabama that I was making that point.

Now the Senator from Alabama says he will vote for the Vinson bill. What is in the Vinson bill? He says he will vote for it because it had the most votes in the committee. The Vinson bill does not appropriate a dollar with which to pay a bonus. As the Senator from Oklahoma said, we might as well have a resolution from the association of commerce that they were in favor of paying the bonus as to pass the Vinson bill. It does not pay the soldier a dime more than if we made nothing more than an empty gesture. That is the authority I have from the Senator from Oklahoma, which I did not hear disputed by the Senator from Alabama, if he was in the Senate Chamber. I doubt whether he was; but I am stating it under the impression, as I say, that the Senator was not here to hear the Senator from Oklahoma when he was speaking. The Senator is seldom here for anything of that kind, and yet he takes me to task if I happen to go and take a little rest when I have had a cold or a temperature of 102 degrees, and I go out to Iowa to make a speech.

Mr. President, we have to put the matter where the Senator from Alabama and his kind will be smoked out away from the Vinson bill, I am afraid. That is one of the gestures we have to watch. It therefore appears necessary that we shall not allow this bill to be misunderstood, unless I am wrong at this particular time and am again on the other side, as the Senator from Alabama accuses me. It therefore appears that the logic of the Senator from Alabama is that perhaps we had better not let the Senate get behind the Vinson bill, because it does not pay the soldier any money. Under the Vinson bill the soldier would not get a dime. We can pass the Vinson bill and the President can sign it, but it only gives the right to do certain things; it does not appropriate a dollar, and it does not accomplish

a real thing for the soldier. If its sponsors should get the Vinson bill passed, we would find that it only authorizes the issuance of bonds and the payment of some interest on bonds by the United States Government.

One thing about the Patman bill is that it gives $2,100,000,000 to the men who put muskets on their shoulders, and it does not cost the Government one dime in interest to any bank, and does not load us down with any future debt. It would do the country good. It would give us money to spend. It would stimulate the wheels of business and industry. It would pay off a debt the payment of which has been promised to these men since 1917 or 1918.

All of us are supposed to be veterans of the war, either in a private capacity or as a soldier, one way or the other. I was not as much of a private or as much of a soldier as others sitting in this body. I neither went to war nor did I vote to send anybody to war. It seems to me that those of us who did not attend the struggle should be the last ones to complain about the payment of the bonus which does—what? It is a bonus which merely equalizes the amount of money that the soldier already has received with what was received during the same length of service by the commonest laborer of that day and time. In other words, if the soldier gets every dime of this money in cash—and he will not get it unless we go through something like we did here last year with the Frazier-Lemke bill—he will get for the services he performed only a wage which equals what the common laboring man got for the same length of time out of his service.

How many know that? All the publicity which has been given about the soldiers' bonus has been of the most prejudicial kind, as though it was a balm being given to someone. It has undertaken to create the impression that the bonus is going to give the soldier some undue sum of money over and above what he would have earned in private life, when, as a matter of fact, it was properly termed an "adjusted compensation" under which the soldier who received a dollar a day is raised up to the standard of the $3 or $4 a day laborer doing the same time when he was in the trenches and when the common ordinary laborer was not taking any chance of being shot at.

It is, therefore, very apparent that the soldier finds himself in the hands of very clever political strategists. He finds himself being bounced back and forth with something that has a bonus label around it, and that is about all it has. He finds that it is tossed here and it is tossed there. Some bond or some stock or something that looks good or has a fine appearance of some kind is going to be given to him, and it is said it will be a benefit to the soldier, when, as a matter of fact, it is not intended to be any such thing, because it is going to cost the Government too much money.

I see this matter going only one way. If we vote against the Patman bill, we are not going to vote the soldier anything at all. I would rather not have it, if I were a soldier. I would rather have no bill than one which gives a mere shadow and carries no substance with it.

The Harrison bill would pay the soldier, I believe, about $175 or $180. The man who has already taken his certificate and obtained what he can on it will now be allowed, under the Harrison amendment, about $175 or $180. That is what I am told by Senators who have calculated the matter. Therefore, we come back to the veteran of the war with $175 or $180, provided we allow a certain amount of discount to be taken by the men dealing in Government bonds and the bankers who are discounting the notes which the Government is putting out for money. That is the only way we can get it under the Harrison bill.

The Vinson bill is probably not as good as the Harrison bill. I have not a copy of the Vinson bill here.

Mr. HARRISON. Mr. President——

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

Mr. LONG. I yield.

Mr. HARRISON. I am sure the Senator knows what is in the proposition; but under the Finance Committee amendment the veterans can get bonds bearing 3 percent or they can get cash.

Mr. LONG. Nobody wants bonds in this day and time, because bonds do not do anyone any good. There is not 1 soldier out of 250 who does not need the money. I base that statement on my judgment and what I know about people and about veterans.

Mr. HARRISON. The bonds are selling at 103 or 104.

Mr. LONG. Suppose they sell above par. The bonds will not sell that high.

Mr. HARRISON. We have a provision in the bill that they shall not be bought by anybody at less than par.

Mr. LONG. That would give the veteran $175 or $180. That is the bonus payment, $175 to the soldier under the Harrison amendment. The Vinson bill would not give him anything at all. The Vinson bill is just an empty gesture. If I understand its terms, the Vinson bill is just an empty gesture. If we pass the Vinson bill without some other affirmative action by Congress, we do not give the soldier a 10-cent piece. If I am in error about that, I should like to be corrected.

Therefore let us put the Senate on record right down the line. Let us put the Senate where it belongs on the matter. Are we with the House or not? The House has gone on record. The House has passed the Patman bill, which carries a definite, stipulated, substantial bonus to the soldier that we have owed him since 1918. The House has done its duty. What reason has the Senate to hide behind something on the ground of fear of a veto?

The House has had the courage—one of few times in this and the last Congress—to beard the lion in his den, and it has done what it should have done. It passed a bonus bill to pay these men what we owe them, and what we ought to have paid them many years ago. The House has done its part. Let the Senate now stand up on its hind legs and vote with the House and make the Patman bill the law in the shortest, quickest, most reasonable way it can be done.

I was not in favor of the strategy which was adopted here a few minutes ago. I think we ought to figure out a way to get the Patman bill to a vote first. I could not figure it out quickly enough, and I was relying on the ideas of more able parliamentarians than I am. They are better parliamentarians than I am, but they are not half as good politicians as I am and are likely to figure the thing out in the wrong way. I believe they made a mistake. I really think we ought to revise the Patman bill in some minor way and offer it as a substitute for the Harrison bill. I do not believe my Republican brethren across the aisle and some of my conservative brethren on this side of the aisle can afford to vote down the Patman bill and vote for the Harrison bill.

I do not believe we can do that. In other words, I think the soldier stands in a position where, as between the Harrison bill and the Patman bill, nearly every Member of Congress will see the necessity of doing something better than the Harrison bill proposes to do. That is a different proposition than the other bill.

So, Mr. President, I hope all of us who want the soldiers' bonus paid will stand together. I think we ought to stand on one common line here by tomorrow morning. I do not suppose any effort is to be made to take a vote this evening, is there? Is any vote to be taken on the bill this evening?

Mr. HARRISON. Mr. President, I had hoped we might secure a unanimous-consent agreement that tomorrow, say, at 1 o'clock, or at some other time, we would vote on the so-called "Vinson substitute." I have no desire to try to press for a vote this afternoon, but I did hope we could get that agreement for tomorrow. Would that meet the Senator's view? That would give him time to "get together" on something.

Mr. LONG. Mr. President, I do not know that I should have any personal objection to that. A number of Senators are not here this evening. It is rather late. I notice that the Senator from Oregon [Mr. McNary] is not here. I do not know how he, or others who are not here, would feel about the matter. I do not know that I should have any

particular objection; but what I am undertaking now to do is to avoid our being placed in a situation where these diplomatic Republicans and Democrats can get together.

In other words, there is a necessity here for dividing the army. Let us let them put one another "in bad" just as far as they can unless they come with us.

That is my view about this matter. The only way we are ever going to get justice here is to keep these fellows from getting friendly; and it seems to me they will have too many chances to justify their stand if we let them hide behind the Vinson bill. They will say: "Oh, well, you know, that is a pretty good bill, and a lot of the boys want it", and this and that and the other. "We did the best we could. It provides for all the money, and we will blame the President." That is what the Republicans will do, of course. They will go out and say, "We will blame the President for it. We passed the bonus bill, and he did not pay the bonus, and he did not provide the money after we voted it. He could pay it out of the public-works fund if he wanted to. He could pay it out of something else if he wanted to"; but in the meantime the soldier will not get any bonus.

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

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

Mr. LONG. I yield.

Mr. DUFFY. Does the Senator understand that the American Legion is advocating the passage of the Vinson bill?

Mr. LONG. I understood that their convention did; but nearly all the letters I have received from soldiers tell me that they want the Patman bill. I understood that the American Legion did adopt some kind of a resolution for the Vinson bill; but, if they did, they adopted a resolution endorsing something that would not pay a soldier a dollar. I do not care whether the American Legion did it or not. If they have endorsed a bill that will not pay a soldier a thin dime, they have made a bad mistake. That is the way I look at the matter; and if the American Legion did that, they have left themselves without anything to pay themselves anything with.

Mr. THOMAS of Oklahoma. Mr. President, will the Senator yield?

Mr. LONG. I yield to the Senator from Oklahoma.

Mr. THOMAS of Oklahoma. When the American Legion met in its last national convention the Vinson bill was not in existence. The only bill in existence was the Patman bill; so, when the Legion went on record in favor of the payment of the bonus, it must have gone on record in favor of the Patman bill.

After the convention was over, and Congress had convened, or about that time, the legislative committee of the American Legion met somewhere and evidently devised the Vinson bill, and the Vinson bill was introduced in the House; but the Vinson bill has come into existence since the American Legion convention went on record. The convention is on record in favor of the bonus; and the Patman bill being the only one before the country during the past few years, they must have been in favor of the Patman bill.

Mr. LONG. The Patman bill was introduced both in the Senate and in the House. I introduced it in the Senate. I took it from the House files and tried to attach it to a bill pending in the Senate as a rider; and it was the only proposal on the subject before the people at the time. I am sorry my friend from Wisconsin [Mr. DUFFY] has left the Chamber. If that convention met and endorsed the bonus, I should assume it thought it was voting for the bonus bill which at that time was pending in the Congress of the United States.

That is what I should have thought the convention was voting on; but, as the Senator from Oklahoma tells me, after this convention took a recess or adjourned and went out of business, the high muck-a-mucks met up here somewhere and drafted the Vinson bill. I do not know much about conventions, and I do not know much about these inner circles anyway; but if we could ascertain the personnel of the little clique that met and drafted the bill, I imagine we should find that there were not many lawyers in it who understood the bill as well as the general mass of the soldiers themselves would have understood it. I have not received a great many letters on the subject, because the soldiers know they do not have to write me. They know I am for the best bill. The soldiers know I am going to vote to pay them this money. They do not have to write me, because they know how I stand; but every letter I have received from a soldier, with the exception, I think, of one, told me they wanted the Patman bill, and that the Vinson bill would do no good at all.

That is the kind of correspondence I have received. The soldiers want the Patman bill; and anybody with enough gray matter to keep from being bored for a hollow horn would want a bill that paid them something instead of one that did not pay them anything.

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

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

Mr. LONG. I yield.

Mr. HATCH. Why does the Senator confine his statement to the soldiers, and say that the soldiers want the Patman bill? I receive letters from all types and classes of citizens in my State, whether they served in the war or not, favoring the Patman bill.

Mr. LONG. I thank the Senator from New Mexico. He contributes a very good line of thought. He states that he is getting letters from all types of people, and that all types of people want the Patman bill. The real business people want the Patman bill. I am not talking about the note-shavers and the market-riggers up here in Wall Street. I am not talking about the spider-web set that have to rake down about $9 out of every $10 a soldier gets before they can become patriotic. I am not talking about the set that fill the little banks with Argentine bonds, and then yell that the little banks ought to be closed up because the bonds are not any good. I am not talking about the set that hung out the Star-Spangled Banner, and hired a brass band to play 365 mornings out of 366, and then yelled as if they were going to be put out of business in case the soldiers were paid a bonus after they came back. I am not talking about the gang up there who have always been down here undertaking to rake off a billion or two billion dollars out of every Congress that ever met, but who are always raising a great, big bellow that the United States Government is going to be bankrupted if a billion dollars goes out to the soldiers. Congress has allowed that kind of trickery and those "hookamacrook" schemes from that Wall Street gang of market-rigging bankers to keep the soldier from ever cashing out on a bonus that has been promised him now for 18 or 19 straight consecutive years. Every time we come in here the soldier is told that in just a few more reaches he is going to get the bonus. It is always being put just a little bit away from him.

Mr. SMITH. "Just around the corner."

Mr. LONG. "Just around the corner", the Senator from South Carolina says. Bless your soul, we are right back with Brother Herbert Hoover again. [Laughter.] We never will get away from him. Just as surely as that man lives, he will be made a saint. I do not think he is a Catholic, but neither am I; but if he will change his religion, I will bet a hundred dollars the Pope will make him a saint before next year. [Laughter.]

There has never been a man who has lived as long in thought and in action as Mr. Hoover. He is being followed, and his precepts are being observed today like those of no other living man. He is being outdone—yes, sir! "John Brown's body lies a-mould'ring in the grave", but his work goes marching on. Herbert Hoover is in Palo Alto, however, and he is being outdone every day. He does not have to die in order to have his examples live. He can stay alive and see them going on.

No man on the living earth deserves a birthday cake with twice as many candles on it as he is years old as Hoover does; and today those who follow his example are still coming around and saying, "Just around the corner; just around the corner." Here is the Vinson bill, which authorizes the

issuance of bonds if and when and as the authorities want to issue them, and if and when and as, and as not, they appropriate the money to pay the bonds.

Then comes this blessed amendment which the Senate Finance Committee sends here, through its illustrious chairman, my neighbor from over in the State of Mississippi, who bustles in here with this thing.

$175! $175! $175! Is not that a remarkable thing? One hundred and seventy-five cold simoleons, $175—giving the soldier just about as much money as one of these Representatives or Senators drew for the time it took him to decide on whether he would vote to declare war or not.

Let us see. We get $10,000 a year. That is $30 a day, and $175 would just about equal the pay for 6 days. So they are going to pay $175 to the man who faced the musket and acted as the cannon fodder, who went 3,000 miles away to make the world safe for democracy, and then later came back to find that democracy was not only made unsafe over there, but a dictatorship was to be established over here, if possible. They are now going to feel sorry and fall down on their knees and say they are doing justice when the soldier will get just exactly as much money as the Congressman got for 6 days while he was deliberating as to whether he would or would not send the soldiers to war. That is a nice thing, the equivalent of 6 days' pay of the Congressman who was deliberating as to whether he would put the man in the trench or not, to be given to the man who accidentally got back from the trench, if he got back.

Of course, this does not take into consideration the chance the man took of never coming back. Oh, we made some wonderful speeches in those days when the young men were being sent "over there." Yes, sir; they sang all the songs and the bands all played, and everything was going to be simply hunky-dory when they got back. Not only were they going to kill the fatted calf, not only were they going to put princely robing on the back of the prodigal son when he returned from overseas; there was not going to be one calf only, they were going to kill a flock of yearlings, and they were going to put on him such a shining robe as would have put the Queen of Sheba to shame. Nothing was to be too good for the soldiers when they returned from the war.

Mr. President, I had two brothers-in-law who came back. Both of them had jobs when the war broke out, and were making a good living, working in the oil fields, drawing anywhere from $200 to $250 a month. They were sent over there and they were ordered about over the country and on the seas, in the Army and in the Navy. One of them came back with a trouble from which he has never been able to recover, the other with practically no health at all. Neither of them has ever been able to get a job he could hold any length of time, because they were physically unable to work. Neither of them was found to be within the classification where he could get anything out of the Government. They went away good men, they came back physical wrecks.

I saw many other young men, some of them lawyers, going away, giving up any chance they had to practice. The flags were flying, the bands were playing, Congressmen were making fine, eloquent speeches. Everywhere we heard "Over There! Over There! Over There!"

Now, what have they over here? All we hear is "$175"! The patriotism of the American Senate has finally gotten down from making the world safe for democracy to $175 a head, provided we let the banker have a shave of about that much before the soldier gets it.

God bless the bankers! God bless the bankers! Never let them lose out in this country. Never come into the Halls of Congress, if you know anything about passing legislation, undertaking to give something to a soldier or to anyone else, unless you tie a string to it and give some banker part of it. If you try it, the legislation will not go through. Put something on it that will give a rake-off or a shave for the Wall Street element, and you will have a better chance. That is this case.

Bonds! More bonds! How many bonds do you want? There are about $30,000,000,000 of bonds outstanding now. A law has just been passed under which $4,800,000,000 more of bonds will be issued, which will make about $35,000,000,000. There are two or three boards sitting around in Washington now—I have not added them all up—and I am told that they will require around $4,000,000,000 more.

If we lose in the next campaign—and as it is going on it looks as if we will—the other side will vote four or five billions of bonds. They want something. They are not going to let you play this game forever. They want to be in on it. You cannot expect them to let this thing dry up and they get nothing out of it. After we have had $5,000,000,000 they will want $5,000,000,000. If we have $5,000,000,000 now, how are we going to keep them from getting $5,000,000,000 themselves?

There will always be the necessity for a medium of exchange to carry on the business of the country, and as long as that kind of condition exists, there will be talk of "bonds, bonds, bonds", and there will be interest on the bonds.

The bond issues now are up to the point where there are outstanding thirty-one or thirty-two billion dollars of bonds of the United States Government, or bonds for which the United States Government is responsible. When I say the Government is responsible, I mean that, directly or indirectly, the Government is responsible for all the bonds issued for all these little organizations sitting around here in Washington.

Then there is a municipal bonded indebtedness of eighteen or twenty billion dollars, in addition. That makes $55,000,000,000 of bonds, or somewhere near that amount, and when we figure up the interest on the bonds and figure up the taxes the people of this country are paying today, we find that the interest on the debts and the taxes together amount to $28,000,000,000, against a national income of $42,000,000,000 figuring the public and private obligations of this country.

Every time there is passed a recovery measure for the assistance of the people, more bonds are issued, and every time bonds are issued the obligation of the people to pay the interest on the money is increased, the people are burdened with that much more of an obligation, and have less with which to discharge it. Still we go on and on, raking from the bottom and placing upon the top in bonds and bonds and interest on bonds multiplied.

Mr. President, I want the soldier to get something out of this bonus bill if it is to be passed. I want Senators who are in favor of the bill to understand one way in which that can be accomplished. Let us make up our minds that we will stand for the method that will best accomplish the enactment of the Patman bill. If voting down the Vinson bill will come nearer doing it, let us do that, because, remember, we are getting nothing with the Vinson bill, and practically nothing with the Harrison bill. We must either get the Patman bill or nothing.

I wish to say to Senators that, in my opinion, a vote for any other bill than the Patman bill is not a vote for the bonus. No other bill provides enough to be a bonus. The only bill that will provide anything at all is the Patman bill. Therefore, I think we had better change our minds.

I want Senators to think this matter over. I think we had better change our minds and vote against the Vinson bill, and then vote for the Patman bill as against the Harrison bill. I would vote for the Patman bill as against the Vinson bill, but there are many more votes to be had in favor of the Patman bill as against the Harrison bill than there are votes to be had in favor of the Patman bill as against the Vinson bill.

For that reason I think we should take the most practical course and undertake to pass the Patman bill.

I shall not delay a vote on this bill. I have only spoken here this afternoon for some 30 minutes. I do not intend to detain the Senate very much longer. I hope the Senate will not get caught in a strategic position by which there is an escape for men who might vote for the Patman bill

unless we colored the situation to where their conscience was satisfied with something else. I desire to take a practical course. So let us take a practical course. Let us come back here tomorrow and vote down the Vinson bill and then vote for the Patman bill against the Harrison bill.

I yield the floor, Mr. President.

EXECUTIVE SESSION

Mr. HARRISON. Mr. President, I do not think there is any desire to discuss the bill further this afternoon. Several Senators have left the Chamber thinking there would not be a vote today. So I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE MESSAGES REFERRED

The PRESIDING OFFICER (Mr. MINTON in the chair), laid before the Senate messages from the President of the United States submitting sundry nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

EXECUTIVE REPORTS OF A COMMITTEE

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, reported favorably the nominations of sundry postmasters.

He also, from the same committee, reported adversely the nomination of Henry B. Foster to be postmaster at Haleyville, Ala., in place of F. M. Johnson, resigned.

The PRESIDING OFFICER. The reports will be placed on the Executive Calendar.

POSTMASTERS

The Chief Clerk proceeded to read sundry nominations of postmasters.

Mr. McKELLAR. I ask unanimous consent that the nominations of postmasters on the calendar be confirmed en bloc.

The PRESIDING OFFICER. Without objection, it is so ordered, and the nominations are confirmed en bloc.

That completes the calendar.

RECESS

Mr. HARRISON. As in legislative session, I move that the Senate take a recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 4 o'clock and 32 minutes p. m.) the Senate, as in legislative session, took a recess until tomorrow, Friday, May 3, 1935, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate May 2 (legislative day of May 1), 1935

DIPLOMATIC AND FOREIGN SERVICE

John R. Putnam, of Oregon, now a Foreign Service officer of class 3 and a consul, to be a consul general of the United States of America.

PROMOTIONS IN THE NAVY

The following-named lieutenants to be lieutenant commanders in the Navy from the 1st day of June 1934:

Joseph W. McColl, Jr.
Burton E. Rokes

The following-named lieutenants to be lieutenant commanders in the Navy from the 30th day of June 1934:

Cyril E. Taylor
Lewis R. McDowell
Roscoe F. Good

Lt. Edward E. Pare to be a lieutenant commander in the Navy from the 1st day of October 1934.

Lt. Felix L. Baker to be a lieutenant commander in the Navy from the 12th day of December 1934.

Lt. Oberlin C. Laird to be a lieutenant commander in the Navy from the 1st day of January 1935.

The following-named lieutenants to be lieutenant commanders in the Navy from the 1st day of February 1935:

Lewis Corman
Hugh E. Haven

Lt. (Jr. Gr.) Gerald B. Ogle to be a lieutenant in the Navy from the 1st day of January 1934.

Lt. (Jr. Gr.) Neville L. McDowell to be a lieutenant in the Navy from the 1st day of June 1934.

Lt. (Jr. Gr.) Eugene E. Paro to be a lieutenant in the Navy from the 1st day of October 1934.

Lt. (Jr. Gr.) Wallace S. Newton to be a lieutenant in the Navy from the 1st day of December 1934.

Lt. (Jr. Gr.) Rodmon D. Smith to be a lieutenant in the Navy from the 1st day of January 1935.

Lt. (Jr. Gr.) Lewis S. Parks to be a lieutenant in the Navy from the 27th day of January 1935.

The following-named lieutenants (junior grade) to be lieutenants in the Navy from the 1st day of February 1935:

Donald C. Beard
Alwin D. Kramer

Lt. (Jr. Gr.) Harold C. Pound to be a lieutenant in the Navy from the 19th day of February 1935.

Lt. (Jr. Gr.) Willard K. Goodney to be a lieutenant in the Navy from the 1st day of March 1935.

The following-named ensigns to be lieutenants (junior grade) in the Navy from the 4th day of June 1934:

Arthur L. Wilson — Nelson M. Head
Alfred B. Metsger — Carlton C. Lucas

Passed Asst. Paymaster Gordon S. Bower to be a paymaster in the Navy, with rank of lieutenant commander, from the 1st day of January 1934.

Passed Asst. Paymaster Guild Bruda to be a paymaster in the Navy, with rank of lieutenant commander, from the 1st day of March 1934.

The following-named civil engineers to be civil engineers in the Navy, with rank of commander, from the 1st day of August 1934:

James T. Mathews
Paul J. Searles

Carpenter Robert L. Barry to be a chief carpenter in the Navy, to rank with but after ensign, from the 1st day of October 1934.

The following-named lieutenant commanders to be lieutenant commanders in the Navy, to rank from the dates stated opposite their names, to correct the date of rank as previously nominated and confirmed:

Harry L. Thompson, June 4, 1931.
Arthur Gavin, December 9, 1931.
Raymond G. Deewall, October 19, 1933.
John Q. Chapman, November 1, 1933.
Harry F. Newton, November 1, 1933.
Charles M. Johnson, November 12, 1933.
Henry L. Pitts, November 13, 1933.
Charles F. Waters, December 1, 1933.
Edward B. Peterson, December 1, 1933.
Charles R. Jeffs, January 1, 1934.
Raymond E. Farnsworth, January 1, 1934.
Leslie E. Gehres, January 4, 1934.
Donald McA. Mackey, April 1, 1934.
Barrett Studley, May 1, 1934.
George T. Campbell, May 10, 1934.
Thomas J. Bay, June 29, 1934.
Henry S. Nielson, June 30, 1934.
Ernest W. Litch, July 1, 1934.
Elwood M. Tillson, August 1, 1934.
Warner W. Angerer, September 8, 1934.
George A. Seitz, October 1, 1934.

The following-named lieutenants to be lieutenants in the Navy, to rank from the dates stated opposite their names, to correct the date of rank as previously nominated and confirmed:

Willis E. Cleaves, March 1, 1933.
George A. Sinclair, April 5, 1933.
Thomas A. Turner, Jr., April 1, 1933.
Kenneth Earl, May 1, 1933.
James B. Ricketts, May 21, 1933.
Allen P. Calvert, June 1, 1933.
LeRoi B. Blaylock, June 8, 1933.
Harold B. Miller, June 9, 1933.
Robert S. Carr, June 30, 1933.
Wilkie H. Brereton, June 30, 1933.

Louis D. Sharp, Jr., July 1, 1933.
Lawrence J. McPeake, July 1, 1933.
William H. Duvall, July 16, 1933.
William E. Verge, July 19, 1933.
Donald J. Ramsey, August 1, 1933.
Henry E. Richter, August 1, 1933.
William R. McCaleb, September 1, 1933.
Archibald G. W. McFadden, September 1, 1933.
Joseph I. Taylor, Jr., September 1, 1933.
Edwin J. Taylor, Jr., October 1, 1933.
Dewey H. Collins, October 1, 1933.
Wallis F. Petersen, October 1, 1933.
Charles C. McDonald, October 2, 1933.
William V. Deutermann, October 19, 1933.
John H. Morrill, November 1, 1933.
Elliott W. Shanklin, November 1, 1933.
Albert N. Perkins, November 12, 1933.
John E. Spahn, November 19, 1933.
Chester E. Carroll, November 23, 1933.
John B. Rooney, December 1, 1933.
Frederick J. Bell, December 1, 1933.
Frank H. Ball, December 1, 1933.
Max C. Stormes, January 1, 1934.
Richard F. Johnson, Jr., January 1, 1934.
Henry W. Goodall, January 4, 1934.
Glenn R. Hartwig, January 16, 1934.
Charles A. Ferriter, January 16, 1934.
Harry B. Temple, February 1, 1934.
Thomas C. Ritchie, February 1, 1934.
John C. Daniel, April 1, 1934.
John L. Melgaard, August 1, 1934.
Joe W. Stryker, September 1, 1934.
Cecil B. Gill, September 8, 1934.
Bruce D. Kelley, October 13, 1934.
Franklin D. Karns, Jr., October 27, 1934.
Horace W. Blakeslee, November 1, 1934.
Anthony L. Rorschach, November 7, 1934.
Chester C. Smith, November 10, 1934.
George C. Wright, November 11, 1934.
Clarence C. Ray, December 27, 1934.

The following-named surgeons to be surgeons in the Navy, with the rank of lieutenant commander, to rank from the 10th day of May 1934, to correct the date of rank as previously nominated and confirmed:

Charles F. Behrens	James J. O'Connor
Albert J. Desautels	Loyd L. Edmisten
Robert M. Cochrane	Robert E. Duncan
Ben Hollander	Fred M. Rohow
Navy F. X. Banvard	

The following-named passed assistant surgeons to be passed assistant surgeons in the Navy, with the rank of lieutenant, to rank from the 14th day of June 1932, to correct the date of rank as previously nominated and confirmed:

Charles F. Flower	Thomas Jackson, Jr.
Harold V. Packard	Glenn S. Campbell
Leon D. Carson	Herman M. Maveety
Gerald W. Smith	Charles R. Wilcox
Thomas M. Arrasmith, Jr.	French R. Moore
Franklin V. Sunderland	Joseph W. Kimbrough
Walter F. James	Raymond W. Hege
Arthur W. Loy	Bruce E. Bradley
Albert T. Walker	Theophilus F. Weinert
Albert Ickstadt, Jr.	

Dental Surg. Raymond D. Reid to be a dental surgeon in the Navy, with the rank of lieutenant commander, to rank from the 10th day of May 1934, to correct the date of rank as previously nominated and confirmed.

The following-named passed assistant dental surgeons to be passed assistant dental surgeons in the Navy, with the rank of lieutenant, to rank from the 14th day of June 1932, to correct the date of rank as previously nominated and confirmed:

Herman P. Riebe	Alvin F. Miller
Eric B. Hoag	James L. Purcell
Rae D. Pitton	Ralph W. Malone
Clifford T. Logan	

The following-named passed assistant dental surgeons to be passed assistant dental surgeons in the Navy, with the rank of lieutenant, to rank from the 20th day of June 1932, to correct the date of rank as previously nominated and confirmed:

Frank K. Sullivan	Alfred Dinsmore
Arthur Siegel	Edward H. Delaney
Hector J. A. MacInnis	

The following-named paymasters to be paymasters in the Navy, with the rank of lieutenant commander, to rank from the 1st day of November 1933, to correct the date of rank as previously nominated and confirmed:

Robert H. Mattox
Jonas F. Rupert

The following-named paymasters to be paymasters in the Navy, with the rank of lieutenant commander, to rank from the 1st day of December 1933, to correct the date of rank as previously nominated and confirmed:

Robert G. Robeson
Isaac W. Thompson
Frederick Schwab

The following-named paymasters to be paymasters in the Navy, with the rank of lieutenant commander, to rank from the 1st day of January 1934, to correct the date of rank as previously nominated and confirmed:

Raphael Gering	Samuel L. Bates
Fillmore S. C. Layman	Robert R. Thompson
Harold R. Lehmann	John C. Poshepny
Leon I. Smith	Edward Mixon
Myron W. Willard	Henry C. McGinnis
Archie A. Antrim	Frank J. Manley
John H. Gallion	Harry F. Hake
Harold E. Humphreys	Harry G. Kinnard
Hugh A. Phares	Percival F. Patten
Percy W. McCord	Michael A. Sprengel
James E. Brennen	William E. McCain
Tipton F. Woodward	Golden F. Davis
George P. Smallman	Grandison J. Tyler
George E. Duffy	Chester B. Peake
George L. Thomas	

The following-named paymasters to be paymasters in the Navy, with the rank of lieutenant commander, to rank from the 1st day of April 1934, to correct the date of rank as previously nominated and confirmed:

Frank P. Delehanty
Worth B. Beacham
Carl J. Buck

Paymaster John H. Skillman to be a paymaster in the Navy, with the rank of lieutenant commander, to rank from the 1st day of May 1934, to correct the date of rank as previously nominated and confirmed.

The following-named paymasters to be paymasters in the Navy, with the rank of lieutenant commander, to rank from the 29th day of June 1934, to correct the date of rank as previously nominated and confirmed:

Charles D. Kirk	Walter W. Mahany
Charles S. Bailey	John H. Davis

Passed Asst. Paymaster Arnold R. Kline to be a passed assistant paymaster in the Navy, with the rank of lieutenant, to rank from the 2d day of October 1933, to correct the date of rank as previously nominated and confirmed.

Passed Asst. Paymaster Lloyd H. Thomas to be a passed assistant paymaster in the Navy, with the rank of lieutenant, to rank from the 19th day of October 1933, to correct the date of rank as previously nominated and confirmed.

Passed Asst. Paymaster Joseph L. Herlihy to be a passed assistant paymaster in the Navy, with the rank of lieutenant, to rank from the 10th day of March 1934, to correct the date of rank as previously nominated and confirmed.

Chief Boatswain Harold S. Bogan to be a chief boatswain in the Navy, to rank with but after ensign from the 10th day of November 1927, to correct the date of rank as previously nominated and confirmed.

MARINE CORPS

Maj. John M. Arthur to be a lieutenant colonel in the Marine Corps from the 1st day of May 1935.

The following-named captains to be majors in the Marine Corps from the 1st day of May 1935:

Robert H. Pepper
John B. Wilson

The following-named first lieutenants to be captains in the Marine Corps from the 1st day of May 1935:

Merrill B. Twining — William R. Hughes
Frank H. Lamson-Scribner — William J. Scheyer

Second Lt. John B. Hendry to be a first lieutenant in the Marine Corps from the 9th day of March 1935.

POSTMASTERS

ALABAMA

George W. Floyd to be postmaster at Alabama City, Ala., in place of F. M. Fitts. Incumbent's commission expired January 23, 1935.

William L. Mason to be postmaster at Attalla, Ala., in place of M. E. Stephens, resigned.

Eunice D. King to be postmaster at Midway, Ala., in place of N. M. King. Incumbent's commission expired March 8, 1934.

Addie M. Cannon to be postmaster at Mount Vernon, Ala., in place of A. M. Cannon. Incumbent's commission expired January 22, 1935.

ARIZONA

Martha L. Davey to be postmaster at Clarkdale, Ariz., in place of B. W. Hugo, resigned.

ARKANSAS

Roy R. Golden to be postmaster at Arkadelphia, Ark., in place of L. E. Tennyson, removed.

Robert W. Moore to be postmaster at Black Rock, Ark., in place of L. W. McKenney. Incumbent's commission expired February 21, 1935.

George A. Lamb to be postmaster at Bono, Ark. Office became Presidential July 1, 1934.

Johnson M. Lide to be postmaster at Camden, Ark., in place of C. I. Grayson, removed.

Grover L. Webb to be postmaster at Delight, Ark., in place of C. R. Burnham, resigned.

Robert M. Wilson to be postmaster at Hope, Ark., in place of J. A. Davis, transferred.

Bunyan Gilbert to be postmaster at McRae, Ark., in place of Estella Cherry. Incumbent's commission expired February 21, 1935.

Eva C. Teague to be postmaster at Manila, Ark., in place of G. L. Stuart. Incumbent's commission expired December 20, 1934.

R. Owen Tomlinson to be postmaster at Melbourne, Ark., in place of J. T. Baxter. Incumbent's commission expired December 16, 1934.

CALIFORNIA

Frances Luna to be postmaster at Alvarado, Calif., in place of Albert Norris, deceased.

Ira H. Grim to be postmaster at Campbell, Calif., in place of H. C. Smith. Incumbent's commission expired December 18, 1934.

Manuel W. Lewis to be postmaster at Centerville, Calif., in place of A. M. Santos. Incumbent's commission expired June 4, 1934.

Frank Micheletti to be postmaster at Colma, Calif., in place of V. V. Jess. Incumbent's commission expired February 10, 1934.

William M. Kincaid to be postmaster at Cucamonga, Calif., in place of A. C. Beattie. Incumbent's commission expired July 3, 1934.

Loyal E. Crosby to be postmaster at Del Rey, Calif., in place of N. S. Petersen. Incumbent's commission expired April 22, 1934.

Lee A. Harris to be postmaster at Holtville, Calif., in place of R. R. Ryerson, removed.

Arthur J. Haycox to be postmaster at Hueneme, Calif., in place of M. E. Dewar, removed.

Joseph M. Arnold to be postmaster at King City, Calif., in place of P. V. Gleason. Incumbent's commission expired December 18, 1934.

William Clyde Rothermel to be postmaster at Kingsburg, Calif., in place of P. H. Nordstrom. Incumbent's commission expired May 7, 1934.

Pauline New to be postmaster at La Crescenta, Calif., in place of Rebecca Dabney. Incumbent's commission expired April 2, 1934.

Ada E. Purpus to be postmaster at Laguna Beach, Calif., in place of D. S. Norton. Incumbent's commission expired December 18, 1933.

Mae A. Cheda to be postmaster at Point Reyes Station, Calif., in place of W. J. Scilacci. Incumbent's commission expired March 26, 1932.

Elizabeth B. Knowlton to be postmaster at Randsburg, Calif., in place of E. B. Knowlton. Incumbent's commission expired February 21, 1935.

Joseph P. Quinlan to be postmaster at South San Francisco, Calif., in place of L. G. Hardy, Jr. Incumbent's commission expired February 14, 1935.

COLORADO

Faye P. Steffen to be postmaster at Bennett, Colo., in place of A. M. Ward. Incumbent's commission expired January 22, 1935.

Agnes J. Beynon to be postmaster at Frederick, Colo., in place of J. G. Jardine. Incumbent's commission expired January 13, 1935.

CONNECTICUT

Julius H. Berglund to be postmaster at Georgetown, Conn., in place of F. R. Bergfors. Incumbent's commission expired June 20, 1934.

Walter G. Barker to be postmaster at Niantic, Conn., in place of C. E. Chapman, removed.

Joseph T. McCarthy to be postmaster at Plainville, Conn., in place of J. E. Usher, resigned.

W. Gardiner Davis to be postmaster at Pomfret Center, Conn., in place of W. G. Davis. Incumbent's commission expired January 22, 1935.

Frank R. Stevens to be postmaster at Rowayton, Conn., in place of A. F. Bond. Incumbent's commission expired February 25, 1934.

William B. Hanley to be postmaster at Stafford Springs, Conn., in place of Anders Jacobsen. Incumbent's commission expired April 16, 1934.

Robert E. A. Doherty to be postmaster at Winsted, Conn., in place of G. L. Benedict, retired.

FLORIDA

Alexander M. McDaniel to be postmaster at Bunnell, Fla., in place of H. E. Duttenhaver. Incumbent's commission expired February 14, 1935.

J. Frank Cochran to be postmaster at Tallahassee, Fla., in place of T. J. Chason, transferred.

Mark L. Calder to be postmaster at Titusville, Fla., in place of A. B. Locke. Incumbent's commission expired January 22, 1935.

Albert W. Kelso to be postmaster at Winter Haven, Fla., in place of F. E. Hall. Incumbent's commission expired January 7, 1935.

GEORGIA

Walter G. Hodges to be postmaster at Hartwell, Ga., in place of J. C. Massey. Incumbent's commission expired February 25, 1935.

George S. Gardner to be postmaster at Montezuma, Ga., in place of L. F. Hays. Incumbent's commission expired December 18, 1934.

Grady Adams to be postmaster at Moultrie, Ga., in place of D. M. McKee. Incumbent's commission expired February 25, 1935.

ILLINOIS

Clarence O. Dreher to be postmaster at Atlanta, Ill., in place of C. I. Miller, deceased.

Walter C. Vass to be postmaster at Centralia, Ill., in place of Percy Gaston. Incumbent's commission expired March 2, 1935.

Martin W. Robertson to be postmaster at Creal Springs, Ill., in place of C. O. Anderson. Incumbent's commission expired April 2, 1934.

Hazel A. Richmond to be postmaster at Fillmore, Ill., in place of O. B. Lane. Incumbent's commission expired April 28, 1934.

Henry Swanson to be postmaster at Geneva, Ill., in place of B. A. Miller, transferred.

Mary B. East to be postmaster at Highwood, Ill., in place of H. L. East, deceased.

Joseph A. Masonick to be postmaster at Lake Bluff, Ill., in place of G. A. Bowen. Incumbent's commission expired December 20, 1932.

Helen L. Frank to be postmaster at Lake Zurich, Ill., in place of Otto Frank, deceased.

Frank H. Morgan to be postmaster at Okawville, Ill., in place of C. A. Bailey. Incumbent's commission expired June 24, 1934.

Edna O. Trumbull to be postmaster at River Grove, Ill., in place of H. P. W. Trumbull, resigned.

Gertrude M. Molidor to be postmaster at Round Lake, Ill., in place of C. G. Brainard. Incumbent's commission expired December 18, 1933.

INDIANA

Noel A. Booher to be postmaster at Albany, Ind., in place of D. C. Engle. Incumbent's commission expired March 8, 1934.

Basil L. Ferguson to be postmaster at Bargersville, Ind., in place of M. T. Dunn. Incumbent's commission expired January 13, 1935.

Irvin J. L. Harmeier to be postmaster at Cambridge City, Ind., in place of H. R. Foss, removed.

William E. Morrison to be postmaster at Cloverdale, Ind., in place of D. E. Denny, removed.

Earl W. Miller to be postmaster at Coal City, Ind., in place of C. E. Smith. Incumbent's commission expired January 28, 1935.

William H. Luking to be postmaster at Connersville, Ind., in place of Chester Boone. Incumbent's commission expired June 20, 1934.

Earle C. Stewart to be postmaster at Daleville, Ind., in place of J. E. Greene. Incumbent's commission expired June 4, 1934.

Robert R. Saunders to be postmaster at Eaton, Ind., in place of H. C. Hyer. Incumbent's commission expired March 8, 1934.

Merle F. Shepard to be postmaster at Edwardsport, Ind., in place of J. N. Wright. Incumbent's commission expired January 22, 1935.

Audley Dildine to be postmaster at Gaston, Ind., in place of J. B. Fornwald. Incumbent's commission expired December 18, 1934.

Albert Rumbach to be postmaster at Jasper, Ind., in place of G. E. Norman, resigned.

Harry T. Ferguson to be postmaster at Jeffersonville, Ind., in place of W. B. Thornley. Incumbent's commission expired December 18, 1934.

Rowland R. Morgan to be postmaster at Knightstown, Ind., in place of R. S. Ward, transferred.

Jess E. Stevens to be postmaster at Liberty, Ind., in place of L. L. Bond, resigned.

Lee Fattic to be postmaster at Middletown, Ind., in place of H. P. Goff, removed.

Charles J. Roy to be postmaster at Mishawaka, Ind., in place of R. W. Gaylor, resigned.

Louis W. Thomas to be postmaster at Mount Vernon, Ind., in place of P. E. Rowe, removed.

George W. Carrier to be postmaster at Newcastle, Ind., in place of S. J. Bufkin, resigned.

William L. Newbold to be postmaster at Rushville, Ind., in place of Clen Miller. Incumbent's commission expired April 15, 1934.

Russell L. Hildebrand to be postmaster at Sandborn, Ind., in place of B. C. Lind. Incumbent's commission expired January 28, 1935.

Charles A. Wall to be postmaster at Winchester, Ind., in place of D. M. Simmons, removed.

IOWA

Jens P. Jensen to be postmaster at Bode, Iowa, in place of J. F. Temple. Incumbent's commission expired January 16, 1934.

Jacob VanHoute, Jr., to be postmaster at Boyden, Iowa, in place of H. W. Pitstick. Incumbent's commission expired December 18, 1933.

Harry J. McFarland to be postmaster at Davenport, Iowa, in place of C. S. Lewis. Incumbent's commission expired January 22, 1935.

Ralph Schroeder to be postmaster at Dysart, Iowa, in place of A. R. Kullmer. Incumbent's commission expired January 22, 1935.

Theodore F. Schmitz to be postmaster at Ossian, Iowa, in place of Otto Anderson. Incumbent's commission expired February 25, 1935.

George S. Peters to be postmaster at Renwick, Iowa, in place of C. A. Richardson. Incumbent's commission expired December 18, 1933.

Chris H. Bokmeyer to be postmaster at Sheffield, Iowa, in place of C. C. Yelland, removed.

Lewis R. Kinsey to be postmaster at West Branch, Iowa, in place of O. O. Yoder. Incumbent's commission expired January 28, 1935.

KANSAS

Walter C. Reeder to be postmaster at Kinsley, Kans., in place of T. H. Rinne. Incumbent's commission expired December 18, 1934.

Louis A. Kopachek to be postmaster at Leonardville, Kans., in place of Henry Uhlenhop. Incumbent's commission expired April 28, 1934.

Hugh Lee to be postmaster at Louisburg, Kans., in place of Stephen Young, removed.

KENTUCKY

Gena F. Hilliard to be postmaster at Clinton, Ky., in place of T. D. Jones. Incumbent's commission expired February 5, 1935.

Lula M. Stuart to be postmaster at Glendale, Ky., in place of H. M. Hatfield. Incumbent's commission expired January 13, 1935.

John M. Farra to be postmaster at Lancaster, Ky., in place of Forrest Calico. Incumbent's commission expired February 20, 1935.

Robert W. Vinson to be postmaster at Louisa, Ky., in place of I. W. See. Incumbent's commission expired July 3, 1934.

Mattie Pridemore to be postmaster at Pippapass, Ky., in place of Mattie Pridemore. Incumbent's commission expired June 11, 1933.

Murray Swindler to be postmaster at Valley Station, Ky., in place of B. K. Wyatt, removed.

Benjamin F. Beall to be postmaster at Warsaw, Ky., in place of Harry Beall, removed.

Kathryn E. Stewart to be postmaster at West Paducah, Ky., in place of Flora Carroll. Incumbent's commission expired February 20, 1935.

Thomas J. Stevenson to be postmaster at Winchester, Ky., in place of F. R. Blackburn. Incumbent's commission expired February 20, 1935.

Oliver Boone Majors to be postmaster at Wingo, Ky., in place of A. B. Byrn. Incumbent's commission expired January 23, 1935.

MAINE

Lewis W. Haskell, Jr., to be postmaster at Auburn, Maine, in place of F. E. Stevens. Incumbent's commission expired December 20, 1934.

Claude D. Garnache to be postmaster at Biddeford Pool, Maine, in place of M. E. Goldthwaite. Incumbent's commission expired December 18, 1933.

Carlton A. Simmons to be postmaster at Friendship, Maine, in place of Ray Winchenpaw. Incumbent's commission expired December 20, 1934.

Hubert A. Nevers to be postmaster at Patten, Maine, in place of T. M. Tozier. Incumbent's commission expired April 2, 1934.

MARYLAND

Edward Lynch Gross to be postmaster at Brunswick, Md., in place of H. E. Dixon. Incumbent's commission expired February 27, 1935.

Harry R. Price to be postmaster at Rock Hall, Md., in place of Allan Urie, removed.

H. Genevieve Long to be postmaster at Stevensville, Md., in place of J. C. Jones. Incumbent's commission expired January 26, 1933.

MINNESOTA

Clifford A. Hedquist to be postmaster at Argyle, Minn., in place of C. M. Krogh, deceased.

John H. Beutner to be postmaster at Buffalo, Minn., in place of C. S. Hawker. Incumbent's commission expired June 28, 1934.

Mary E. Gilbert to be postmaster at Carlton, Minn., in place of M. E. Cain. Incumbent's commission expired May 7, 1934.

Clifford W. McDonald to be postmaster at Claremont, Minn., in place of William Edmond. Incumbent's commission expired June 20, 1934.

Clifford Bergland to be postmaster at Clearbrook, Minn., in place of Albert Anderson. Incumbent's commission expired June 20, 1934.

Harold J. Peck to be postmaster at Deer River, Minn., in place of C. N. Nesseth. Incumbent's commission expired January 31, 1934.

Ove H. Voigt to be postmaster at Dent, Minn., in place of A. F. W. Johnson. Incumbent's commission expired January 11, 1933.

Lester A. Helweg to be postmaster at Fulda, Minn., in place of A. W. Johnson, removed.

Ferdie A. Brown to be postmaster at Grygla, Minn., in place of J. C. Wilson. Incumbent's commission expired January 31, 1934.

Marian E. Boettcher to be postmaster at Hackensack, Minn., in place of E. B. Starkweather. Incumbent's commission expired January 29, 1933.

Alfred H. Smith to be postmaster at Heron Lake, Minn., in place of F. A. Cooley. Incumbent's commission expired January 11, 1933.

C. Violet Thyren to be postmaster at Kelliher, Minn., in place of A. E. Miller. Incumbent's commission expired May 20, 1934.

Lloyd O. Sundeen to be postmaster at Kerkhoven, Minn., in place of C. O. Rustad. Incumbent's commission expired December 18, 1933.

Herman Olberding to be postmaster at Lismore, Minn. Office became Presidential July 1, 1934.

Byron B. Maddy to be postmaster at McGregor, Minn., in place of A. M. Hayes. Incumbent's commission expired May 20, 1934.

H. Mermond Olsen to be postmaster at Marine on St. Croix, Minn., in place of C. A. Ecklund. Incumbent's commission expired December 20, 1932.

Patrick J. Malone to be postmaster at Montgomery, Minn., in place of J. P. Keohen. Incumbent's commission expired May 20, 1934.

Ernest S. Mariette to be postmaster at Oak Terrace, Minn., in place of E. S. Mariette. Incumbent's commission expired July 3, 1934.

Casper W. Lotterer to be postmaster at Perham, Minn., in place of G. M. Young. Incumbent's commission expired May 7, 1934.

John L. Suel to be postmaster at Robbinsdale, Minn., in place of L. J. Nasett. Incumbent's commission expired June 20, 1934.

Edwin G. Doyle to be postmaster at Rosemount, Minn., in place of W. J. Colgan. Incumbent's commission expired May 7, 1934.

Wallace Oscar Merrill to be postmaster at Silver Lake, Minn., in place of J. E. Ziska. Incumbent's commission expired January 22, 1934.

Lloyd A. Hakes to be postmaster at Stewart, Minn., in place of F. J. Reimers. Incumbent's commission expired March 2, 1933.

Edwin O. Stennes to be postmaster at Strandquist, Minn., in place of A. O. Rokke. Incumbent's commission expired June 20, 1934.

Andrew C. Peterson to be postmaster at Waubun, Minn., in place of L. A. Weston. Incumbent's commission expired February 14, 1934.

Julia B. Anderson to be postmaster at Zumbrota, Minn., in place of A. C. Klug. Incumbent's commission expired February 9, 1933.

MISSISSIPPI

Shelton M. Thomas, Jr., to be postmaster at Ellisville, Miss., in place of C. B. Turner. Incumbent's commission expired April 3, 1934.

Lee D. Fulmer to be postmaster at Lumberton, Miss., in place of L. D. Fulmer. Incumbent's commission expired July 1, 1934.

Nellie E. Hardy to be postmaster at Piney Woods, Miss., in place of N. E. Hardy. Incumbent's commission expired March 2, 1935.

Samuel P. Carter to be postmaster at Quitman, Miss., in place of J. C. Reddoch. Incumbent's commission expired April 15, 1934.

MISSOURI

Ethel M. Elliff to be postmaster at Anderson, Mo., in place of J. E. Roark, removed.

Edgar W. Stone to be postmaster at Bland, Mo., in place of F. D. Lahmeyer. Incumbent's commission expired May 9, 1934.

Victor F. Engelage to be postmaster at Chamois, Mo., in place of R. D. Stonner. Incumbent's commission expired February 6, 1934.

Phillip S. Cohen to be postmaster at Frederickstown, Mo., in place of W. R. Lytle. Incumbent's commission expired February 14, 1935.

A. Josephine Humble to be postmaster at Grandview, Mo., in place of V. P. Reid. Incumbent's commission expired February 4, 1935.

Robert L. Chappell to be postmaster at Louisiana, Mo., in place of C. B. Genz. Incumbent's commission expired May 9, 1934.

William H. Bust to be postmaster at Potosi, Mo., in place of B. B. Smith. Incumbent's commission expired February 25, 1935.

William A. Ruggles to be postmaster at St. James, Mo., in place of W. H. Roster. Incumbent's commission expired January 22, 1935.

Noble C. Jessee to be postmaster at Stella, Mo., in place of Dana Gerster. Incumbent's commission expired January 5, 1933.

Carl A. Baldwin to be postmaster at Vienna, Mo., in place of J. O. Bassett. Incumbent's commission expired December 18, 1933.

Joseph D. Hawkins to be postmaster at Webb City, Mo., in place of F. G. Smart, removed.

Blanche E. Tucker to be postmaster at Westboro, Mo., in place of George Bently, deceased.

MONTANA

Jay E. Sharp to be postmaster at Lodge Grass, Mont., in place of A. M. Stevenson. Incumbent's commission expired January 18, 1933.

Ben Wholf to be postmaster at Opheim, Mont., in place of A. S. Opheim. Incumbent's commission expired January 31, 1934.

NEBRASKA

Francis J. Brennan to be postmaster at Alliance, Nebr., in place of F. H. Carlson, resigned.

Clarke W. Kelley to be postmaster at Beaver City, Nebr., in place of L. N. Merwin, transferred.

NEVADA

Mabel L. Andrews to be postmaster at Hawthorne, Nev., in place of M. L. Andrews. Incumbent's commission expired December 18, 1934.

Helen C. Franklin to be postmaster at Wells, Nev., in place of Emanuel Bollschweiler. Incumbent's commission expired June 20, 1934.

NEW JERSEY

Hattie C. Dixon to be postmaster at Bellemead, N. J., in place of F. R. Dixon, deceased.

John V. Anders to be postmaster at Grasselli, N. J., in place of W. E. Hartman. Incumbent's commission expired January 28, 1934.

Frederick Baxter to be postmaster at Hohokus, N. J., in place of Ada Hopler. Incumbent's commission expired April 8, 1934.

Elizabeth Novak to be postmaster at Keasbey, N. J., in place of J. J. Schilcox. Incumbent's commission expired May 13, 1934.

Estella L. McMurtry to be postmaster at Mendham, N. J., in place of Frank McMurtry, deceased.

Eugene Rambone to be postmaster at Newfield, N. J., in place of E. W. Vanaman. Incumbent's commission expired April 22, 1934.

Anna Belle Willey to be postmaster at Pennsville, N. J., in place of E. E. Dilks. Incumbent's commission expired July 3, 1934.

Margaret J. Lippincott to be postmaster at Seaside Park, N. J., in place of F. H. Clayton. Incumbent's commission expired June 24, 1934.

Edmund H. Carpenter to be postmaster at Woodbury, N. J., in place of A. G. Wick, removed.

NEW MEXICO

Frances I. Burch to be postmaster at Alamogordo, N. Mex., in place of O. G. Cady. Incumbent's commission expired March 1, 1930.

Virginia B. Jameson to be postmaster at Estancia, N. Mex., in place of Ira Allmon. Incumbent's commission expired July 3, 1934.

James H. Odle to be postmaster at Farmington, N. Mex., in place of Earl Douglass, resigned.

Charles E. Gibbs to be postmaster at Madrid, N. Mex., in place of C. E. Gibbs. Incumbent's commission expired February 21, 1935.

Higinio M. Vigil to be postmaster at Wagon Mound, N. Mex., in place of C. G. Parsons. Incumbent's commission expired February 20, 1935.

NEW YORK

Neal Sullivan to be postmaster at Bombay, N. Y., in place of G. E. Rockwood. Incumbent's commission expired April 22, 1934.

Edward A. Rice to be postmaster at Freeport, N. Y., in place of S. P. Shea. Incumbent's commission expired June 20, 1934.

John W. Masterson to be postmaster at Harmon-on-Hudson, N. Y., in place of W. E. Rogers. Incumbent's commission expired December 12, 1932.

William H. McLaughlin to be postmaster at Little Falls, N. Y., in place of F. W. Ashenhurst. Incumbent's Commission expired December 16, 1933.

Charles A. Denegar to be postmaster at Madalin, N. Y., in place of D. H. Chichester. Incumbent's commission expired June 20, 1934.

John A. Donahue to be postmaster at Newburgh, N. Y., in place of A. E. Brundage, removed.

Thomas F. Connolly to be postmaster at Port Chester, N. Y., in place of Nicholas Duffy, resigned.

Francis J. A. Marlborough to be postmaster at Smithtown Branch, N. Y., in place of H. M. Brush. Incumbent's commission expired April 22, 1934.

Charles F. Pallister to be postmaster at Staten Island, N. Y., in place of A. L. Willshaw, removed.

J. Frank Lackey to be postmaster at Tannersville, N. Y., in place of S. D. Francis. Incumbent's commission expired January 28, 1934.

NORTH CAROLINA

Mary B. Tatham to be postmaster at Andrews, N. C., in place of C. H. Jarrett, removed.

Patrick N. Gallagher to be postmaster at Nazareth, N. C., in place of Genevieve Murray, resigned.

Fletcher C. Mann to be postmaster at Pittsboro, N. C., in place of S. D. Johnson, resigned.

Marguerite W. Maddrey to be postmaster at Seaboard, N. C., in place of H. B. Morgan. Incumbent's commission expired May 7, 1934.

NORTH DAKOTA

Coral I. Ware to be postmaster at Amidon, N. Dak. Office became Presidential July 1, 1934.

Harry L. Morrow to be postmaster at Drake, N. Dak., in place of Anastacia Rohde, removed.

Evelyn L. Swank to be postmaster at Egeland, N. Dak., in place of M. E. Peavey. Incumbent's commission expired March 18, 1934.

Cecil Wigness to be postmaster at Fortuna, N. Dak., in place of Roy Wigness. Incumbent's commission expired February 28, 1933.

Jeannette A. Siegel to be postmaster at Goldenvalley, N. Dak., in place of Johanes Folstad. Incumbent's commission expired February 28, 1933.

Francis A. Gallagher to be postmaster at Oakes, N. Dak., in place of A. R. Wright, removed.

Ruth Cooper to be postmaster at Parshall, N. Dak., in place of J. W. Jones. Incumbent's commission expired September 18, 1933.

Lena Kremer to be postmaster at Sykeston, N. Dak., in place of Forrest Daniel, removed.

Hulbert L. Olsen to be postmaster at Van Hook, N. Dak., in place of B. G. George. Incumbent's commission expired April 28, 1934.

Richard L. Hawes to be postmaster at Wahpeton, N. Dak., in place of E. H. Myhra, resigned.

OHIO

Clarence D. Hindall to be postmaster, at Ada, Ohio, in place of J. K. Fulks. Incumbent's commission expired April 16, 1934.

Franzo D. Miller to be postmaster at Alliance, Ohio, in place of C. C. Shaffer, retired.

Lulu M. Helphinstine to be postmaster at Amsterdam, Ohio, in place of Annie Turvey. Incumbent's commission expired January 22, 1935.

Henry J. Walter to be postmaster at Archbold, Ohio, in place of F. G. Chase. Incumbent's commission expired January 22, 1935.

Ray W. Senn to be postmaster at Attica, Ohio, in place of C. E. McClelland. Incumbent's commission expired December 18, 1934.

William H. Fike to be postmaster at Bloomville, Ohio, in place of J. S. Hossler. Incumbent's commission expired December 18, 1934.

Edward F. Lawler to be postmaster at Carrollton, Ohio, in place of H. O. Tinlin. Incumbent's commission expired February 14, 1935.

Herman H. Montooth to be postmaster at Leipsic, Ohio, in place of T. E. Kidd. Incumbent's commission expired December 20, 1934.

Dell M. D. Waterman to be postmaster at Madison, Ohio, in place of F. G. Bates. Incumbent's commission expired December 18, 1934.

Daniel J. Griesser, Sr., to be postmaster at Marblehead, Ohio, in place of Leo Mutach. Incumbent's commission expired December 18, 1934.

Katherine H. Baxter to be postmaster at Newcomerstown, Ohio, in place of M. H. Scott. Incumbent's commission expired January 22, 1935.

Morton A. Houghton to be postmaster at Oberlin, Ohio, in place of E. G. Dick. Incumbent's commission expired February 4, 1935.

Frank F. Wyman to be postmaster at Pioneer, Ohio, in place of G. W. Repp. Incumbent's commission expired December 18, 1934.

Fred G. Wetmore to be postmaster at Stow, Ohio, in place of C. W. Holt. Incumbent's commission expired December 18, 1934.

Agnes M. Goll to be postmaster at Stryker, Ohio, in place of B. E. Woodward. Incumbent's commission expired December 18, 1934.

Carroll Williamson to be postmaster at Sunbury, Ohio, in place of C. S. Perfect. Incumbent's commission expired February 14, 1935.

John Kenneth Faist to be postmaster at Woodville, Ohio, in place of A. E. Holly. Incumbent's commission expired January 23, 1935.

OKLAHOMA

Gilbert K. Stallings to be postmaster at Altus, Okla., in place of H. L. McVay. Incumbent's commission expired May 27, 1933.

Claude L. Willis to be postmaster at Canton, Okla., in place of N. S. Hall. Incumbent's commission expired March 2, 1933.

Isaac J. Loewen to be postmaster at Clinton, Okla., in place of J. L. Reimer. Incumbent's commission expired September 18, 1933.

Christopher C. Copeland to be postmaster at Cordell, Okla., in place of W. I. Fisher, resigned.

Tom R. Johnson to be postmaster at Elk City, Okla., in place of E. C. Willison, resigned.

Grover H. Hope to be postmaster at Frederick, Okla., in place of A. M. Dennis, removed.

Finis E. Gillespie to be postmaster at Hobart, Okla., in place of L. S. Reed, resigned.

Charles V. Gilmore to be postmaster at Stuart, Okla., in place of J. S. Biggs, removed.

Robert D. Taylor to be postmaster at Webb City, Okla., in place of Fred Hudson, resigned.

OREGON

Sanford Adler to be postmaster at Baker, Oreg., in place of J. C. Sturgill. Incumbent's commission expired December 18, 1934.

Burt E. Hawkins to be postmaster at Klamath Falls, Oreg., in place of J. A. McCall. Incumbent's commission expired December 18, 1934.

PENNSYLVANIA

Albert W. Fritz to be postmaster at Akron, Pa., in place of E. D. Getz. Incumbent's commission expired March 22, 1934.

Mabel G. Collins to be postmaster at Austin, Pa., in place of E. F. Anderson. Incumbent's commission expired June 20, 1934.

George R. Meek to be postmaster at Bellefonte, Pa., in place of J. L. Knisely. Incumbent's commission expired June 20, 1934.

Donald B. Gardner to be postmaster at Howard, Pa., in place of F. V. Pletcher. Incumbent's commission expired June 20, 1934.

Virginia G. Kingsley to be postmaster at Pleasantville, Pa., in place of E. D. House. Incumbent's commission expired June 20, 1934.

Floyd E. Bashore to be postmaster at Port Royal, Pa., in place of W. C. Taylor, transferred.

Charles P. Hilty to be postmaster at Saltsburg, Pa., in place of M. B. Hill, resigned.

Floyd M. Butz to be postmaster at Tatamy, Pa., in place of A. C. Messinger, resigned.

John W. Doyle to be postmaster at Waymart, Pa., in place of H. P. Medland. Incumbent's commission expired April 22, 1934.

Thomas M. Hayden, Jr., to be postmaster at West Sunbury, Pa., in place of H. M. Black. Incumbent's commission expired April 16, 1934.

RHODE ISLAND

Robert E. Bitgood to be postmaster at Hope Valley, R. I., in place of F. W. Crandall. Incumbent's commission expired May 20, 1934.

TENNESSEE

Harney Thurman Whitson to be postmaster at Cookeville, Tenn., in place of Norman Massa, resigned.

Lindsay N. Smith to be postmaster at Culleoka, Tenn., in place of E. V. Foster. Incumbent's commission expired May 29, 1934.

Samuel C. Jones to be postmaster at Lexington, Tenn., in place of J. L. Sullivan, resigned.

Maurice Wilson to be postmaster at Middleton, Tenn., in place of L. D. Mills, removed.

Edwin L. Goddard to be postmaster at Saulsbury, Tenn., in place of C. A. Richards. Incumbent's commission expired March 8, 1934.

TEXAS

Eli H. Perkins to be postmaster at Bastrop, Tex., in place of C. A. Ziegenhal. Incumbent's commission expired February 4, 1935.

Clarence H. Nobles to be postmaster at Deport, Tex., in place of W. I. Lawler, retired.

Henry D. Young to be postmaster at Fort Worth, Tex., in place of W. N. Moore, deceased.

Will A. Ham to be postmaster at Jacksboro, Tex., in place of S. L. Dennis, appointee declined.

William F. Rayburn to be postmaster at Lovelady, Tex., in place of W. F. Rayburn. Incumbent's commission expired February 14, 1935.

Percy L. Walker to be postmaster at Luling, Tex., in place of B. R. Miles, removed.

William H. Wentland to be postmaster at Manor, Tex., in place of C. C. Eppright. Incumbent's commission expired June 2, 1934.

Edward F. Springer to be postmaster at Matador, Tex., in place of T. L. Bryan. Incumbent's commission expired May 9, 1934.

Alva O. Dannelley to be postmaster at Mirando City, Tex., in place of J. E. McAllister. Incumbent's commission expired March 18, 1934.

Manda R. Fields to be postmaster at Ponta, Tex., in place of M. R. Fields. Incumbent's commission expired December 20, 1934.

Pennie S. Langen to be postmaster at Premont, Tex., in place of P. S. Langen. Incumbent's commission expired December 7, 1932.

William A. Graham to be postmaster at Tulia, Tex., in place of Jeff Potter. Incumbent's commission expired December 16, 1933.

UTAH

Clarence E. Smith to be postmaster at Spanish Fork, Utah, in place of D. T. Lewis. Incumbent's commission expired December 20, 1932.

VERMONT

Foster C. Parmenter to be postmaster at Chester, Vt., in place of L. A. Carpenter. Incumbent's commission expired December 16, 1933.

Clair W. Crowley to be postmaster at East Barre, Vt. Office became Presidential July 1, 1934.

Nina L. Heidger to be postmaster at Greensboro, Vt., in place of B. M. Willey. Incumbent's commission expired June 20, 1934.

Francis J. Mullin to be postmaster at Wallingford, Vt., in place of L. S. Hager. Incumbent's commission expired March 8, 1934.

VIRGINIA

Joseph S. Hutcheson to be postmaster at Chase City, Va., in place of R. L. Emory. Incumbent's commission expired February 25, 1935.

H. Thornton Davies, Jr., to be postmaster at Manassas, Va., in place of R. E. Newman. Incumbent's commission expired April 22, 1934.

Robert E. Fifer to be postmaster at Staunton, Va., in place of J. J. Kivlighan, resigned.

Thomas B. Cochran to be postmaster at The Plains, Va., in place of J. P. Middleton. Incumbent's commission expired January 31, 1934.

WASHINGTON

Mark L. Durrell to be postmaster at Deer Park, Wash., in place of M. L. Durrell. Incumbent's commission expired January 22, 1935.

William F. Downs to be postmaster at Elma, Wash., in place of L. I. Wakefield. Incumbent's commission expired April 16, 1934.

William E. Kier to be postmaster at Mason City, Wash. Office became Presidential April 1, 1935.

Albert P. Tolefson to be postmaster at Oakville, Wash., in place of M. J. Murphy. Incumbent's commission expired March 18, 1934.

Benjamin S. Sawyer to be postmaster at Olympia, Wash., in place of F. S. Clem, transferred.

Ronald L. Chard to be postmaster at Pomeroy, Wash., in place of C. E. Rathbun, resigned.

William H. Ruettgers to be postmaster at Washougal, Wash., in place of E. M. Armstrong. Incumbent's commission expired February 25, 1935.

Royce H. Mitchell to be postmaster at Woodland, Wash., in place of I. S. Fields. Incumbent's commission expired February 25, 1935.

WEST VIRGINIA

Duncan M. Johnston to be postmaster at Alderson, W. Va., in place of E. C. Bare. Incumbent's commission expired January 22, 1935.

Rufus L. Keel to be postmaster at Coalwood, W. Va., in place of D. I. Valley, resigned.

WISCONSIN

Earle D. Bush to be postmaster at Brodhead, Wis., in place of D. L. Amerpohl. Incumbent's commission expired March 18, 1934.

John T. Murphy to be postmaster at Delavan, Wis., in place of W. S. Cochrane. Incumbent's commission expired February 28, 1935.

Norman H. Adams to be postmaster at Minong, Wis., in place of A. E. Adams. Incumbent's commission expired November 20, 1933.

Stannie Sigurdson to be postmaster at Sister Bay, Wis., in place of M. J. Jischke. Incumbent's commission expired January 28, 1934.

WYOMING

Frank W. Chambers to be postmaster at Lusk, Wyo., in place of R. A. Faulk. Incumbent's commission expired February 21, 1935.

Cecil W. Clark to be postmaster at Newcastle, Wyo., in place of E. C. Jessen. Incumbent's commission expired December 18, 1934.

CONFIRMATIONS

Executive nominations confirmed by the Senate May 2 (legislative day of May 1), 1935

POSTMASTERS

NEBRASKA

Patrick J. Norton, Boys Town.
John H. Hutchings, Falls City.
Julius J. Weidner, Humphrey.

NEW YORK

Claude E. Shill, Avoca.
John Foye, Brockport.
Leon H. Ingersoll, Cincinnatus.
John Roe, East Durham.
Gerald Carmichael, Eastport.
John F. Kelly, Fleischmanns.
Laura H. Springsteen, Greenlawn.
George Heal, Holley.
Clarence M. Magee, Kinderhook.
John N. Copeland, Lakewood.
Harry D. Hickey, Lewiston.
Charles E. Williams, Middlesex.
Lyle W. Shonyo, North Bangor.
Roy Brant, Remsen.
William H. Butler, Saranac Inn.
Marjorie W. Gehrke, Sidney Center.
C. Edward Conroy, Stanley.
Charlotte House Schoonmaker, Ulster Park.
John E. Abplanalp, Youngsville.

PENNSYLVANIA

Robert W. Baggs, Beaver Falls.
Ottis S. Williams, Canton.
J. Robert McClure, Dillsburg.
Albert G. Lassinger, Saxonburg.
Bessie S. Ferrell, Westtown.

HOUSE OF REPRESENTATIVES

THURSDAY, MAY 2, 1935

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Thou merciful God, imminent in all things, in Thee we have our strength and comfort, our inspiration and hope; we earnestly entreat Thee to hear our prayer. We would join with all noble souls in warring against crime, greed, and injustice. We beseech Thee to dominate us with the spirit that is consecrated to the work of deliverance from the evils that blight youthhood and lessen the resistance of manhood. Father in Heaven, graciously bless and direct the churches and the schools of our land. To these we owe our best hopes and our highest thoughts, which influence and mold the national mind. Let the standard of the Lord be lifted up, bringing forth judgment and unto victory. If enemies come in like a flood, O may the rivers of Palestine flow this way, enabling us to speak the brave word, do the brave deed, and live the brave life. In the name of Jesus our Savior. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Latta, one of his secretaries.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Horne, its enrolling clerk, announced that the Senate had passed without amendment bills of the House of the following titles:

H. R. 1488. An act for the relief of Rose Burke;

H. R. 1565. An act for the relief of Frank R. Carpenter, alias Frank R. Carvin;

H. R. 2464. An act for the relief of C. H. Hoogendorn;

H. R. 2473. An act for the relief of William L. Jenkins;

H. R. 3098. An act for the relief of Bertha Ingmire;

H. R. 3275. An act for the relief of Fred L. Seufert;

H. R. 3370. An act for the relief of Carrie K. Currie, doing business as Atmore Milling & Elevator Co.;

H. R. 3787. An act for the relief of Robert D. Hutchinson;

H. R. 3911. An act for the relief of Sarah J. Hitchcock;

H. R. 5133. An act for the relief of Nellie Oliver;

H. R. 6084. An act to authorize the city of Ketchikan, Alaska, to issue bonds in any sum not to exceed $1,000,000 for the purpose of acquiring the electric light and power, water, and telephone properties of the Citizens' Light, Power & Water Co., and to finance and operate the same, and validating the preliminary proceedings with respect thereto, and for other purposes; and

H. R. 7132. An act to authorize the Secretary of the Navy and the Secretary of Commerce to exchange a portion of the naval station and a portion of the lighthouse reservation at Key West, Fla.

The message also announced that the Senate had passed with amendments, in which the concurrence of the House is requested, bills and a joint resolution of the House of the following titles:

H. R. 240. An act for the relief of Capt. Alexander C. Doyle;

H. R. 2045. An act to set aside certain lands for the Leech Lake Band of Chippewa Indians in the State of Minnesota;

H. R. 3808. An act to authorize the incorporated town of Seward, Alaska, to undertake certain municipal public works, including the construction of an electric generating station and electric distribution systems, and for such purposes to issue bonds in any sum not exceeding $118,000; and

H. J. Res. 147. Joint resolution authorizing the erection of a monument to Grover Cleveland in Washington, D. C.

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. 158. An act authorizing the President to present a medal in the name of Congress to Johannes F. Jensen;

S. 159. An act to amend the provision in the act approved March 3, 1931, governing the computation of commissioned service of Naval Academy graduates who have been retired for age or service ineligibility for promotion;

S. 373. An act conferring jurisdiction upon the Court of Claims to hear, determine, and render judgment on the claim of Robert A. Watson;

S. 376. An act to facilitate the control of soil erosion and/or flood damage originating upon lands within the exterior boundaries of the Uinta and Wasatch National Forests, Utah;

S. 377. An act to grant to the Utah Gilsonite Co. the right to use a water well on certain public lands in Utah;

S. 616. An act authorizing the removal of rock from the submarine and destroyer base reservation at Astoria (Tongue Point), Oreg.;

S. 918. An act to carry out the findings of the Court of Claims in the case of the Union Iron Works;

S. 985. An act for the relief of Hudson Bros., of Norfolk, Va.;

S. 1030. An act for the relief of the Mutual Savings & Loan Association, Wilmington, Del.;

S. 1206. An act authorizing the transfer of certain lands near Vallejo, Calif., from the United States Housing Corporation to the Navy Department for naval purposes;

S. 1214. An act for the relief of Oliver B. Huston, Anne Huston, Jane Huston, and Harriet Huston;

S. 1277. An act to amend section 24 of the Judicial Code by conferring on district courts additional jurisdiction of bills of interpleader;

S. 1379. An act to amend section 103 of the Code of Criminal Procedure for the Canal Zone and section 542 of the Code of Civil Procedure for the Canal Zone;

S. 1380. An act to regulate the defense of alibi in criminal cases;

S. 1426. An act providing for the appointment of Harry T. Herring, formerly a lieutenant colonel in the United States Army, as a lieutenant colonel in the United States Army and his retirement in that grade;

S. 1470. An act to provide a preliminary examination of Spokane River and its tributaries in the State of Idaho, with a view to the control of their floods;

S. 1495. An act authorizing the President to order Donald O. Miller 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 separation;

S. 1497. An act to authorize the appointment of First Lt. Claude W. Shelton, retired, to the grade of captain, retired, in the United States Army;

S. 1505. An act for the relief of William Edward Tidwell;

S. 1539. An act relating to undelivered parcels of the first class;

S. 1626. An act for the refunding of certain countervailing customs duties collected upon logs imported from British Columbia;

S. 1824. An act for the relief of Abraham Green;

S. 1932. An act for the relief of the State of California;

S. 2131. An act to provide for the establishment of the Big Bend National Park in the State of Texas, and for other purposes;

S. 2185. An act to amend an act entitled "An act to accept the cession by the State of Oregon of exclusive jurisdiction over the lands embraced within the Crater Lake National Park, and for other purposes";

S. 2193. An act to provide for the construction, extension, and improvement of public-school buildings in Duchesne County, Utah;

S. 2215. An act to amend the act entitled "An act to provide for the collection and publication of statistics of tobacco by the Department of Agriculture", approved January 14, 1929, as amended;

S. 2225. An act authorizing adjustment of the claim of the Western Union Telegraph Co.;

S. 2276. An act to authorize participation by the United States in the Interparliamentary Union;

S. 2292. An act for the relief of Emanuel Wallin;

S. 2298. An act for the relief of Sallie S. Twilley;

S. 2311. An act to extend the times for commencing and completing the construction of a bridge across the St. Lawrence River at or near Ogdensburg, N. Y.;

S. 2312. An act for the relief of the Western Construction Co.;

S. 2356. An act to amend the act entitled "An act for the relief of contractors and subcontractors for the post offices and other buildings and work under the supervision of the Treasury Department, and for other purposes", approved August 25, 1919, as amended by act of March 6, 1920;

S. 2371. An act for the relief of Margaret G. Baldwin;

S. 2407. An act for the relief of Gordon McGee;

S. 2453. An act to amend section 80 of chapter 9 of an act to amend the act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898;

S. 2467. An act for the retirement of William J. Stannard, leader of the United States Army Band;

S. 2471. An act to amend section 80 of chapter 9 of an act to amend the act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898;

S. 2505. An act authorizing a preliminary examination of Sebewaing River, in Huron County, Mich., with a view to the controlling of floods;

S. 2516. An act for the relief of Anthony J. Constantino;

S. 2530. An act to protect American and Philippine labor and to preserve an essential industry, and for other purposes;

S. 2647. An act authorizing the Comptroller General of the United States to settle and adjust the claims of subcontractors, materialmen, and laborers for material and labor furnished in the construction of a post-office building at Hempstead, N. Y.;

S. J. Res. 42. Joint resolution to amend section 289 of the Criminal Code;

S. J. Res. 56. Joint resolution authorizing the publication as a public document of America Secure: Analytical Register of Regular Army Officers and Security Statistics, with Graphs, 1775–1935;

S. J. Res. 89. Joint resolution directing the Comptroller General to readjust the account between the United States and the State of Vermont; and

S. J. Res. 98. Joint resolution to authorize the acceptance on behalf of the United States of the bequest of the late Maj. Gen. Fred C. Ainsworth for the purpose of establishing a permanent library at the Walter Reed General Hospital to be known as the "Fred C. Ainsworth Endowment Library."

PATRIOTISM AND SECURITY

Mr. SNYDER. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include therein an address which I delivered yesterday.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. SNYDER. Mr. Speaker, under leave to extend my remarks in the RECORD I include the address which I delivered at patriotic May Day exercises in Uniontown, Pa., May 1, 1935, as follows:

Friends, I am happy to be back home with you this glorious day. I bring you greetings from the Nation's Capital.

I am happy, indeed, to bring with me the nine national defense birds that just maneuvered in the air over your city.

I am proud of the people of my county and my county seat. I congratulate the patriotic organizations of Fayette County who worked so faithfully to bring about this splendid demonstration.

Occasions like this buoy us up to a feeling of pride. We term such demonstrations as this "patriotic demonstrations."

Indeed the teachings and significances of such demonstrations are of such value that we cannot in any way weigh their importance.

However, my friends, patriotism and love of country are one and the same thing. As we study the history of the nations of the

past we find that they were all demonstrative when it came to what we term "patriotic celebrations."

As we look back over the highway of time we see nation after nation on the scrap heap along this highway. Nation after nation played its part on the stage of action since the beginning of recorded history.

We sometimes ask ourselves: Why these powerful nations of the past did not continue to be powerful? Why they were not able to perpetuate themselves for all time?

When we delve into the reason for the fall and decay of nations, we find that they were ever the same.

Nations, like individuals, decay when they are overawed with greed—the spirit of conquest—and selfishness.

Nations, like men, decay and lose their power when they forget to protect the spiritual features that nature intends and demands of all people in all nations.

To be patriotic one must be ever active in the institutions of a community and a nation that are designed to build better citizens.

Rome fell because the Huns and vandals from the north came down and overpowered her. This, however, did not happen until the Roman social, political, and spiritual institutions had gone to seed, and when this happened the forces brought the Roman Empire to her knees. The same thing happened to other great nations of the past.

My friends, here in America, we have nothing to fear from without. If we maintain an adequate national defense and keep our institutions, our homes, our schools, and our churches imbued with the fundamental principle of honesty, sincerity, and the spirit of right, no foe will ever cross our frontier or pull down the Stars and Stripes.

Patriotism is ever the same; all peoples, in all ages, in all lands, have been patriotic. When a crisis would come to their nation they would rally to defend the emblem or flag that stood for their freedom and their rights.

Patriotism is the same today as when that farmer, Israel Putnam, left his horses and plow in the field in Massachusetts and headed a band of citizens to drive the "red coats" back across the sea.

Patriotism is the same today as when Abraham Lincoln said, "This Nation, under God, shall not perish from the earth."

Patriotism is the same today as when Nathan Hale lamented that he has "but one life to live for his country."

Yes, my friends, patriotism is more than words—it is a practice of the activities that has to do with building better citizens out of our boys and girls.

If we are truly patriotic, we will ever strive to hand to our children and our children's children better institutions than our fathers handed to us.

We will hand them better schools, better homes, better churches.

We cannot consider ourselves truly patriotic if we remove the forest from the hillsides and do not replace the same.

We cannot consider ourselves truly patriotic if we pollute our streams with poison and make no effort to cleanse them.

We cannot consider ourselves truly patriotic if we take nature's wealth in coal, oil, and other minerals from the earth and leave nothing to our posterity to take its place.

We cannot consider ourselves truly patriotic if we leave the soil of our fathers and our farms less rich than when our fathers handed it on to us.

My friends, to be patriotic, we must sacrifice our time, our energy, and our material possessions, if necessary, in order that we may hand on to posterity a community and a nation that is a better place in which to live than it was when we found it.

We must imbue into the very souls of our children this American's creed:

"I believe in the United States of America as a Government of the people, by the people, for the people, whose just powers are derived from the consent of the governed; a democracy in a Republic; a sovereign Nation of many sovereign States; a perfect Union, one and inseparable, established upon those principles of freedom, equality, justice, and humanity for which American patriots sacrificed their lives and fortunes.

"I, therefore, believe it is my duty to my country to love it, to support its Constitution, to obey its laws, to respect its flag, and to defend it against all enemies."

I thank you.

SEE AMERICA FIRST

Mr. GEARHART. Mr. Speaker, I ask unanimous consent to extend my remarks by including a radio address which I delivered a few days ago from a local radio station.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. GEARHART. Mr. Speaker, under the leave to extend by remarks in the RECORD, I include the following address which I delivered over the radio April 23, 1935:

Springing as we do from a race of pioneers, the American people are a nation of travelers. The spirit of vagabondia is strong in the breast of every American. However, with no new territories to be explored, with no new borders to be traversed, with no new frontiers to be established, we have in our love for travel allowed ourselves to be lured to distant places beyond the seas when greater scenic marvels abound close by. To most of us, living in the most beautiful scenic country in the world, the idea of travel, as much as it is to be regretted, has now become synonymous with thoughts of a visit to a distant foreign shore.

To stimulate travel at home, to bring about a movement of our people within the borders of our own country, apparently it is necessary to provide a new appeal. Because we live so close to our natural beauties we are prone to discount them; we fail to see the forest because of the trees. For this reason, in the hope that with their attention called sharply to the beauties of nature and the mavels of man's handiwork with which America abounds, I have introduced House Joint Resolution 224. This resolution provides that each of the years of 1935 and 1936, by virtue of a proclamation by the President of the United States, shall be designated and known as "See America Year."

Pledges of support of this measure have been most enthusiastic. Already the National Park Service and the National Forest Service have promised their full cooperation. These important governmental agencies have under their jurisdiction the world's most scenic attractions to which they are constantly adding. Their promised assistance augers success to this movement.

Enthusiastic support is being given this measure by the See America First League, by the San Joaquin Valley Tourist and Travel Association, by chambers of commerce, and other civic organizations throughout the United States. Daily there arrive in my office dozens of endorsements from various chapters of the Hotel Greeters of America, from hotel operators, from business men, from all classes and kinds.

Should not the East know the West, the West the East?

As a son of the Golden West, raised within a few miles of California's greatest scenic areas, I forever marvel at the wonders, natural and man made, to be found in such profusion in our Eastern States. As a Californian, I am enthralled by the glories and the unmatched beauty of this famed cradle of democracy. Why, I ask myself, do not my fellows of the west coast fully appreciate that which is the marvelous beauty of our eastern coastal States? The wonder of it all is lost upon them because no organized effort has ever been made, through a systematic educational campaign, to impress them with the wonders with which the home country is so generously endowed.

You, our easterners, have heard of the rugged beauty of the world-famous Yosemite Valley, with its mighty waterfalls, with its vaulting granite domes, with its shaded grass-carpeted vales and meadows, with its natural beauty unsurpassed.

You, our easterners, have heard of the magnificence of General Grant and Sequoia National Parks of central California, wherein are contained the giant sequoias—trees which are the oldest living things upon the face of this earth—trees which were old when Christ was born nearly 2,000 years ago.

You, our easterners, have heard of the icy grandeur of Glacier National Park, of the unbelievable wonders of the Yellowstone, of the magnificence of the Grand Canyon.

You, our easterners, have, perhaps, not visited the beautiful city of San Diego, where, during the balance of this year, there will be held an exposition—an exposition symbolizing the birth of a new era of development in the West. Here you may view the wonders of present-day industry and commerce—rare relics of art, the magical wonders of science—all amid surroundings exquisite in their architectural perfection.

You, our easterners, have, perhaps, not visited San Francisco, that glorious city of romance which lies in the shadow of the Golden Gate. You, perhaps, have not seen the Mount Shasta's towering, snow-capped peak. You, perhaps, have not experienced the thrills of a glorious moonlight night on the white-sanded beaches of southern California.

If you have not availed yourself of the opportunity of visiting these scenes of grandeur, it is undoubtedly for the same reason we of the West have not rested our eyes upon the equally glamorous attractions of the East; that is, merely because your attention has not been forcibly directed, by those upon whom the responsibility rests, to the priceless possessions of our fatherland. It is our hope that a proclamation by our beloved President, calling to our attention our national wonderlands, will serve as a clarion call to visit and see that of which America is proudest.

Washington, the most beautiful capital city in the world, is not fully appreciated by the people of this Nation. Oh, we boast of our Capital, with its spacious parks, with its magnificent buildings, with its beautiful statues, with its splendid hotels—hotels to meet the purse of every man. Yes; we boast of our Capital, but we do not visit it. Why? Because the beauties of which we boast have never been made vivid to us—our imagination has not been stirred to the point where inertia is overcome by the irresistible desire to gratify a craving of wanderlust.

Here, on the shores of the Potomac, this Nation has builded a dream city. In all the world there is not one that can compare with it. Designed to be the Capital of the greatest Nation this world is ever to know, its builders have never faltered as they labored down through the years to make their dream of dreams come true. Every American, the men and women who love this country of ours, should never rest until they can boast familiarity with the architectural marvels of our Nation's Capital. To know Washington is to live!

In what other Nation of the world will you find such a variety of attractions? Where, on the face of this earth, can you find another Grand Canyon, another Crater Lake, another Columbia River, another Shenandoah Valley, another area to compare with

the Green Mountains of Vermont, another scene as sublimely beautiful as Maine's summer grandeur?

House Joint Resolution No. 224, strangely, is a recovery measure. And just as strangely, it is a recovery measure unlike any other recovery measure, in that it is one which will cost our Government not one cent. In America the business of caring for the tourist has come to be recognized as one of the first two or three industries of importance. What could aid recovery more than to stimulate travel among those who can afford to travel; to induce those who can afford it to spend their money pleasure bent?

Every railroad, every automobile manufacturer, every merchant, every service-station operator, every hotel man, every person who is engaged, partially or wholly, in catering to the traveler would benefit immeasurably by the passage of this resolution. And from this increased business an opportunity of employment for the now idle would follow as the night the day. With pay rolls increased and profits augmented, the tourist dollar would find its way into the pockets of everyone to the increased prosperity of all.

Less than a year ago President Roosevelt delivered an address from Glacier National Park. That address, broadcast over this Nation, immediately stimulated interest in travel. The work of our Civilian Conservation Corps has focused interest on our national parks, our national monuments, our national forests, our points of historical interest and scenic beauty. As a result of that stimulation, our national recovery has been brought a step nearer. If, through a campaign of publicity and the action of our President in proclaiming this and next year as "See America Year", we can increase that interest, we will be just that much nearer a better economic condition by all of us so devoutly desired.

Nature has been bountiful in her gifts to us. We have added to her gifts by creating shrines of historical interest. No one section of the United States has any corner on scenic beauty. Thus there is a field for him who would travel, either far from home or only a short distance from that place in which he lives.

Constantly are we developing the natural beauty which nature, with a lavish hand, has bestowed upon us. Within a few months the construction of a State road into the Kings River Canyon area in central California will be well toward completion. This road will open a vista which for rugged beauty, for unsurpassed grandeur, for sheer delight, cannot be matched in any portion of the world. This is a new field, a field which but a small handful of those who are in love with the beauties of nature have ever viewed—this is another of the frontiers, of the few remaining new vistas remaining within our borders.

We stand on the threshold of complete economic recovery. Let us get behind and promote this "See America Year" movement, which, in addition to affording you the delight of knowing something of the wonders of our own country, will, at no cost to our Government, speed that recovery and assist so much in lifting our beloved Nation out of the abyss of depressionistic despair.

BANKING BILL

Mr. DIRKSEN. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. DIRKSEN. Mr. Speaker, yesterday, in the course of my remarks on the banking bill, I quoted from a mimeographed circular sent to all the Members of the House and signed by the gentleman from Texas, Mr. PATMAN. Only the first paragraph of that circular was particularly material to the discussion I was carrying on at that time, but I believe it would be informative to put the entire circular in the RECORD, because all three paragraphs are germane to the pending banking bill.

Mr. BLANTON. The letter of the gentleman from Texas is in yesterday's RECORD. It is in the first part of yesterday's RECORD.

Mr. PATMAN. I appreciate the interest the gentleman is manifesting, but the circular referred to is in the RECORD at page 6713, at the beginning of the proceedings.

Mr. DIRKSEN. Then I withdraw the request to insert it in the RECORD, and, Mr. Speaker, in connection therewith and in connection with my own remarks, I ask unanimous consent to extend my own summary in the RECORD at this point.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. DIRKSEN. By way of a summary, let me point out by progressive steps how the pending banking bill will vest control of banking in a small group which may some day prove disastrous to the people of this country.

First. We make the Federal Reserve Board more responsive to the administration by requiring that appointees to that Board need only be persons of education and experience in lieu of the qualifications now existing in the law. That means that Mr. Hopkins or Mr. Tugwell or Mr. Moley could be appointed to that Board.

Second. The Governor of the Federal Reserve banks, whose position is not now provided for in the law but who in reality is the real executive of the Federal Reserve Bank is combined with the office of chairman of the Board and his selection must be approved by the Federal Reserve Board. The power to approve is equivalent to the power to appoint so that the Federal Reserve Board can virtually dictate who shall be the Governors of the 12 Federal Reserve banks.

Third. The Governor need not be a resident of the Federal Reserve district. In other words a New Yorker could be made Governor of the Chicago Federal Reserve bank or a person from Dallas could be made governor of the Minneapolis bank.

Fourth. The Federal Reserve Board is given full power to raise or lower the reserve requirements at will so that by raising the reserve requirements, they could drain capital from the West into the East or from small communities to the large financial centers. By lowering the requirements, they might conceivably raise the question of the sufficiency of the protection behind the deposits in the thousands of member banks of the system.

Fifth. Through complete control of open-market operations which embraces the purchase or sale not only of direct obligations of the Government but the contingent obligations on which principal and interest are guaranteed, such as H. O. L. C. bonds, Farm Credit Administration bonds, and all other Government securities included in the above classifications, the Board can completely control the volume and cost of credit. If they, as a matter of open-market policy, advise the purchase of Government securities, it increases the volume of money and lowers the cost; if they advise the sale of securities it decreases the volume and increases the cost. Heretofore, Federal Reserve banks could refuse to comply with this policy. If the present bill passes, they must comply. What is good for one section of the Nation may not be good for another but the Federal Reserve banks have no discretion in the matter. They must comply, whether for good or evil.

Sixth. While the law as to rediscount is not changed, this added authority conferred on the Board over Federal Reserve banks, for all practical purposes, gives them full control. Lowering the rates in the East and keeping them up in the West would drain huge amounts of money into the area where the rates are lowest. It would give them authority to penalize one section of the country as against another.

Seventh. Through its control over the system and over the Federal Reserve banks and the members of the Federal Reserve System, the Board can determine the interest rates to be paid on time deposits, it can discipline banks and remove directors, it can control bank examinations and admissions, and can say whether or not a bank shall be permitted to exercise trust powers and the right to act in a fiduciary capacity.

Eighth. Through this tremendous power, as I see it, the Board can be of material assistance in financing the public debt through the banks, whether the banks want to or not, and whether the depositors want their money invested in Government bonds or not. Suppose the Government wants more money for any one of a score of purposes. To obtain it requires an issue of bonds. This means increased debt. There must be a place to sell those bonds. To offer bonds that would not be accepted by the public through open subscription would prove disastrous to bond prices. They, therefore, must be in a position to force the sale of such additional bonds. This bill provides that additional authority. The Federal Reserve Board can through this immense power compel Federal Reserve banks to take such bonds, and the Federal Reserve banks, through control of rediscounts and their general authority over all member banks in the System, can by intimation and suggestion compel banks to accept more bonds, even though they might not desire to do so. Federal Reserve banks now hold two and one-half billion of such bonds and member banks hold more than eleven billions.

If ever enforced, liquidation should ensue; it would mean that Government bonds as well as other securities would have to be liquidated, and the result might be disastrous to the fiscal stability of the Nation.

Ninth. The authority conferred on the Federal Reserve Board in Public Act No. 291, passed by the Seventy-third Congress, providing for the regulation of security exchanges, when coupled with the additional powers in this bill, makes the Federal Reserve Board an agency that has life-and-death power over the entire United States and over all business.

That act gives to the Federal Reserve Board the authority to raise and lower margins on trading. It gives the Board authority by regulation to determine the initiation and maintenance of all credit except with respect to exempted securities, which are defined in the law as Government securities, both direct obligations and those on which the principal and interest is guaranteed.

That act gives the Federal Reserve Board authority to say how much credit a dealer, broker, or member of the exchange can extend and how it may be extended, and makes it unlawful to extend or maintain credit on any security other than Government securities in contravention of the rules and regulations of the Federal Reserve Board.

That act makes it unlawful for any broker, dealer, or member of a registered exchange to borrow money on any security, other than Government securities, unless he borrows from (1) a bank which is a member of the Federal Reserve System, (2) from a nonmember that has agreed in writing to comply with the provisions of the act, (3) or in accordance with rules and regulations prescribed by the Board.

It is almost impossible for the finite mind to comprehend the immensity of that power. Through this plenary control of the Federal Reserve banks and all the member banks of the System, the Federal Reserve Board can, by rules and regulations, virtually compel the use of so-called "exempted" or Government securities for trading purposes and thereby create a need and a demand that will make it possible for them to finance all Government bonded indebtedness and restrict the use of all other securities on the market.

Tenth. It will concentrate in the hands of eight members of that Board, who will be responsive to the will and desire of the administration, irrespective of what administration may be in power, dictatorial powers heretofore undreamed of and will make them the money czars of the United States. It takes money and credit to do business, and this Board, through its control over all credit operations in this country, will have absolute control over business, commerce, and industry.

Could old Andrew Jackson return to the United States in 1935 and witness this granting of authority to a small group, he would indulge in a cynical laugh and say that Nicholas Biddle, the president of the Second Bank of the United States, who used his power to scatter despair and distress throughout the Nation and to discipline Congress and control the press, was a veritable amateur who might well take some lessons in the art of concentrating money power.

BANKING ACT OF 1935

Mr. STEAGALL. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (H. R. 7617) to provide for the sound, effective, and uninterrupted operation of the banking system, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 7617, with Mr. WOODRUM in the chair.

The Clerk read the title of the bill.

Mr. HOLLISTER. Mr. Chairman, I yield 30 minutes to the gentleman from Massachusetts [Mr. GIFFORD].

Mr. GIFFORD. Mr. Chairman, I realize that the Members of the House wish to get particular information relating to particular features of this bill, but since I am a rather new member of the committee, I prefer to call attention to certain of its features, as well as to criticize particularly title II. As a new member of this committee, but one who has served for 14 years on other committees, I pay a high compliment to its membership. It is composed of exceedingly able men. They certainly somewhat overawe me in my attempt to understand banking legislation; but sometimes a new man can still preserve his judgment unbiased because he has not been on the committee so long that his mind has embraced fixed opinions relating to finance. Too often, I fear, with older members it is like being a Methodist and believing that heaven can be reached by no other method. So I have had to apply the little common sense which I may have and the political experience acquired by 14 years in this body. In spite of my great admiration for the ability of the members of the committee, I still have left to me, I believe, the proper function of taking a different viewpoint regarding and being critical of several phases of this legislation.

I pay high tribute to the chairman, a delightful personality. His courtesy in the committee to me—a new member—in making my observations, has been deeply appreciated.

In commenting on this bill, I first mention title I, regarding which up to the present time, few, if any, adverse suggestions have been made.

Titles I and III are in fact not particularly objectionable, but let us not pass over title I without informing ourselves as to its general provisions. To put it broadly, the F. D. I. C. wishes to make this title in the bill so airtight that there will be but little need of insurance. I am, however, ready to vote for these requirements on our banks, since the insurance of deposits is new and we probably must follow the advice of the Department in charge of its administration. However, let us consider the attempt to force banks into the Federal Reserve System, the insistence that they carry proper burglary insurance; that they carry sufficient bonds to cover defalcations, which have been the cause of most recent bank failures; to subject them to more and more examinations, even to publish their condition in the local papers at any time, so that a depositor will know if they are not in satisfactory condition. In other words, we are to harass banks still further by yet more regulations.

Mr. Chairman, I shall go along with title I, but some of us who think highly of the integrity of those bankers, whom they represent should certainly wish to know how much they are to be further harassed in connection with the insurance features of this section of the measure. Right here may I say that I represent about 25 commercial banks in my own district. Every one of them I think is sound. No executive in these banks use them for their own particular private advantage. Nearly every one of those bankers I know. I know that they are all intensely proud of the fact they can be recognized as the "director of a bank." Most of them would give their last ounce of wealth to see that their bank did not fail, and they are worthy the confidence of the people whom they serve. Yet how they have been flayed in the general comments on the "money changers".

Mr. Chairman, we have in general painted the banker as a crook because we found that certain of them had been such as to deserve punishment, which has been swift and sure. But why try to stigmatize all bankers? Most of them are doing the best they can. Why have you so frightened them that they do not now dare to lend money? Why have you frightened them so much that they dare not pursue even the ordinary processes of their business? When will all this cease? Beginning on that day in March 1933, when they were stigmatized as money changers by the President of the United States, our bankers have, as a whole, endured much abuse, and they have, in consequence, become frightened of their own Government. They are still so frightened, Mr. Chairman, that they did not come before the Banking and Currency Committee, which is scarcely surprising. Even the best of them have made some mistakes, of course. Even the best of them do not want bared to the public, even today, the whole list of investments still held by their banks. They naturally prefer not to be subjected to examination by any

possibly unfriendly committee; one so favorable to the views of the present administration as to be willing to acquiesce in the enactment of such legislation as is contained in title II. Our banks have even hesitated to go to the R. F. C. for more capital lest the people might think them to be in a weak condition.

The situation is such a delicate one that even the strongest banks of the country were urged to take capital from the R. F. C. so that the people might be led to believe that it was not a sign of weakness to accept such aid. Many banks responded and more than a billion dollars was thus added to the capital of our banks. The bank examiners insisted, "You cannot keep up these fictitious values. Get more capital and mark off these values carried on your books which have now become so greatly reduced in the market."

Mr. Chairman, for the last 2 years the bank examiners have in truth harrassed the banks of our country, in spite of the fact that our Comptroller sees fit to deny this assertion. May I say in justice to Mr. O'CONNOR, who has won me over, that I believe he is trying to do the right thing. I believe he is now much more considerate, but can anyone deny that for a long year and a half our banks have lived in fear of the bank examiner?

We are told that examiners are not to suggest to any bank that it must call a slow loan, so called. Ask any banker what the examiner's comment is on slow loans, and you will find that, although the slow loan which has to pay 6 percent or more really supports the bank, still they are continually harrassed by criticism of them. And even the President of the United States—to bear out what I have stated—recently declared, in effect, "Let us not have one department telling the banks to loosen up and another department of government through its examiners making it almost impossible for them to make loans."

Mr. SHORT. Mr. Chairman, will the gentleman yield?

Mr. GIFFORD. I yield.

Mr. SHORT. Is it not true that most of our banks today are bulging with money and our bankers are anxious to make loans but cannot make them because of the very restrictions which the gentleman has mentioned?

Mr. GIFFORD. Mr. Chairman, the banks today have plenty of money. The Government itself has a lot of money in the Treasury. We are not talking about the present dangers. The argument is advanced that this bill should be enacted under the head of emergency legislation. But there is no present emergency. However, those advocating this measure must realize that there will be an emergency if these huge spendings are to be long continued. Because of the present governmental expenditures, the banks are so frightened, the business men are so frightened, that they do not dare do business, and they are congregated here in Washington today in protest. Do you listen to your business men from back home, now assembled in this city urging us not to pass title II of this bill? They are begging us to cease these further so-called "reforms" that they may again dare to do business. They are telling us they will do $20,000,000,000 worth of business immediately if we will stop. Or are you listening only to the President of the United States, Hopkins, Ickes, and a few more, as against your own bankers and your own business men who have come here to protest? At this time they speak in no uncertain language. A year ago when they were here they said, "Let us cooperate and let us work together with the Government", but now they say that for a year they have tried to cooperate, but there has been no cooperation from the Government. Therefore they demand that we stop these things which will undermine still further the credit of the country.

This is not a political bill. Oh, no! Yesterday I asked my good friend the gentleman from North Carolina [Mr. HANCOCK] if he would vote for this bill if Andrew W. Mellon, whom I have heard abused day after day, for years, on the floor of this House, although he was a great Secretary in that he reduced the debt so greatly, were in office, and the gentleman said, "Yes; I would vote for it", and I believe he would. I believe he has more confidence in Andrew W. Mellon and his policies than he has in those who are now in charge of the Treasury.

Mr. SHORT. May I interrupt the gentleman from Massachusetts long enough to say that it is most refreshing and gratifying to know there is at least one Member of the Congress who has the courage to stand up and speak a good word for the bankers. I think the majority of the bankers in your district and in my district and throughout the country are men of honor and integrity, and I wish to congratulate the gentleman on his statement.

Mr. HANCOCK of North Carolina rose.

Mr. GIFFORD. There is much I have to say, and, while I do not want to yield, I have mentioned the gentleman's name, and I will be pleased to yield to him.

Mr. HANCOCK of North Carolina. I appreciate what the gentleman has said and dislike to interrupt his speech, but I do want to state at this time that if he undertook seriously to create the impression that I would have more confidence in Mr. Mellon than I have in Governor Eccles and the other officials now associated with him, I must say that my good friend is a poor judge of human nature and he certainly could not keep books for me.

Mr. GIFFORD. The gentleman well knows that was more a pleasantry than anything else.

Mr. HANCOCK of North Carolina. I accept it in that way.

Mr. GIFFORD. And while we are on pleasantries, you should try to get my viewpoint. I am a Yankee and proud of it. I come from a place where Yankee bankers still exist, and the story goes that when you went to a Yankee banker for the purpose of borrowing money he has been known to say, "Speak up a little louder; I am a little deaf; and cut down the amount." [Laughter.]

And to rest myself, may I perpetrate another pleasantry which some of you may have heard, but which the bankers hold against me? I am not a banker, but I am really endeavoring to understand their problems. They know my vote is my own, and you Democrats who have known me for 14 years should know it by this time. But I wish to say to you that the bankers often remind me of this little story and many may still be of this type. Some of you have heard it, I know, but let it appear again. Mose went to a banker to borrow some money, and the banker looked at him, as all bankers are supposed to look under those circumstances, and finally said: "Mose, I have known you all my life and I will lend you this $25 if you will tell me which one of my eyes is a glass eye." Mose said, "I can tell you right off. It is yo' left eye." The banker said, "Mose, my friends say that they cannot tell them apart, so how could you tell that it is my left?" "Well, Boss, when I told you my story, your left eye was the most sympathetic." [Laughter.]

I have had the same experience with bankers that most of you have had. They are not always willing to appear sympathetic toward my needs, but those whom I have known represent the finest type of our citizenship and have regard for the trust imposed in them.

Under title I, Massachusetts mutual savings banks seem to prefer not to be included. Why should they be penalized in order to insure all the banks in the country and especially in other areas where conditions of banking are particularly dangerous, as evidenced by past unfortunate experience? Why is the same rate imposed on all banks? Is that proper insurance? Insurance companies have different rates for their risks, based upon the possibility of loss under given conditions. Also, why should the banks pay insurance premiums on the total deposits rather than on the amount of deposits insured? Have any of the banks in your district been paying insurance on the total deposits?

Are we deliberately encouraging split deposits? Are we encouraging people to carry $5,000 in one name and a deposit in another bank in someone else's name?

The question came up, "If the treasurer of a municipality carries one deposit for all departments, are the several departments each insured for $5,000?"

The answer was helpful but somewhat evasive. It was, "Up to date we have not had any particular trouble about it." Later this may cause trouble, and the matter will have to be clarified further. After another year's experience, many other amendments to title I will probably be needed.

Now as to title II, is it in fact required by the necessities of the present? I deny that the necessities of the present moment require this hasty action. Much further study and the advice and assent of many others is most desirable. This title is supposed to be the work of Governor Eccles. Bankers hesitate to oppose it because it has the backing of the President and particularly of Mr. Eccles. We had too little testimony relating to title II—scarcely any, in fact—except that of Governor Eccles, and he is the man who said he was not greatly concerned about a debt of $40,000,000,000, thus lending aid and comfort to bonus seekers and all other people who want to raid the Treasury. He said it might be advisable to balance the Budget once in a period of 5 years, but it would probably be necessary only once in 10 years. When the business men and the bankers of this country read that kind of testimony presented by the Governor of the Federal Reserve Board can you wonder that their confidence in the Government vanishes? Yet he is actually the Governor of the Federal Reserve Board. If he did not please the President, he stated, he might be supplanted at any time.

Under this bill governors of the Board may come and go at the will of the President. Is this politics? No sure tenure of office! Must follow the wishes of the President! Necessarily it means the Government and the administration in power. Of course this is politics, and the administration is generally opposite in its views to the other. Banking should be taken entirely out of government, which, of course, is politics in this country. It should be turned over, as in England, to an absolutely independent body looking after agriculture, industry, and commerce, but working in harmony with the Government, knowing, of course, that you must cooperate with the Government in its necessities.

Mr. LUCKEY. Mr. Chairman, will the gentleman yield?

Mr. GIFFORD. Yes.

Mr. LUCKEY. Does not the gentleman know that from 1920 to 1932 we had over 10,800 bank failures in this country, while in Canada they had only 3, and in England not a single one?

Mr. GIFFORD. I understand that and the English system appeals to me, but the Canadian system does not. My dear man, in Canada they drain the whole countryside for the benefit of the large centers of population. They can get few loans in the sparsely settled district. Do not start me on branch banking, lest I curse it. [Applause.] Do not part us from our independent banker, who knows us and knows our character and can intelligently pass on our loans. Do not allow a branch bank to come in and drain our resources and hand nothing back. Go into Canada and view the countryside and study conditions, and then approve it, if you can.

But that is not a part of this bill, though I have no doubt an amendment will be offered to permit of branch-banking extension, also an amendment relating to the commodity dollar. Read those basic things that the gentleman from Maryland [Mr. GOLDSBOROUGH] put into the RECORD. He did not mention salt and pepper and a number of other things among the 700 or more, formerly mentioned in connection with finding the average cost of living. I find that of my salary, and the money I make, a very small percentage goes for the basic things which the gentleman mentions. I pay insurance and taxes, interest and traveling expenses, and perhaps try to save a dollar for the savings bank, while he wants to regulate only that part of the dollar spent for commodities. Tell him to be very careful with the rest of your dollar and tell him that until he adopts England's policy, wherein wages and trade and commerce are included, as well as basic commodities, then, and not until then, will we join in even the consideration of such a doctrine. We have listened to the commodity-dollar argument for years. I have listened to such arguments in the anterooms for a long time, and when I was put on this committee I thought that I should hear something new and more convincing. The amendment will be offered, but I do not believe the House will approve such innovation. The Banking and Currency Committee did not. Now, I admire the gentleman from Maryland [Mr. GOLDSBOROUGH]. He knows so much more about banks and banking than I do that I feel afraid sometime to venture a question concerning a matter which he so fully endorses.

The banks today are holding 44 percent of our Government securities. Thirty-nine percent of the assets of the member banks consist of United States securities. They will be required to buy billions more. Everyone is here in Washington now to get a piece of pie out of the $5,000,000,000. They know the money is going to be spent, but it will have to be borrowed from the banks first. After the war we had a ceiling of debt of only $26,000,000,000, and now we will have $40,000,000,000 or more. But even after the war, with only $26,000,000,000 of debt, we sold Government bonds for as low as 80, when we needed cash to pay our bills or to enter into private business.

Is there any man so lacking in common sense as not to recognize the danger from the absorption of this huge amount of Government securities by our banks?

I repeat again the words of President Coolidge, when he said "the more money you loan to the Government the less you will have to loan to the people." [Applause.] But under this new doctrine we are told that to get money and credit in the banks and bring back prosperity the Government must borrow; and if the banks do not conform, it will be "just too bad" for them. We will print the money. When we begin to print money, then we will be like that dear old lady who once came to me and said, "Give me one of those check books. It is so easy to pay bills that way." [Laughter.]

I asked of Governor Eccles, "Will you send me a letter that I may give to my creditors that I will be all right for 5 or even 10 years if I do not balance my budget? I need such a letter. It ought to be very helpful."

Ten years I could go along without balancing the budget; but he said, "Private credit is not like Government credit. We have new ideas these days. The Government borrows from itself. It creates credit." Yet it all has to be wrung from the people by taxation. This Congress has not the courage to dig up a dollar by taxation. The ballot box looms in front of us. When will that year ever come when we dare tax the people $1,000,000,000 more than the actual running expenses of the Government, with this interest charge, to reduce that debt by even that amount? We cannot possibly think of that year coming, certainly not now, or for many years to come.

Mr. FORD of California. Will the gentleman yield?

Mr. GIFFORD. I yield.

Mr. FORD of California. Speaking about balancing the Budget, how many individuals balance their budget? Any man who has a mortgage on his property who has earned an income that is sufficient to take care of the carrying charges and do his other purchasing has balanced his budget. The Nation is in the same position as the individual. The budget of no one is balanced in these days. We all have encumbrances and mortgages outside of our regular flow of income.

Mr. GIFFORD. Oh, I understand that; but I hope the gentleman will do with his mortgage as his bank requires, take off at least 5 percent for depreciation every year and lower it. Governor Eccles again told us that our income normally is $85,000,000,000. One percent of our income would take care of the interest on this debt. So why should we worry about a debt like that?

Mr. FORD of California. When business gets better under the present administration we will take care of it easily, because we are working out a self-liquidating recovery program which the gentleman does not understand. [Applause.]

Mr. GIFFORD. Oh, I am one of those pupils of Hopkins, who is "too damned dumb to understand it." [Laughter and applause.] Of course, I am one of those who ought, I suppose, to approve the handing out of $4,800,000,000 in the way and manner in which Hopkins and others have already spent those other billions. To be sure, we are told that they have now found a better way to do it, and we were promised that if we would pass that bill they were all prepared to spend the money. Careful plans were supposed to have been worked out. But now they seem to be further away than ever in even knowing how to spend it.

That is your well-rounded way of recovery which, as I say, I am "too damned dumb to understand." After all my experience here and in legislative bodies elsewhere, I am doomed to be one of those who cannot understand. The gentleman really means I do not agree with him. I do not, and I cannot, have confidence in such leaders in view of the repudiations of almost all the statements made in 1932; which statements I am sure the gentleman would like to have me repeat, and also in view of Governor Eccles' statements which I have presented to you. How can business and banking have any confidence? What did the President say in 1932 in his campaign promises?

The CHAIRMAN. The time of the gentleman from Massachusetts [Mr. GIFFORD] has expired.

Mr. WOLCOTT. Mr. Chairman, I yield the gentleman from Massachusetts 10 additional minutes.

Mr. GIFFORD. I am grateful that I have protection this morning. [Laughter.]

This is what the President said:

> It is an easy, subtle, and popular course for the Government to finance ever-increasing public works and other great projects by filling the banks with its evidences of debt; but straight thinking does not approve such a course. A policy of prudent economy will do more to revive business—

He was talking about Hoover, then, in 1932—

> and absorb the unemployed than a continued policy of extravagant spending. For the latter makes slipping into the inflationary current an ever easier and more insidious process; and as Prof. E. W. Kemmerer has said of this current, "There are rapids below."
> The Democratic platform specifically declares: "We advocate a sound currency to be preserved at all hazards." That is plain English.

Right here I want to refer to good old England. She has gone off the gold standard many times, but she never has cheated, she never has repudiated her promises to her citizens by marking gold down by law to the equivalent of 59 cents on the dollar. No; like us, she did not dare part with her gold, but she said to her citizens that they could rest assured that when times got better they would get back the exact amount of gold promised. That is her managed currency, and she has a monetary authority which would not allow speculation, such as we permit in the motion-picture industry, where salaries are paid greater than that received by the President of the United States. England would not stand for the speculation we permit. The Bank of England has control of the currency, backed 100 percent in gold, except that issued for the Government, which is a fixed and definite amount, which cannot be increased without Government sanction. For a century she has gone on, unwilling to let the Government get control of her currency system. If the people of England thought the Government were trying to get control of her currency, "that which takes away the freedom of a people overnight", you certainly would hear from them.

We refuse to be guided by the lamp of her experience. The Supreme Court said it might be legal to repudiate—which we did—but it roundly cursed the procedure. It was not any decision of which to be proud, especially since we may repudiate again to the extent of bringing the dollar down to 50 cents. How can the people and the bankers have confidence in such experimenting in the very delicate matter of our currency? How is it possible to believe we can have recovery while these inflationary views prevail?

Mr. HALLECK. Mr. Chairman, will the gentleman yield?

Mr. GIFFORD. I yield.

Mr. HALLECK. The gentleman referred to the platform pledges and promises of the President. Does not the gentleman think it might be a good thing if the President were to take an afternoon off some day and read some of those campaign promises and pledges instead of listening to so many present-day theorists?

Mr. GIFFORD. The President recently told us over the radio that the only way he could get any proper viewpoint was to go fishing—preferably, I presume, on a yacht, where he could be very comfortable and not care whether or not he caught any fish—but way out there he could get the viewpoint of the people and know how the people feel. Do not pay any attention to the Chamber of Commerce of the United States in Washington or to our business men from all over the country coming here to advise us and tell us of their trials. They should go into the solitudes to learn and understand what our citizens really desire. Do Congressmen pay no attention to our industrial leaders, or is our interest to be purely political? I know the chairman of my committee—splendid gentleman that he is—feels probably that it is his duty to go along. I am not speaking for him, but I know he feels as I do about our country banker; that our country banker is the best type of man we have and that we should not harass him too much. We would like to get back to some of the old banking conditions that existed in many places throughout this Republic and would exist today except for the central control here in Washington. Every day States are being deprived of their State banks; they must be forced into this National System. The central authority says to the State banks: "We will discipline you so that you will have to join the Federal Reserve System." The present law states that they will have to come into the System by 1937, but in the pending bill we say to them that we will extend their lives a little longer. Cut off the dog's tail a little each day; it makes it so much easier for him. When you know a thing is wrong and that it should not be done, give him more time to get used to it.

You are proceeding with an effort to abolish holding companies. Each of us get thousands of letters on this matter. Is this tending toward recovery? Do not business men say to us, "Let us have less reform until recovery takes place"?

The President says, in effect, no, reform first; eliminate these evils; perform surgical operations while they are willing to be operated upon, while they are under the ether, while they do not dare to say anything.

The Committee on Banking and Currency, Mr. Chairman, has a real duty to perform. Its greatest duty today, however, is to bring back confidence to the people of this Nation so that recovery may get under way, instead of doing another hurtful political thing such as would be done if title II of the pending bill is enacted into law. Do you of the majority party really believe in it? Or is it still necessary for you to follow the desires or whim of the President? Many of us are placed in a difficult position; we want to vote for titles I and III, but there, sandwiched in between the two, is something we most certainly do not want to vote for, something which contains the elements of grave danger. Shall we vote for it all because we want the other two titles, which contain many perfecting amendments that should be passed? Shall we vote for the entire measure if we are defeated on a motion to recommit? These are hard questions for a legislator to determine. Perhaps we shall have done our duty when we protest against title II, hoping that in another body this obnoxious title will be deleted. Why change so fundamentally our Federal Reserve System?

Did the Federal Reserve fail us during the war? When has the Federal Reserve failed to cooperate with our Government up to the present time?

Mr. Chairman, I ask unanimous consent to insert in my remarks a paragraph from the Whaley-Eaton Service, a service with which most of the Members are familiar and which they respect.

The CHAIRMAN. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

The matter referred to follows:

BANKING

The foregoing, together with enactment of the $4,800,000,000 work-relief bill, absolutely necessitates passage of the banking bill at this session. Reports that the administration would sanction separation of the 3 titles of the measure into 3 separate bills have no standing. The proposal is to be put through as a whole, and the administration will not risk even another 6 months of financing the deficits without having that complete control of banking which title II sets up.

The banks are in no position to make an effective protest. Some of them will be unable to pay dividends on the preference stock purchased by the R. F. C., which means that the latter will virtually take over the management. All banks are such heavy holders of Government bonds that their own fate is tied into the credit operations of the Treasury. No bank, for instance, would dare make a public announcement as follows: "Our depositors should understand that we are trading their money for Government bonds. You see how the Government is spending that money, which happens to be your deposits. Your cash is being taken over by the Government, just as it took over your gold." That would be a reasonably true statement of the fact, but it is obscured by the other fact that the depositor can always obtain Federal Reserve notes for his deposit because the Government will give notes for the bonds when necessity therefor occurs.

In spite of the foregoing, since some banks are restive, some measure of absolute coercion is required. That is why the banking bill must pass, because it gives unlimited authority to Washington to seize and use the legitimate bank deposits of the whole country. How far the process can go is indicated by the fact that the first proposal before the administration called for $12,000,000,000 for work relief and this was only gradually reduced to $4,800,000,000. But there is not much concealment of the fact that the administration will ask for just as much again and again if the pump is not now fully primed.

The main point is that the Government is making a series of forced loans and will get legislation to assure its ability to continue making such forced loans indefinitely hereafter.

Mr. GIFFORD. Mr. Chairman, in concluding, may I say that there are many interesting things in this banking bill, but under title III we are going into reverse action. Last year there was some reverse action. At that time the law was that no one could be a director of a country bank unless he owned a certain amount of stock. It was found that the smaller banks could not retain valuable directors, so the restriction was lessened last year. This year the effort is being made to change another thing. The act of 1933 provided that no executive of a bank in a country district could borrow money of his own bank, and 2 years was given in which to repay existing loans. Now, those men have just as much difficulty in paying their own bank in 2 years as we have in paying our loans in the same period. We are extending the time in title III, as we should. The venom against banks and bankers led Congress to enact too stringent measures in the Banking Act of 1933.

[Here the gavel fell.]

Mr. WOLCOTT. Mr. Chairman, I yield the gentleman 2 additional minutes.

Mr. Chairman, will the gentleman yield?

Mr. GIFFORD. I yield to the gentleman from Michigan.

Mr. WOLCOTT. Mr. Chairman, I think perhaps at this point it might be well, in view of the remarks made by the gentleman from California, to state definitely what the President thinks about a balanced Budget. In his talk at Topeka, Kans., on September 14, 1932, the President stated:

I propose to exert through the Presidency, as I have done through the Governorship, every bit of influence I can in favor of a national movement to reorganize local government in the direction of eliminating a large part of the tax burden that now bears so heavily on the farmers of the Nation.

By our example at Washington itself we shall have the opportunity of pointing the way of economy to local government.

Again he stated:

I propose to you, my friends, and through you, that government of all kinds, big and little, be made solvent, and that the example be set by the President of the United States and his Cabinet.

Mr. Roosevelt lamented the fact that the tax burden was equivalent to $125 per year per person, and stated further:

This is an impossible economic condition. Quite apart from every man's own tax assessment that burden is a brake on any return to normal business activity. Taxes are paid in the sweat of every man who labors, because they are a burden on production and can be paid only by production. If excessive, they are reflected in idle factories, tax-sold farms, and hence in hordes of the hungry tramping the streets and seeking jobs in vain.

And again he stated:

Let us have the courage to stop borrowing to meet continued deficits. Stop the deficits. And let us also have the courage to reverse the policies of Republican leaders and insist on a sound currency.

[Here the gavel fell.]

Mr. WOLCOTT. Mr. Chairman, I yield the gentleman 3 additional minutes.

Mr. GIFFORD. Mr. Chairman, in closing, I want to make, as forcefully as I can, the fact that United States bonds were down to 80 when we had a debt of $26,000,000,000. When business needed the money and bonds were too plentiful they were sold at a discount. Today, with the banks holding 44 percent of them and 39 percent of their assets invested in them, what will be the effect on the banks themselves if these assets go down to 80 percent?

Mr. Chairman, I have one more request. There was one banker who had the courage to come before our committee. He was that very courageous former Member of Congress, Franklin Fort, of New Jersey. He came before us to tell us that this danger does exist. I ask unanimous consent that I may insert in the RECORD, in connection with my own remarks, a few of the remarks on that particular issue made by ex-Congressman Fort, of New Jersey.

The CHAIRMAN. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

The matter referred to is as follows:

Mr. FORT. I am coming to the major question of the Government bonds now. Of course, everybody recognizes that Government bonds are the premier security, but it still is a fact that realization on Government bonds for cash has to be accomplished in the market, and it certainly is a fact that twice in less than 15 years Government bonds have sold at 80 or below in the market.

The possibility of the policy that this act contemplates—I speak now of the declarations of policy in regard to it made by the Governor of the Federal Reserve Board, and the general understanding of it, namely, that its fundamental design, in part, is to increase the amount of holdings of Government bonds by commercial banks and the Federal Reserve Bank System. Today, gentlemen, Postal Savings funds are chiefly in Government bonds. Federal Deposit Insurance Corporation assets are almost entirely in Government bonds. Forty percent of the bank assets or more are in Government bonds. You now propose in this bill to still further increase the holdings of Government bonds by the Federal Reserve System. In other words, the first line of deposit protection, namely, the Postal Savings fund and the commercial banks, after the exhaustion of the present surplus reserves, which are temporarily the first protection of deposits, has got to be financed by selling Government bonds. Now, you are planning here to put the entire Reserve System into Government bonds. The Federal Deposit Insurance Corporation already is.

The net result is that if any kind of serious trouble develops any of these intangible, unreachable waves of public sentiment which result in the withdrawal of a substantial volume of bank deposits for any reason—war, further disturbance of financial conditions, the collapse of foreign central banks, as happened to us when Bank of England went in 1931, the disturbance of confidence through some crookedness on the part of some individual bankers, the fear of inflation on the part of conservative holders of large deposits, and what not—anything that happens to produce a substantial withdrawal of deposited money from the banks of the United States or the Postal Savings Fund System, must be followed by the immediate liquidation in large volume of United States Government bonds.

Mr. STEAGALL. Mr. Chairman, I yield 30 minutes to the gentleman from Texas [Mr. CROSS].

Mr. CROSS of Texas. Mr. Chairman, I wish to address my remarks to the much-controverted title II, which, of course, is the heart of the bill, and I hope you will hear me with patience. This measure is one that should not be dragged into politics. Every one of us should lay aside all partisanship, because this is the most important measure, as I see it, that has been placed before this Congress in this or any other session. It affects the happiness and welfare of every home in the Nation.

Through the centuries four methods of effectuating the transfer of goods and services have been evolved. In the dawn of civilization we find barter in vogue. As the wants of people expanded and traffic increased, two commodities, gold and silver, were finally adopted, and coined by the different governments into monetary units, having a certain weight and fineness, as mediums of exchange for all other commodi-

ties. Much has been said in this discussion about the commodity dollar; every dollar is a commodity dollar. If you use gold alone, you have a dollar of one commodity, and if you use both silver and gold you have a dollar of two commodities. As commerce continued to expand and as a result of the inadequacy of this metallic money to meet the demand, in the exercise of their sovereign powers, to make money and regulate its value in the interest of the people, governments turned to a paper currency, printing limited quantities of legal tender notes based on the credit of all the people. In the meantime, private institutions operating for gain, known as banks, contrived a new kind of money, a kind of phantom money that constitutes about nine-tenths of all our money and which is known as check or credit money. This kind of money is created out of debts, being based upon the promissory notes of individuals, which check or credit money when uncontrolled is subject to rapid inflation and deflation; alternately resulting in abnormally cheap money or high prices, and always accompanied by wild gambling, speculation. Then without rime or reason this credit or phantom money suddenly contracts, vanishes, and in turn results in extremely dear money or low prices, unemployment, and economic ruin. A man who borrows money in times of great credit inflation wakes up to find that the dollars he borrowed must be paid back with other dollars possessing two and three times the purchasing power of the dollar he borrowed. Is that an honest dollar? Or is it not a robber dollar? The President did say that he expected to get a currency that would be the same in purchasing power from one generation to another, and that would be an honest dollar. Unless you control this credit money, which is nine-tenths of all your money, which under the Constitution it is your duty to do, your dollar in a few months in its ups and downs in purchasing power will continue to result in more robbery, though within the law, than all the crooks and criminals perpetrate in a hundred years.

Mr. SWEENEY. Mr. Chairman, will the gentleman yield?

Mr. CROSS of Texas. Yes.

Mr. SWEENEY. The President of the United States, in his inaugural address, said it was time to drive the money changers from the temple of civilization. The gentleman is a member of the committee and interested in this legislation. Does the gentleman believe this bill will drive the money changers from the temple of civilization, or does he believe this bill will give the money changers a new lease on the temple?

Mr. CROSS of Texas. I believe this bill will redound finally in the interest of the banker, because what redounds to the interest of all of the people will redound to his interest. The banker is coaxed to greater and greater inflation without realizing what it is inevitably leading to, and then when the cyclone comes it wrecks him, fills your country with poverty, destroys the life savings of millions of people, and crime and distress follow in its wake. You will never get rid of crime until you get rid of the tremendous distress that drives people to crime.

Mr. Chairman, the present law provides no adequate control over this phantom money, or credit inflation and credit deflation, which the measure under consideration supplies. While this bill goes a long way in the right direction, and it has my whole-hearted support, yet I think it can be greatly improved by several amendments which will be offered, and which I hope will pass. In the law as it is, Congress not only failed to supply the Federal Reserve Board with adequate control over credit inflation and deflation, but failed to fix a goal to which it was to go and anchor. Now, why talk about giving more power to the Federal Reserve Board? Depressions and booms are like a battle. If you are going to have a scattered, ineffective control, you will lose every battle. You have got to have a commander in chief—one who can act promptly and decisively. Deflation and inflation stretches out and reacts like an accordion. In this bill adequate controls are given but no goal is set. Without a clearly defined mandate from Congress directing the Board to stabilize the purchasing power of our monetary unit—the dollar—covering some definite period, the Board as a result of pressure which inevitably will be put upon it by powerful, selfish, speculative groups will be unable to function as it should.

The testimony of the members of the Federal Reserve Board, as well as others in a position to know, given before the Banking and Currency Committees of the House and Senate, shows in what a confused, perplexed state of mind they were as the result of Congress not giving them a specific mandate, setting a goal for which they should strive.

Governor Harding, of the Federal Reserve Board, in the Federal Reserve Bulletin of February 1920, on page 117, said that our monetary system is—

> A good deal like a ship at sea without adequate equipment of rudder and compass to guide it.

Dr. Miller, of the Federal Reserve Board, in testifying on H. R. 11806 in 1928, said:

> It is my opinion that the Federal Reserve mind at the present time is more perplexed than it has been since the troublesome period of 1920–21; that it is in a state of mental confusion.

Dr. Miller again in testifying before the Senate Banking and Currency Committee in 1931 said:

> It was my opinion, expressed several times in discussions at Federal Reserve meetings in the opening months of the year 1929, that the Federal Reserve System was drifting; that it was in the midst of a perilous situation without a policy.

In testifying before the Committee on Banking and Currency of the Senate in June 1932, Mr. Russell C. Leffingwell, a prominent banker and a partner of J. P. Morgan & Co., and who was Assistant Secretary of the Treasury during the Wilson administration, said:

> It is evident that the Federal Reserve System failed to control the inflation and has as yet failed to control the deflation. Ultimately the New York discount rate was raised to 6 percent in August 1929, but the country paid dearly for the months of delay and indecision in the superinflation of that year. Similarly the System has been unable to evolve and operate and persist in an effective policy to counteract the deflation in the last 3 years. Its antideflationary policy has found only hesitant, tardy, and intermittent expression in action. In matter of monetary management, in the control of inflation and deflation, a stitch in time saves nine. Twelve scattered banks, each with its governor and its chairman and its board of directors, loosely ruled by a board of eight in Washington, composed of men of diverse opinions, do not provide the country with an organization well adapted to act promptly and decisively. Some remedy must be found for this.

And bearing on the question of Congress fixing a price level, and in so doing stabilizing the purchasing power of the dollar, Dr. Sprague, in his testimony on H. R. 11806 in 1928 before the Banking and Currency Committee, said:

> If the Strong bill will accomplish this result—that is, make the decision in matters of policy at times a little more immediate, and the decision itself a little more definite—then there would be, I think, an advantage from the passage of the bill. I probably agree with you that the defects in the operation of the Federal Reserve System are not so much in positive errors of judgment that have been made but rather in the hesitating manner in which at times policies have been decided upon and then executed.

And thereafter, in March 1929, Dr. Sprague, in an article in American Economic Review, Supplement, said:

> I have reached the conclusion that a stabilization amendment might prove serviceable. * * * A few general principles taken as desirable objectives should neither unduly hamper nor enforce action, and in particular a price stabilization provision in the Reserve Act might well prove helpful in its bearing upon future monetary legislation and in the development of cooperative policies and arrangements with foreign bank officials.

And then Governor Miller, of the Federal Reserve Board, at a joint conference of the chairmen and governors of the Federal Reserve banks on October 25, 1921, declared:

> We should seek just as earnestly to avoid deflation as we should to avoid inflation. By inflation I mean an expansion of credit that eventuates in a rise of general prices. By deflation I mean a restraint of credit that eventuates in a fall of prices. Good economic credit policy will endeavor to steer a middle course between these two dangerous shoals.

Mr. Chairman, the purchasing power of the dollar must be returned to its purchasing power when the great bulk of the debts of this country were contracted, and thereby do justice to the debtors and taxpayers of the country, and in doing so regain our export trade by bringing it in line with the purchasing power of the monetary units of other

countries. Then, and not until then, can we compete with them in the markets of the world. It is no processing tax that is causing us to lose our foreign markets, but our exalted dollar. It has been contended, both on this floor and elsewhere, that this country was losing its export trade in cotton as a result of the processing tax.

It so happens that cotton is the one product that we are holding our export trade in. Of the seven crops prior to the crop of 1933–34, the year the tax was applied, we exported on an average only 54 percent of those crops; while we exported 59½ percent of the 1933–34 crop. But the only reason we did was because high-grade spinnable cotton could not be had from elsewhere. The great bulk of the world's cotton outside of this country is produced in Asia which has an abnormally short, coarse, and brittle fiber out of which a very inferior low-grade product can be made, the major part of which goes into carpets and rugs. But they will not take any of our products either finished or raw except as a matter of necessity, and this because of our dollar in the money exchange markets of the world.

Mr. KLEBERG. And I want to say that the gentleman is correct.

Mr. CROSS of Texas. I thank my colleague.

The CHAIRMAN. The time of the gentleman from Texas [Mr. CROSS] has expired.

Mr. STEAGALL. Mr. Chairman, I yield the gentleman from Texas 10 additional minutes.

Mr. CROSS of Texas. I thank the chairman of the committee.

Every country's money is at par in that country, paying 100 percent in taxes, debts, and what not. Since the world depression practically all countries went on a managed currency that revolution might be avoided and justice done between debtor and creditor. France has not, but she has devalued her monetary unit in relation to gold to the vanishing point, as has a number of others. This is the only country that persists in letting its people be robbed and crucified by taxes and debts as the result of the dollar trebling its purchasing power. Not only is our stubbornness in maintaining the dollar at its trebled purchasing power since the depression causing millions to lose their life's savings, wrecking industry and production, while filling the country with hunger and want and unemployment, but it is making it impossible for us to compete in the export markets of the world. Let me give you an illustration, and I will use cotton, as that has so often been referred to, though it will apply equally to any other product whether it be wool, hides, or what not. The pound sterling will exchange for 17 pesos, or Mexican dollars, and with those 17 Mexican dollars the British spinner can pay the Mexican grower 30 cents a pound for his cotton and buy with his pound sterling 57 pounds of cotton in Mexico. Now, when he comes to this country to buy, his pound sterling will exchange for only $4.80, and at 12 cents a pound, he can purchase only 40 pounds of cotton. So the English spinner, after converting into cloth 40 pounds of the cotton he buys with his pound sterling in Mexico, has 17 pounds left which he can convert into American money at 12 cents a pound, or $2.08 with which to jump tariff walls and sell his cloth here. And this applies equally to other products in Mexico and elsewhere.

On the other hand, if a Mexican merchant is in the market to buy from some factory cloth or any other product, if he comes to buy from us he must first exchange his pesos into our money, and we allow him only 28 cents for his peso; while if he buys from the English manufacturer, he can exchange his peso at the rate of 50 cents per peso, and as a result England sells the goods.

Then, again, the New York merchant, seeing he can exchange his money for Japanese money at a ratio of about 3 to 1, finds in terms of United States money he can buy goods made in Japan cheap, while the Japanese manufacturer is paid in his own money which is par in Japan, paying 100-percent taxes, debts, and so forth, and in his money he has received a good price.

This bill provides the means by which the dollar can be restored and maintained in purchasing power to the purchasing power it had covering the period from 1921 to 1929. It provides the levers with which to check and control deflation, first, by enlarging the class of securities that can be rediscounted; second, by the open-market committee buying Government securities, and thereby putting more currency into circulation; third, by reducing the rediscount rate; and, fourth, by decreasing the bank reserves. And in order to check and control inflation the Federal Reserve Board is given the power to reverse these processes—that is, first, by increasing the discount rate; second, by the open-market committee selling Government securities and withdrawing currency from circulation; and, third, by the Board raising the reserves of banks.

So this bill will restore to Congress the power vested in it by the Constitution to make money and to regulate its value by controlling the inflation and deflation of this credit or phantom money, and in so doing stabilize the purchasing power of the dollar, thereby making it a dependable, honest dollar.

Mr. Chairman, under the Constitution the responsibility is placed upon Congress to coin money, to regulate its value, and neither Congress nor its agent which it sets up in this bill to perform that duty for it should permit any outside influences or interferences in the performance of that duty. Therefore I shall offer an amendment at the proper time for the Federal Government to purchase the stock, amounting to about $140,000,000, now owned by some 6,000 member banks in the 12 Federal Reserve banks. The Federal Reserve Board, together with the 12 Federal Reserve banks, is an agency set up by Congress to supply the people with an adequate means of exchange, and to regulate its value, and with no purpose or thought of private gain. While the so-called "member banks" are private institutions, operating for the sole purpose of private gain, and are in no way responsible to furnish the people with an adequate means of exchange, and are concerned alone in making money and paying dividends to their stockholders.

In periods of inflation and rising prices it is always to the interest of these institutions for present gain, and they never look beyond the day after tomorrow to further inflate; while in periods of falling prices and deflation, in their fright they persist in urging further deflation. Under the law as it now is, as well as in this bill, these member banks elect 6 out of 9 directors of each Federal Reserve bank—that is, they elect the 3 class A and the 3 class B directors, while the Federal Reserve Board appoints only the 3 class C directors. In the past this has resulted in friction and cross purposes and is destined to so continue in the future as long as these private banking institutions are permitted to elect two-thirds of the directors in each of the Federal Reserve banks. In this connection I wish to call attention again to that part of the testimony of Mr. Russell C. Leffingwell, where he testified:

> Twelve scattered Federal Reserve banks, each with its governor and its chairman and its board of directors, loosely ruled by a board of eight in Washington composed of men of diverse opinions, do not provide the country with an organization well adapted to act promptly and decisively. Some remedy must be found for this.

On this same point Governor Harrison, of the New York Federal Reserve Bank, testified in 1932 on H. R. 10517:

> It is almost inevitable that the Federal Reserve System or any central bank will always have to be going contrary to what the banks are doing. When they are inflating we have to put pressure on them, and when they are deflating we have to boost them up.

Just so long as two-thirds of the directors in these 12 Federal Reserve banks are the creatures of the member banks there will continue to be such friction and such lack of harmony that the System will not be able to function with the efficiency that it should.

Mr. Chairman, this bill further provides that each Federal Reserve bank shall maintain reserves in gold certificates of not less than 40 percent against its Federal Reserve notes in actual circulation. At the proper time I shall offer an amendment that each Federal Reserve bank shall maintain reserves in gold and silver certificates aggregating not less than 40 percent against its Federal Reserve notes in actual circulation.

I shall also offer an amendment that after the passage of this bill no silver dollars shall be coined. The present silver dollar contains 371¼ grains of pure silver, being coined at a ratio of 15.98 to the gold dollar before it was devalued, and containing 23.22 grains of pure gold. Since the gold dollar has been devalued and now contains only 13.7143 grains of pure gold, it puts the silver dollar with the new gold dollar at a ratio of 27 to 1. I assume it is the purpose of the administration to bring silver back in price so that an ounce of silver will be worth $1.29 at the old ratio of 15.98, which would make the silver dollar now containing 371¼ grains more valuable than the present gold dollar. And as a result, silver dollars would be hoarded and converted into bullion, as it would be worth more in bullion than in the dollar of the present weight and fineness of the silver dollar. Besides, it is folly to go to the expense of mixing the silver with an alloy and coining it when the silver certificate is far more convenient, and then the silver dollar not only loses as a matter of wear and use, but often as a result of fire and other causes. In such a case, the silver is lost to the individual without any gain to the Government, but if the certificate is lost or destroyed, while the individual loses, the Government gains, still having possession of the metal.

Mr. Chairman, this bill is the only remedy that has been brought on this floor which, if enacted into law, will rid the financial heart of this country of a few small, greed-blinded, manipulative groups that have for many years been fattening on the Nation's economic lifeblood. Enact it into law, and it will bring about a sustained, unbroken era of prosperity. Surely every patriot should lay aside petty partisanism in casting his vote on this measure. [Applause.]

The CHAIRMAN. The time of the gentleman from Texas has again expired.

Mr. HOLLISTER. Mr. Chairman, I yield 20 minutes to the gentleman from North Dakota [Mr. LEMKE].

Mr. LEMKE. Mr. Chairman, I fail to see anything in the pending bill H. R. 7617, to cause any great excitement. It is simply a rehash of the existing Federal Reserve banking laws. It is an international bankers' bill despite the fact some think it is not. It perpetuates the power of issuing the money and credit of this Nation in the hands of the international bankers. Certain amendments will be offered, and I shall be delighted to vote for them and sincerely hope they will be adopted. Even though these amendments are adopted, you will not have very much of a bill, because the control of the monetary system still remains in the international bankers, and it will still be a private bankers' bill.

Having said this much on the bill, let us consider for a minute what is the object and purpose of money and the banks which issue and distribute this money to the people of this Nation. First, what is money? Money is not gold; it is not silver; it is not paper; money is made by law. If you bear this in mind you will never have any difficulty in knowing what money is. It is made by law. It is a yardstick with which we measure the value and facilitate the exchange of goods and services. That is all money ever was and is all money ever will be. The fact remains, however, that there always ought to be enough money with which to do the Nation's business; there always ought to be enough money to meet the obligations of the people of the Nation. For years we have not had enough money with which to do the Nation's business, so we substituted something for money which we called "bank credit"; but that is just hot air; it is not money. We have circulating in this Nation today as basic money in actual use less than $2,500,000,000. There is supposed to be in circulation outside the Treasury $5,400,000,000, but $600,000,000 has been lost and does not exist any more. Notwithstanding this fact, the Treasury Department has never had the decency to make an estimate and tell the American people how much actual money there is in actual circulation.

Over $1,000,000,000 of our money is in foreign banks and is held in foreign countries. Tourists have taken it abroad. If you go into any South American country with an American bank check and seek to cash it you will be asked whether you want American currency or their money. It is estimated that over $1,000,000,000 of our money is in foreign countries. Cuba does practically all her business on our money.

On top of this $2,500,000,000 money structure we have built a superficial structure of hot-air bank money and bank credit without any foundation back of it; and that is the cause of your depression and your panics. When the people realize that for every dollar actually in the banks and trust companies of the United States of America there are $60 outstanding on deposits then is when you have your panics. Then is when you lose confidence in the system, and you ought to lose it; and you ought never to get confidence in that damnable system which has looted the American people for all these years and which has been responsible for hundreds of thousands of suicides, for wreckage and destruction throughout this Nation.

What is the remedy? There is only one remedy. To whom does the money and the credit of the United States of America belong? It belongs to you men and women of this great Nation and not to a few international bankers who use the Federal Reserve bank; it belongs to all of us. Yet, what is the fact? I have in my hand a Federal Reserve note. I am not particularly proud of it. Do you know why? Because it does not belong to me, it belongs to the Government of the United States. But the international bankers took it away from your Government and are using it for nothing, absolutely nothing. This Federal Reserve note is not mine. If I give it to you it is not yours; if you give it to your friend it is not his, because it belongs to the Federal Reserve bank that got it from your Government for nothing; it belongs to the Federal Reserve bank that filched it from the American people. Every minute this Federal Reserve note is in my pocket or in your pocket the American people pay interest on that which belongs to the Government of the United States and that which should be used for the benefit of all the people within the United States. You know that as well as I do. This Federal Reserve note does not belong to me or to the individual that happens to hold it; it belongs to the Federal Reserve bank that got it from the Government of the United States; and all it ever paid for it is seven-tenths of 1 cent per bill.

Now, my friend said he would like to have this bill. Well, it is not mine; therefore, I cannot give it to you. [Laughter.] It belongs to the Federal Reserve bank that got it for nothing.

Now, then, our remedy: There is nothing new in this world, and there is nothing permanent but change. We are in a transition of our civilization, everything is changing. We are going forward from old to new; we are going from an old, corroded, dishonest banking system to a new, and all that we can do to prevent the change will not stop the ultimate outcome that the Government of the United States—no; the people of the United States—are going to take control of their banking and currency system and are going to use it for the benefit of all of the people. Nothing can prevent it, nothing can stop it. You cannot stop the forward movement of the waves of the ocean, neither can you stop the forward movement of our civilization when once the facts are known.

The people are beginning to know what this money system is; therefore it cannot continue. There is nothing new about this money proposition.

Mr. Chairman, in my State we have the Bank of North Dakota owned, operated, and controlled by the people of the State of North Dakota. When that bank was first created they lied so much about it that we have not yet caught up with all the lies. There are filibusters at present against the Wheeler-Rayburn bill, the so-called "utility bill." These filibusters are still lying about the State-owned utilities of my State. They are telling the men and women of the Nation that the Bank of North Dakota has been a failure, that the State-owned mill and elevator in the State of North Dakota is standing still; yet we are running full blast and intend to long after we have passed the Wheeler-Rayburn bill. The utility-holding companies cannot continue to lie about State institutions and get away with it. They certainly do not assist their cause by such methods. The Bank

of North Dakota today has resources of $29,103,897.34. It is the only safe and reliable bank in the Northwest. It is as safe as the State of North Dakota, because it is backed by all the resources and the full faith and credit of the State of North Dakota.

May I say that there is not a banker in North Dakota today who will get up and openly and publicly say that the Bank of North Dakota is not the greatest blessing that the State ever had. But for that bank I do not know what we would have done during the drought and all the other misfortunes we have gone through. That bank has saved for the people of North Dakota over $100,000,000 since 1919. It has saved that money to the people of North Dakota and it has been a safe place for the people to keep their funds which otherwise would have been lost. As it was during the depression we lost $60,000,000 in this private banking system that you and I have in every State in the Union. After that all of the treasurers of public institutions put their money in the Bank of North Dakota and that accounts for the $29,000,000 that we have. This money is being used for the benefit of all the people and the profits go to all the people of the State of North Dakota.

Mr. Chairman, why can we not have a bank of the United States like that? I cannot understand why the Banking and Currency Committee never considers anything except the old system. You know the banking bill that we have before us at this time is just a new coat of paint over the corroded, rotten system that we have had heretofore to fool the public. It is just an effort to cover up the corrosion. But you cannot paint over corrosion because the paint will not stick. There is where the trouble is. It has been a corroded system. We are going to get away from it.

What do we propose? I have had before this Congress ever since I became a Member a banking bill modeled after the Bank of North Dakota, modeled after a bank that has been in existence since 1919 and conceded to be one of the finest and safest institutions in the Nation. It is the only banking institution that is owned, operated, and controlled by a sovereign State. I introduced this bill at the opening of the special session and the bill has been before that committee ever since. It is H. R. 3008. This bill would create the Bank of the United States, owned, operated, and controlled by the people of the United States.

Mr. Chairman, under the terms of this bill the people of every State in the Union would elect one bank director. May I ask the gentleman from California whether he is not as much interested in having an elastic currency out there in California as the people in New York? Are not the people of Idaho, Nebraska, Kansas, or Colorado entitled to know how this money business is being handled? Under the bill which I introduced each State would elect one director. The directors would thereupon get together and elect an executive committee of seven, who would keep in touch with the financial business of this Nation. They would run and control this bank.

The bill is similar to the one that the gentleman from Ohio [Mr. SWEENEY] introduced, H. R. 6382. Both of these bills have for their object the establishment of a banking system controlled, not by a few individuals nor by one section of the Nation, but by the entire Nation. Under either one of these bills we could take up the $32,000,000,000 of bonds that are outstanding. We would not need any more money in circulation than there is today, but it would be in actual circulation. Give to this bank five or six billion dollars and we can take over every existing bond in the Nation and save the people about $1,000,000,000 in interest each year, and still have enough money to lend for the needs of the States to take up their bonds and for every municipality. We would have enough money with which to do the Nation's work. Every dollar in the bank would be guaranteed, and therefore there would not be hoarding. There would not be the necessity for hoarding, because the full faith and credit of the Nation would be back of the bank notes issued by the Government of the United States.

The question was asked yesterday, "What more is there back of a Federal Reserve note than back of a bond?" Mr. GOLDSBOROUGH answered that there is nothing more back of it, only that you do not need as much money as bonds. Where you would need $32,000,000,000 in bonds, you could actually issue $5,000,000,000 in currency, which would revolve around, and you would have credit equal to $32,000,000,000 in bonds. The difference between money and bonds is that on one the Government pays interest and on the other it does not. It takes about 5 or 10 times as many bonds to do the Nation's business as would be needed in actual currency.

Why do we not pass this bill? The people of the Nation are ready for it. I may say that the farmers of the Nation know more about money and currency these days than the bankers of the Nation. The banker as a rule does not even know what the money is made out of. He just reaches out and grabs it. You cannot find any fault with him, because he is the last man in the world to tell you how to change the system. He is the same as a lawyer, and I am a lawyer myself. A lawyer would be the last men in the world to tell you how to reform the legal system so that you could try your own case. It is not human nature. But the people of the Nation are beginning to wake up. The people of the Nation are demanding a change and they are going to get this change in spite of the dying shadows of a past civilization. We are going to get it. It will take a few years perhaps.

I am in hopes that the Goldsborough amendment may be adopted when we vote on the amendment today or tomorrow. I am also in hopes that the amendment to be offered by the gentleman from Texas [Mr. CROSS] will be adopted. But that does not make up a completed bill. When you vote in favor of those amendments it is the beginning of the Government doing its own banking. The bill as written at the present time is as bad as the old one. We pass a banking bill each session, and each one is worse than the one we passed the session before.

Mr. Chairman, there is not any question that money is a medium of exchange. It is made so by your Government. It is made so by law, therefore it must be controlled. There can be too much and there can be too little. There should be just enough money to do the Nation's business properly.

Under the amendment suggested by the gentleman from Maryland [Mr. GOLDSBOROUGH] we would have a limitation as to the amount of money that should be issued.

Under the amendment suggested by the gentleman from Texas [Mr. CROSS] we would have the control of the money and the credit in the hands of the Federal Government for the benefit of all the people, and that is where it ought to be. Under my bill, or the Sweeney bill, the money and credit of the Nation would be in the hands of the people of the Nation, one director being from each State, and would be used for all the people, the same as it is in the bank of North Dakota, and that is also as it ought to be. All the arguments I have heard against the bank of the United States on this floor I heard before against the bank of North Dakota, but after we enacted it into law and after they got accustomed to it the bankers now would be its best defenders if you tried to change that law, because they know that after all their success depends upon the success of the people of that State, and the same would be true in this Nation.

As far as money is concerned, whatever is back of it is not so important. Some people think you must have gold back of it. There was a time when we had sea shells for money. There was a time when you had mulberry leaves for money. There was a time in our own country when we used tobacco for money. There was a time in our own country when we used whisky for money. There was a time in our own country when different commodities were being used for money, as a medium of exchange. So it does not make any difference what you use as a medium of exchange; it must be, and is always, controlled by the Government, and therefore money is made by law.

It does not make any difference what is back of this piece of paper. I prefer the credit of the entire United States to the credit of a few individuals. I prefer the credit of the Government of the United States, all of it, back of its currency rather than gold or silver. Of course, there ought

to be a safe and sane control of it, and this you have under the Goldsborough amendment.

Again may I state that something has been said on this floor about honest money and dishonest money. We have a dishonest money system. I say that under that system in 1917 you got $1.89 for a bushel of wheat in Minneapolis. At that time 1,000 bushels of wheat would have bought $1,890 of money, and then in 1932, in October, it took just 19,000 bushels of wheat to buy the same number of dollars as 1,000 bushels would have bought in 1917. Such a system is not honest. It is not fair to the people of this country. It has done nothing but bring wreckage and destruction, and then we build it up again on false hopes. We increase the bank money and credit, and down she comes again—the people finally lose confidence in the money base. If you have this money issued by the Government of the United States and controlled by it under proper regulation, you never could have that kind of fluctuation. You never could have the wreckage that has been brought about under the system we have today.

Mr. Chairman, I wish to thank the Members for their attention. [Applause.]

Mr. GOLDSBOROUGH. Mr. Chairman, I yield 20 minutes to the gentleman from California [Mr. FORD].

Mr. FORD of California. Mr. Chairman and ladies and gentlemen of the Committee, we have listened today to various statements on this bill. I am going to confine my remarks chiefly to title II, for the reason that I believe it is the vital title of this bill and without it the bill would be of no value to the people of the United States, for it is a long step in the direction of placing the banking system of the Nation under effective control of a board directly responsible to the people through their elected representatives in Congress.

One group of our more adventurous friends propose complete abolition at one step of our privately owned banking system. Another group, equally daring, would have us tie our monetary system, as distinguished from our banking system, to a commodity index, thus giving us what is known as a "commodity dollar."

Of the first proposal, I have only this to say: I believe such a revolutionary step at this time might so shock our economic structure as to delay recovery for a number of years. Of the second proposal, it is my firm belief that we would be stepping out of the frying pan into the fire.

Most of us realize that many banks have failed to guard the public interest and the interest of their depositors in the use of the banking power. This is partly due to short-sighted greed and partly to weakness in the banking laws.

It is clear that radical changes in the law are essential. Such changes should place the Government in control and direction of money and credit.

This bill establishes such governmental control and direction as seems essential to make the banking system serve all the people instead of a small inside group.

It is being loudly bruited about the country by a subservient press and parroted on the floor of the House by honest but misguided members of the minority that title II of the bill is designed to give the administration "political" control of the money and credit of the people.

WE RETURN TO THE CONSTITUTION

This is not true. What this bill aims to accomplish is to give back to Congress its constitutional function to "coin money and regulate the value thereof." This function was long ago surrendered to the privately owned banks and has been tenaciously held by them to the detriment of the people. This bill restores to Congress this function, which is once again to be vested where the Constitution rightfully places it.

Prior to the creation of the Federal Reserve System, the responsibility for the monetary and credit policies of the Nation was in the hands of a powerful group of New York banks. The reserves of the entire Nation, through the correspondent system then in vogue, were in the hands of this powerful group. This gave a few men a death grip on the whole Nation. For it enabled them to dictate the credit policy for industry, commerce, and agriculture. It was the ideal system for predatory manipulation. It opened the way for those periodical shake-downs of the middle class, politely called cycles of depression. In the old days we called them panics.

LOBBYING IN 1913

It was this Money Trust, which President Wilson so clearly described in his New Freedom, which made apparent the necessity for the Federal Reserve System. The system was created by the Congress in 1913. That this new instrumentality for the orderly direction and control of money and credit failed to cure all of the evils of the older system is due primarily to the success of the powerful banking lobby when the bill was before Congress. In spite of President Wilson's great leadership, drastic changes were made in the bill, and the act just fell short of accomplishing what President Wilson and the Congress had in mind. Let us here and now determine that no lobby of special interests shall cause us to compromise and weaken this bill.

One of the shortcomings of the act was that it left in the hands of the Federal Reserve banks the control of open-market operations, one of the most powerful of the levers for the control of monetary and credit policy. The bill before us seeks to remedy this defect by placing the control of open-market operations in the hands of the Federal Reserve Board. Thus the refusal of one Federal Reserve bank cannot check the carrying out promptly of such operations when they are needed to stabilize prices and credit.

FALSE CHANGES PREVALENT

I might say here that I do not believe the western bankers are opposed to this bill. In fact, some of the leading bankers of the West that I have talked with are in favor of it.

Because the control is to be centered in Washington, where it can be promptly employed to effectuate a national monetary and credit policy, the disgruntled banking group, chiefly centered in New York, is now crying to high heaven that this is "political" control. At the head of these comes Mr. Warburg with the red herring of communism.

Since the Constitution specifically gives Congress the right to coin money and to regulate the value thereof, why is it subversive of the American system to exercise that right?

Of course, it is neither communistic nor radical. It is merely common sense for the Congress to decide at last to exercise its constitutional powers over money. If there is any one function of Government more clearly set forth in the Constitution than this, will the objecting gentlemen please indicate it?

Let us consider a little more definitely what kind of control this bill proposes.

GOVERNMENT CONTROL VITAL

It is Government control over money and credit by the Congress through the Federal Reserve Board, which is itself the creation of the Congress. Through the operation of the Banking Act of 1935, if we pass this bill as now written after 8 weeks of hard work on the part of the committee, the control of the Nation's money and credit will be just where it always should have been—in public hands. Check money, which constitutes 90 percent of all the money that passes current in the course of the Nation's business, will be retained as it is; but it will be so safeguarded that any attempt on the part of a little group of powerful bankers to blow up a balloon of inflation, similar to that released during the fateful period of 1922–29, will be promptly checked. This checking can be accomplished by the Federal Reserve Board through the operation of three major levers of control, namely, those over open-market operations, over the discount rate, and over reserve requirements.

Another provision of the bill that is giving the die-hards among the bankers cold shivers is the making of the term of the Governor of the Federal Reserve Board coincide with the wishes of the Chief Executive. This is being attacked as though it were treasonable. Yet the people elect the President and hold him responsible for the execution of the monetary and credit policy of the Nation. What more logical than that he be authorized to have at the head of the

Board governing monetary and credit policy a man in whom he has confidence and who will, naturally, shape his course in such a way as to enable the Chief Executive to carry out the mandate of the whole people who elected him to do their will?

I might say right here that the chief weakness of the whole Federal Reserve System is that it has been manipulated by the New York group, not in the interest of the Nation as a whole but in the interest of that well-known group of unscrupulous men who have proven to be as incompetent as they are greedy.

THE PUBLIC INTEREST PROTECTED

I have said that it is the purpose of the bill to make the banking system serve all the people, instead of a special group strategically placed. This is accomplished by reorganizing the Federal Reserve Board and by placing in its hands the full authority for ordering and carrying on open-market operations. Thus we are creating a sure implement for the stabilization of prices and credit.

It is recognized that open-market operations are essential to the stabilizing of money and credit. It is also recognized that such operations to be effective must be promptly decided upon and vigorously executed. Under the present system neither prompt decision nor vigorous action is possible. The open-market committee, representing the 12 regional Federal Reserve banks, has the duty of deciding when open-market operations are advisable. But the Federal Reserve Board has no authority to force action unless the 12 regional banks agree to cooperate. One bank can block action.

The bill before us changes all this and changes it in the public interest. It places the authority for ordering open-market operations in the hands of the Federal Reserve Board, which is authorized to conduct such operations when it decides that they are in the public interest. No longer can a single bank or group of interested banks block action.

PRICE STABILIZATION

In assuming its constitutional powers over money the Congress has gone a step further, it has in this measure, through a direct mandate to the Federal Reserve Board, included credit in its powers. Since money and credit are, under our system, almost if not quite synonymous, the Congress has given the Board the following mandate:

> It shall be the duty of the Federal Reserve Board to exercise such powers as it possesses in such manner as to promote conditions conducive to business stability and to mitigate by its influence unstabilized fluctuations in the general level of production, trade, prices, and employment, so far as may be possible within the scope of monetary action and credit administration.

The purpose of this mandate is, insofar as it is possible by monetary action, to establish a stable price level and give to the Nation a dollar that will have a uniform debt-paying, tax-paying, and commodity-purchasing power.

One of the activities that did more to wreck our commercial banking system than anything else was the mania for loans on securities, on the mistaken idea that that type of loan was more liquid than the regular short-term commercial, industrial, or agricultural paper.

One of the most important phases of this matter is the rapid decline of commercial paper between 1925 and 1929, the reason for this being that the great commercial and industrial corporations were induced by the investment bankers to sell securities in the form of preferred and common stocks, or in the form of long-term bonds or shorter-term debentures.

In this way these giant enterprises were freed from the need of short-term commercial loans. Instead of having to go to the bank at intervals for their current needs, they sold vast blocks of securities and became, instead of borrowers, lenders in competition with the commercial banks, many of which invested in the securities of their former customers or loaned freely on these securities.

REAL-ESTATE LOANS

We are told that one of the dangers of this bill is its provisions governing real-estate-mortgage loans.

Those who see danger in this provision are, I think, laboring under the impression that real-estate loans were at the bottom of our banking trouble because of their lack of liquidity.

The banks of the Nation are broadly divided into country banks and city banks, regardless of whether they are National or State banks.

Up to 1925 the loans of country banks were principally commercial paper. However, between June 1925 and December 1928 the volume of commercial loans in country banks declined $300,000,000, from $5,209,000,000 to $4,979,000,000. While this decline was in progress these same banks increased their loans on stocks, bonds, and other securities $714,000,000, from $1,586,000,000 to $2,282,000,000. Thus we see a decline of over a quarter of a billion in liquid commercial paper and an increase of three-quarters of a billion in paper secured by domestic stocks and bonds and an investment by these banks of $429,000,000 in foreign securities.

During this same period farm-real-estate loans declined $75,000,000, while loans on other real estate increased only about $350,000,000.

It would, therefore, appear that three factors other than real estate operated to weaken the country banks: first, the decline of liquid commercial paper eligible for rediscount; second, the increase of paper secured by stocks and bonds and not eligible for rediscount; and third, the investment of $429,000,000 of their funds in foreign securities, while their real-estate loans remained at about normal.

REDISCOUNT PRIVILEGE

It was the lack of eligible paper that caused most of our banking troubles. Had the provision in the bill before us, making all sound assets available for discount at the Federal Reserve banks, been part of the existing Federal Reserve Act, the drastic deflation of 1929–33 could have been cushioned. For we all know that had the banks been able to go to their Federal Reserve bank and get the needed currency to meet the rush of withdrawals, the runs would have stopped, and such banks as were in a weakened condition could have been quietly strengthened, fear would have vanished, and the bank holiday avoided.

It is true that the Emergency Act of 1933 did accomplish this in part. It was not, however, broad enough, and it was not resorted to until most of the damage was done.

Had the previous administration been alive to its responsibilities to the whole people, instead of frantically trying to save the skins of its big-business friends, the whole Nation would not have been subjected to the deflation with its misery, loss, and hopeless despair that followed the stock-market debacle of 1929.

I have confined my discussion of this bill to the controversial title II. But I wish to mention with satisfaction the first title which makes permanent the insurance of bank deposits up to $5,000 for each depositor. This is in itself a great achievement. Its soundness is proven by the success of the temporary insurance of bank deposits.

In this connection I wish to pay a tribute to the Honorable J. F. T. O'Connor, Comptroller of the Currency, for his able, impartial, and effective handling of the rehabilitation of the banks that were not in a position to open immediately after the bank holiday. His effective participation and direction in the difficult task of rebuilding the capital structures of these banks and thus making them eligible for deposit insurance is a notable contribution to national recovery. [Applause.]

Mr. WOLCOTT. Mr. Chairman, I yield 20 minutes to the gentleman from Michigan [Mr. CRAWFORD].

Mr. CRAWFORD. Mr. Chairman, it has been my observation that in discussing the banking industry it is a very easy matter for us to talk in terms of "banks and bankers" and to forget the fact that the tool—money—which the banks work with, originates through our individual citizens making deposits in the banks. When I refer to the term "money" in this respect I, of course, include check money and credit money as well as currency and coins. In other

words, the raw material which the banks work with consists of the deposits which you and I and the other people who do business with banks deposit in those banks. In a great majority of cases we make that deposit subject "to call" or with the thought thoroughly in mind that we may make a withdrawal "on demand." Saying it another way, business is carried on largely through deposits thus made. On the whole, we do have a large amount of time deposits, but that portion of our check or credit money cannot be used as freely by the owner as the "demand deposits." Therefore, insofar as production of factory goods, the employment of people, and the production and transportation of agricultural goods are all concerned, I think it is entirely sound to say that demand deposits are a real motivating force for these operations. The man who places his money in the safety-deposit box or in time deposits does so with the full intent of not using that portion of his financial strength in the promotion of the production and exchange of the commodities of life—this being true, of course, only so long as the money is deposited in the safety box or in the form of time deposits. It is not for the depositor to know what the banker will do with the time deposits, because he, through his action, is willing that that portion of the Nation's financial strength shall remain idle and out of production. It is easy to visualize a situation wherein time deposits will draw no interest or even will not be accepted.

I notice a statement in the morning paper which says:

The 19 members of the New York Clearing House Association no longer will pay one-fourth of 1 percent in interest on time deposits which are payable within 6 months from the date of deposit, and after May 15 they will stop paying the same rate on the demand or time deposits of savings banks in commercial banks.

The United States Treasury recently hired money on a short-term basis equal to one hundred and fifty-three thousandths of 1 percent annual interest, and bankers' acceptances for 30 to 90 days are quoted on a basis of from three-sixteenths to one-eighth of 1 percent interest, all highly safe loans for a short period of time.

Only yesterday the distinguished gentleman from North Carolina made the observation that he was very liberal-minded and that he favored the necessary laws which would enable some banking power to force the banks in times of emergency to take the bonds of the Government. I see no liberal thought in this expression. Let us assume for a moment such a law was passed authorizing the Federal Reserve Board or some other authority to do that very thing. What happens when the authority is exercised, whether by degree or completely? As a depositor, I would visualize the operation of such a plan in this manner:

In the course of life I make a demand deposit as a result of the sale of 100 hogs, or 1,000 head of cattle, or from the receipt of wages or salaries or dividends or interest on an investment in a factory I operate. I do so with the full thought in mind that within a day or month I may withdraw that money for the furtherance of additional production involving the employment of people. However, as a result of the banks being forced in time of emergency to take the credit which I had on the bank's books and buy therewith Government bonds—thus putting the bank in a nonliquid position—I find the demand for payment made by myself and associates and neighbors cannot be met. Accordingly I must decrease production on my farm, close my plant, increase unemployment, and decrease my own purchasing power. My personal and industrial operations are seriously interfered with—perhaps entirely destroyed—and this same case duplicated millions of times will bring about a paralysis and dislocation in our productive and exchange activities of far-reaching consequences, resulting in a depression. I wonder if the gentleman gave serious thought to his statement before making it.

Now, Mr. Chairman, as an American citizen with income and property that can be taxed, never would I object to the Federal power saying to me in times of emergency and country-wide distress that it is coming to me to take, through the power of taxation, a large or a small share of my income and property, to the end that I pay my proportionate share of relieving less fortunate people from the predicament in which they find themselves as a result of the emergency. As a member of organized society, under a constitutional form of Government, I could not justify a protest against such action by my Government.

However, if that same government goes to the bank or banks in which I have previously deposited my savings, and income from sales or otherwise, and without first giving me a chance to make my withdrawal, forces that bank to invest my savings or credits or deposits in Government obligations in such a manner as will prevent the bank meeting my demand of withdrawal, then I shall protest. I shall protest for many reasons:

First. I expect to use those deposits for purchasing goods.

Second. I expect to use those deposits for creating goods.

Third. I expect to use those deposits for the employment of other people.

Fourth. I expect to use those deposits for the meeting of obligations for which I previously pledged myself.

Fifth. I expect to be able to use those deposits for many purposes and without having previously given notice and then awaiting the bank placing itself in a liquid position with the consequent loss which usually follows.

From the statement made by the gentleman, he would have the banks of the Nation first finance Government, instead of taking the money deposited therein by the people, and let it be used first in rendering service to the people through acting as the financial fountain for the carrying on of enterprise by individuals and corporations. If it is the purpose of this bill to make banks first the financial agent of governmental activities instead of being the financial agent of industry, then that becomes overwhelming. That procedure will change the institutions of America. Such a proposal is very fundamental and calls for the most serious deliberation, debate, and understanding of our people before it becomes the law of the land. To create a power, from which no appeal can be made, that can (at any time an emergency is declared, whether justified or not), concentrate the buying power belonging to our people and represented by deposits in banks, into interest-bearing obligations of our Government, and all without the consent or even knowledge of the people owning the deposits—is a power that goes entirely too far. It is a power which I do not believe the American people are in a frame of mind to accept. They have been told the banks which closed during the past 15 years were closed because they were not liquid and could not pay the depositors' withdrawal demands. Our people know enough interest-bearing bonds will be issued without this additional encouragement. It will be most difficult for anyone to justify such a course as sound banking, or as one necessary in this day and age. Such a course will help destroy what confidence our people now have in banking.

Mr. Chairman, at this point I wish to go on record in a most emphatic manner as being opposed to the continuance of a policy which leaves in the hands of a few private bankers the social and economic welfare of our people. Down through the years we have been victims of the "rigging and manipulation" of this method of control. Just as emphatically do I wish to go on record against a plan which resolves itself into the form of a political control of the banks, insofar as their open-market policy, interest or discount rates, and reserve balances required are concerned. As between control through and by private bankers, or through politics I am forced to frankly say (and without having experienced the effect of political control) control by the former may be less harmful than by the latter. This is one matter in which I prefer to transcend experience in the reaching of my conclusion. At the present time it would be difficult for one to convince me that our banking system can, through political control, be so regulated and adapted that it may become a more efficient instrument for the promotion of business stability and the mitigation of industrial fluctuations. Nor do I favor the continuation of the "heyday of laissez faire." It is my sincere belief that booms and collapses will continue to recur under political control the same as under private banking control. At the same time I am of the opinion that if our banking system is

left to itself with no conscious effort of control it will tend to intensify rather than to counteract business fluctuations.

Mr. FORD of California. Will the gentleman please define political control?

Mr. CRAWFORD. Very shortly I shall clear that up, and I think answer it to the gentleman's satisfaction. The controlling body should be one which represents the interests of the Nation as a whole and not one that acts solely in the interest of a particular economic or political class, or group of people. The purpose of a nation, as expressed in its constitution, and the political, social, and economic philosophy of its people, can be completely nullified by any given class, private or political, who controls the money supply.

Furthermore, I am convinced the bankers of this country are very much in favor of a nonpolitical control which will assist our banking system in rendering that service which our people must have, keeping in mind at all times the necessity of dealing with each case on its merits and providing for local control or national control, whichever is in the public interest.

The density of population and the concentration of manufacturing, speculation, banking, and transportation in and about New York City and in the vicinity of the northeastern Atlantic seaboard may bring about banking problems dissimilar to those which simultaneously exist on the Gulf coast or in the Middle West or on the Pacific coast. For this reason I cannot, without further information and deliberation, bring myself into agreement with the provisions of section 12 (c), lines 22 to 25, page 52, and lines 1 to 10, page 53. By reason of the preponderance of banking weight in the vicinity of the New York Federal Reserve Bank district, its requirements from time to time, its desire to speculate in commodities and securities and production, or its desire to not do so, it appears to me it will be highly destructive to other major districts to be forced to follow an open-market policy which will accommodate the situation in the vicinity of New York but may not at all accommodate the situation in Chicago, Kansas City, or San Francisco. Additional information might clear up this question to some degree, but at the moment it does not appear at all equitable.

Mr. Chairman, I should like to inquire of the chairman of the committee whether the Federal Reserve Board has, at any time, exercised its power to force all the Federal Reserve banks to act in unison insofar as the rediscount rate is concerned? If the Board has never exercised this power, is it reasonable to assume that it will in the future? If it has been found that the Board should not so exercise its power and that such an exercise would be detrimental to one or more districts, why should not that power be now taken away from the Board?

I notice the chairman of the committee is not present at the moment, and I am just wondering whether any other member of the committee would care to answer that question.

Mr. GOLDSBOROUGH. They did in the summer of 1929, and I am sure they also did it in May 1920. Those are the only instances that I can remember distinctly.

Mr. WOLCOTT. Mr. Chairman, will the gentleman yield?

Mr. CRAWFORD. I yield to the gentleman from Michigan.

Mr. WOLCOTT. It is rumored, and I have had it on very good authority, that the governor of the New York bank came to Washington and tried to induce the Federal Reserve Board to arrange their rediscount rate sufficiently to discourage speculation in stocks and bonds, and it was generally conceded that if the Federal Reserve Board had at that time exercised certain prerogatives given to them under the act and had raised the rediscount rate, the crash would, at least, have been cushioned, and there has been much comment among bankers and economists upon the failure of the Federal Reserve Board to act and act promptly at that time. They have never had the authority to force the Federal Reserve banks to abide by their recommendations.

Mr. STEAGALL. Mr. Chairman, will the gentleman yield?

Mr. CRAWFORD. I gladly yield to the chairman of the committee.

Mr. STEAGALL. It should be said in that connection that the rediscount rate has ceased to be the major power that could be used by the Federal Reserve Board. In the original bill that was the outstanding power that the Board might exercise, and it was placed in the hands of the Federal Reserve Board, but it developed later on that by far the larger powers of the System were lodged in the open-market operations, so that as a matter of fact there was no power in the Federal Reserve Board to deal adequately with that situation.

Mr. GOLDSBOROUGH. Mr. Chairman, will the gentleman yield?

Mr. CRAWFORD. I yield to the gentleman.

Mr. GOLDSBOROUGH. In order to clarify my previous statement, the statement of the gentleman from Michigan [Mr. WOLCOTT] is entirely correct, and the Federal Reserve Board did later attempt to stop speculation on the New York Stock Exchange by raising the discount rates and they did raise them, as I previously stated, but they raised them too late.

Mr. CRAWFORD. And may I ask if at that time all of the Reserve banks throughout the Union were forced to act in unison in that increase in the rate?

Mr. GOLDSBOROUGH. That is correct.

Mr. WOLCOTT. Mr. Chairman, will the gentleman yield?

Mr. CRAWFORD. I yield to the gentleman from Michigan.

Mr. WOLCOTT. It is my understanding that the Federal Reserve Board had not the power to compel adherence among the Federal Reserve banks on any policy it might adopt with reference to the rediscount rate and open-market operations, open-market operations in particular.

Mr. STEAGALL. Did the gentleman say they did have the power?

Mr. WOLCOTT. That they did not.

Mr. STEAGALL. But they did have the power as to the discount.

Mr. GOLDSBOROUGH. I did not make the statement that they undertook to require the Federal Reserve banks to either buy or sell Government bonds.

Mr. MARTIN of Colorado. Mr. Chairman, will the gentleman from Michigan permit me to ask a question of a member of the committee?

Mr. CRAWFORD. Yes.

Mr. MARTIN of Colorado. Has there been any table or statement put in the RECORD or the hearings or is any available showing the magnitude and the amount of the open-market operations under the Federal Reserve System? It seems to be stressed as the chief power under this bill, and I think it might be informative if there is any history available of the exercise of that power up to this time, which could be put into the RECORD.

Mr. GOLDSBOROUGH. Does the gentleman desire me to answer that question?

Mr. CRAWFORD. I should like to have the gentleman answer that.

The CHAIRMAN. The time of the gentleman from Michigan [Mr. CRAWFORD] has expired.

Mr. WOLCOTT. Mr. Chairman, I yield the gentleman 10 additional minutes.

Mr. GOLDSBOROUGH. From 1924 to 1928, under the leadership of Governor Strong of New York, the Federal Reserve banks bought and sold Government bonds in an endeavor to stabilize the price level. We were trying to enact legislation for that purpose. I talked with Governor Strong about it, and he said while he would not advocate the legislation, he advocated the policy, and he carried it out very successfully until his death. Does that answer the gentleman's question?

Mr. MARTIN of Colorado. It does not throw much light on the volume of business under this power. That is what I would like to know.

Mr. GOLDSBOROUGH. In the spring of 1932, in an effort to defeat the Goldsborough bill, the Federal Reserve banks purchased, first, twenty-five million a week and then they went up to a hundred million a week, and as soon as they had succeeded in defeating the Goldsborough bill in the Senate they ceased to buy Government bonds. I will

say to the gentleman from Colorado that the chief lever in the bill is not the open-market operations. The chief lever is the power that the Federal Reserve Board will have to change the reserve requirements of the member banks.

Mr. MARTIN of Colorado. I thank the gentleman.

Mr. BROWN of Michigan. If the gentleman will yield, I think I can answer the question specifically.

Mr. CRAWFORD. I yield.

Mr. BROWN of Michigan. I happen to have the Federal Reserve Bulletin for April. The amount of Government bonds now held by the combined Federal Reserve banks is $2,437,000,000.

Mr. GOLDSBOROUGH. I did not understand that to be the gentleman's question.

Mr. MARTIN of Colorado. That was my question. I do not want to take the gentleman's time, but I will appreciate it if there is any more information to the same effect, or any table that could be put into the RECORD, going to show the probable importance and effect of this power in the bill.

Mr. CAVICCHIA. Will the gentleman yield?

Mr. CRAWFORD. I yield.

Mr. CAVICCHIA. Did the gentleman say $2,700,000,000?

Mr. BROWN of Michigan. Two billion four hundred and seventy million of Government bonds in the combined Federal Reserve banks; not the member banks, but the Federal Reserve banks. The other item of open-market operations consists of the purchase of eligible paper amounting to $7,600,000.

Mr. CRAWFORD. If the Federal Reserve Board can, at will, change the requirements as to reserves to be maintained against demand or time deposits, or both, by member banks in Reserve or central Reserve cities, or by all member banks, I believe that it is conceivable that banks may be in more serious difficulty in the future than in 1931 and 1932. The apprehension which now exists in the mind of the banker with reference to liquidity insofar as demand-deposit withdrawals are concerned may easily be continued through the fear of the banker as to how much his reserve requirements may be manipulated up or down by the Feedral Reserve Board. The entire control here proposed will no doubt bring into operation a most delicate situation. Time alone will have to answer as to the beneficial effectiveness of the political and other powers here proposed.

With reference to the amendment to section 13, page 53, line 15, I should like to have some member of the committee comment on the percentage which a member bank will likely be able to borrow on mortgage paper as compared to that available when Government bonds are used as collateral. If the public generally are in a frame of mind which causes it to "run away" from real-estate paper, will not that cause the Federal Reserve powers to look less favorably on collateral of this nature as well as to enforce more stringent maturity dates on such loans?

How far afield does the philosophy of "soundness" take us versus the philosophy of "liquidity"? Is it not true that we shall, if we accept the philosophy, have to build an entirely new bank-performance structure? When the public do not want a specified type of investment, is there any soundness to its value? Is not market value a "state of mind" of the investor? Perhaps we shall have to re-create our conception of what constitutes soundness when used in banking terminology.

No bank can be more liquid than the maturity of the paper it holds. I believe it can be stated that no banking system can ultimately be more liquid than its entire holdings. Feeling this way about the situation, I am much inclined to believe that we shall have to eventually segregate commercial banking away from that of long-term or even short-term mortgage financing.

Mr. DINGELL. Will the gentleman yield?

Mr. CRAWFORD. I yield.

Mr. DINGELL. I would like to ask a question without any intent to embarrass. I have heard a great deal stated on the floor regarding the political domination of the banking system. Does the gentleman mean by that that if the Government has direct contact and direct control of the Federal Reserve System, that should be interpreted as political domination or political interference?

Mr. CRAWFORD. If the gentleman will let me finish my statement, he will have somewhat of a rough definition of what I mean by "political control."

Demand deposits must be available on call, or else the depositor's plans are destroyed and his operations crippled, all of which leads to unemployment and stagnation of business generally. If the proposed plan is one that makes "demand deposits" at all times available to the owner thereof, and at the same time corrects the banking system to the end that city homes and farms will at all times be eligible as a basis for financing along with other assets, thereby maintaining a reasonable and fair market value for the farms and city homes of our Nation, then I feel that will be a long step in the right direction. If the proposal is short of this, I am sure it will not bring the benefits our people so sorely need.

On page 6740 of the RECORD the gentleman from North Carolina made this observation:

> But I say to you that there must always be in this country a close working arrangement between the authority controlling money and the man whom the people have elected to provide for the protection and to direct their social and economic welfare; and you cannot effectively direct the social and economic welfare of a nation like ours without being able to, within proper limitations, influence the monetary policies.

POLITICAL CONTROL

A futile effort was made by Congress to prescribe formulae for the application of the gigantic public-works fund. What Congress cannot subject to a rule of action, it cannot lawfully delegate; but that is secondary. What is fundamental is that as to matters more important in their direct effect and necessary implication than have come before any President since the time of Washington, the determination of policy delegated to the President must be, in turn, delegated to others, and whoever happens to be acting for the President at the time is committing this Nation and its business. To control the proportion of so-called "reserve deposits" of any class which member banks may be required to carry with the Federal Reserve bank is, of course, final power of life and death over the functions of any and all banks. To dictate to any Reserve bank whether it shall or shall not purchase bonds of the United States is far-reaching. Since the determination of the Reserve ratio may draw into the Reserve banks any or all of the deposits of the System, the Board may thus call all deposit assets of the entire banking system of the United States to support the market for or be invested directly in United States securities. There is no appeal from that decision.

The CHAIRMAN. The time of the gentleman from Michigan has again expired.

Mr. WOLCOTT. Mr. Chairman, I yield the gentleman 5 additional minutes.

Mr. CRAWFORD. Now, I have no doubt that American business considers those undefined and uncharted powers excessive for an administration committee to social and economic reconstruction and unwilling to define the term.

I am informed that what is known in history as the "Biddle panic of 1833" was directly caused by the action of Biddle on August 1 in ordering a contraction of credit by the Bank of the United States in order to convince the public in the November election that the bank's continued existence was necessary.

The able Governor of the Federal Reserve Board, Mr. Eccles, asserts that these powers are essential to the release or freezing of deposit credit and currency to meet the requirements of sound business. The theory of a currency thus controlled by one man may be better than the theory of decentralized control underlying the Reserve System, but, with the demonstrated faults of the old system in 1929, they are subject to correction without conferring upon an agency of Government the ability to accomplish an economic coup d'etat in the nationalization of capital or in furthering social reconstruction. I point out that Governor Eccles' statement as to the combination of the power to manipulate credit with

the taxing power to affect the distribution of income raises basic questions at the outset. Mark you, his thought, as expressed, contemplated the exertion of the power of taxation to affect or influence a better distribution of income.

Now, referring to page 241 of the hearings, Governor Eccles made this statement:

> But so long as there is an inequitable distribution of wealth production which results in excessive saving we will have depressions. Only by pulling back that part of our savings that we cannot profitably use in new capital goods and using those funds to give employment to those who become unemployed can we maintain a balance.
>
> The Government must be the compensatory agent in our economy through the money system, through the tax system, and through a public-works system.

Mr. GOLDSBOROUGH. Will the gentleman yield?

Mr. CRAWFORD. I yield.

Mr. GOLDSBOROUGH. Governor Eccles also made the very interesting statement, which I think was correct, that the income of one-tenth of 1 percent of the people at the top was as great as the 42 percent at the bottom.

Mr. CRAWFORD. What I meant by "political control", taking what I have already stated and adding to it, is this, that if our banking system and our taxing system is to be controlled by any particular administration, if it be this administration or some other administration, whether it be Democratic or Republican, to the point that administration may engineer our entire activities in such manner as to force public works, and may further make political voters dependent upon that public-works program for their bread and butter, I must say that is a very bad method of control for a banking system. From the statements of the Governor, as set forth in the hearings and the control provisions which this bill carries, I am led to the conclusion that one of the prime objects of the proposed legislation is to acquire political control of this nature. I believe it is possible for us to so manage and direct our industrial activities with respect to monetary policies, production, distribution, and exchange as will permit all of our people to be engaged in active industry and be independent of public-works programs administered by either political party. If we can no longer be independent of political control I must say we are in a sorry mess. I do not believe that politically controlled monetary policies and public-works programs, as set forth in the testimony and this bill, to be sound under the institutions under which I have been brought up, and I do not believe our people will ever be satisfied with such a program. Our people want work with private industry and to be free and independent of any kind of direct political party control, and they want their private industry to be just as free in every respect whether it be manufacturing, banking, or farming.

Mr. DINGELL. Will the getleman yield?

Mr. CRAWFORD. I yield.

Mr. DINGELL. The gentleman understands that the question of a public-works program, after all, cannot be brought into contact with the banking business of the Government, without special legislation in this chamber and in the chamber at the other end of the Capitol. In other words, a public-works program must be authorized by the Congress. It stands to reason that in connection with any such program, if the effectiveness is dependent upon the banking system, the banking system must necessarily be brought into harmony with the general plan, or else the Government is put at a disadvantage.

I want to point out to the gentleman, because I realize he is of the same opinion that I am as far as the general good of the country is concerned, that the banking system has been able to go off on a tangent and do just about as it pleased.

Heretofore the banking system has been able to do just about as it pleased. In my opinion the time has come when the Government must of necessity take some control over the banking system, call it political or by any other name. Is it not better to have the banking system under the control of the Government than to permit the bankers to manipulate the banking system to their own advantage and to the disadvantage of the people?

[Here the gavel fell.]

Mr. CAVICCHIA. Mr. Chairman, I yield 6 additional minutes to the gentleman from Michigan [Mr. CRAWFORD].

Mr. CRAWFORD. Mr. Chairman, answering the gentleman from Michigan, I for one do not believe that it is necessary to leave the control of monetary policies and the creation of money in the hands of private bankers or to place it under political control, as here defined. I do not believe the Supreme Court of the United States is controlled politically or that it ever has been. I believe in, and am in favor of, creating a monetary commission just as independent of any administration or political control as is the Supreme Court of the United States independent of political control. I would have this monetary commission operate under the jurisdiction of Congress, carrying out the directions, desires, and wishes of the Congress of the United States as it may speak from time to time. To it should be delegated the necessary power to act as the supreme monetary authority under the direction of Congress, all as set forth in the Constitution. To state how matters pertaining to the banking activities of our country shall be handled for the advantage of the people as a whole and without domination by any political party or any political administration.

Mr. MARTIN of Colorado. Mr. Chairman, if the gentleman will yield, I would like to make the observation that during the gentleman's discussion there was made what, to my mind, is the most significant disclosure that has been made throughout this entire debate, and I have listened to it very attentively.

It was made once before in this debate. It is that during the great speculative orgy in Wall Street, the greatest in the history of the world and the thing which to my mind was directly responsible for the panic, an effort was made by a Federal Reserve bank, or by some bankers, to get the Federal Reserve Board to raise the discount rate so as to check that orgy of speculation, but the Federal Reserve Board refused to do this.

It is my opinion that the refusal of the Federal Reserve Board to act in that crisis was due to its subservience to the very interests that were propagandizing for and profiting by that orgy. Despite the advice of the bankers these private influences were powerful enough to influence the great Federal Reserve Board to refuse to take the necessary step to control the situation. In my judgment the greatest danger in the powers conferred on the Reserve Board in this bill is that there may come about a reversion to the character of administration we had in this country at that time, when we would have the same identical result and this system would be converted into an engine of exploitation just as it was before.

Mr. CRAWFORD. Mr. Chairman, it is practically impossible, if not utterly impossible, for any Chief Executive to go along without being materially influenced by his leaders all about him. This applies to industrial, military, and political leadership. The wise men who drafted our Constitution fully realized that fact. When the Supreme Court was created this fact was recognized. Politics make strange bedfellows. I appreciate the observation made by the gentleman from Colorado.

Mr. Chairman, I yield back the balance of my time.

Mr. STEAGALL. Mr. Chairman, I yield 20 minutes to the gentleman from Georgia [Mr. BROWN].

Mr. BROWN of Georgia. Mr. Chairman, I wish to direct a few remarks to a proposition of which I have been a sincere advocate for nearly 10 years. In fact, I believe that in my section, the South, I was the first to bring it to the front and propose it as a national policy. I refer to the insurance of bank deposits through a corporation of the Federal Government. And I may say that I believe in all sincerity that the reassurance this has given the people in their financial institutions has done more to pave the way to recovery than any one single act of the new deal.

This is a proposition, Mr. Chairman, which is legislation for the people. When the new deal came into being it was not the answer to a mere 2- or 3-year condition. It was the result of more than a decade of gradual slipping away from confidence in the business facilities of our country. Throughout that period which our Republican friends were designating as the most prosperous times America ever had enjoyed, our banks were steadily steering their courses toward failure. Their depositors were encouraged by the word "national" in their names, and "member of the Federal Reserve" on their windows. But there was no definite security for their funds.

And may I remind you, Mr. Chairman, that during this time—the years of Coolidge, Hoover, and Mellon—banks were actually failing and depositors were losing their money. They were not only losing their savings, they were also losing their facility for conducting business in their communities. It was like having their tools taken away from them so they could not earn a living by their work. As an example, back in 1926 there were failures of more than 60 banks in Georgia in one single day. Please allow your imagination to suggest how many thousands this affected. Is it any wonder a depression followed?

I need not recall to your mind the panicked condition of our people in the spring of 1933. They had put their faith in their banks, yet they did not know but that most of their funds would be lost to them. Naturally they rushed to their banks to get their money out, and naturally, too, there followed the shortage of cash and throttling of credit which made closing all the banks necessary.

The new deal's answer to this condition was the creation of the Federal Deposit Insurance Corporation, which was at first established as a temporary means of restoring public confidence in the banking structure. Through it all deposits up to $2,500 were insured against loss. In the law authorizing the extension of the Corporation's life, passed last year, the amount of insurance was increased to $5,000. The effect of it was immediate. Money came back out of trunks and stockings and mattresses and returned to the banks, where it could work to rebuild the business of our communities. We now propose to guard against any possible repetition of the 1933 calamity by making the Federal Deposit Insurance Corporation a permanent institution.

The assessment for insurance is only one-eighth of 1 percent, and this certainly is not a burden on the banks, in view of the fact that the people are bringing their money out of hiding and placing it in banks.

I know my conservative friends will tell you that the first job of a depositor in a bank is to determine the integrity of the banker. I know they will tell you that the convenience the banks offer in the handling of their funds is given as compensation for the risk they take in making deposits. But I will tell you this: That the American people think their banks ought to be places where they can put their money without having to worry about it, and if you are going to continue to let those signs saying "national" and "member of the Federal Reserve" be placed outside their doors you have got to guarantee the people that your banks will not lose their money for them.

Federal deposit insurance is a comparatively new development. It may be said to be still in the experimental stage. But the record of the Federal Deposit Insurance Corporation is already one of notable achievement. Out of the chaos and confusion of 1933 has come an organization which, by restoring the confidence of depositors in banking institutions, probably forestalled the utter ruin of our financial system.

In place of the trepidation and uncertainty of 2 years ago, depositors of over 14,200 banks can now rest secure in the knowledge that their savings are protected by Federal deposit insurance. They know that despite any untoward economic development or despite the occasional dishonesty of trusted individuals their funds are safe. They know that if their banks were forced to close tomorrow, within 10 days representatives of the Corporation will have settled their claims against that bank and given them their money.

The Federal Deposit Insurance Corporation is not an institution of charity. It is as much a business proposition as banking itself. Its function is not merely to pay losses in the event insured banks are forced to close. Even more important is its obligation to forestall such losses by building up and supporting its member institutions.

During the 18 months' experience of this Corporation one fact has become increasingly evident: That is the necessity of granting the Federal Deposit Insurance Corporation the right to supervise its risks. Certainly such a right would not be denied any insurance corporation.

The liability of the Corporation is estimated to be well in excess of $17,000,000,000. To protect itself against this liability and to insure the ultimate success of deposit insurance, I feel that the Corporation must be granted three supervisory powers, all of which are embodied in the bill now before us for consideration. The first is the power to refuse to admit fundamentally unsound banks to the insurance fund; the second is the power to regulate, by means of examinations, banks which have been admitted; and the third is the power to liquidate insured banks which become insolvent. The Corporation must be operated on a sound basis.

None of us could expect to be approved as a risk by a life-insurance company after suffering a first or second paralytic stroke or after the inroads of cancer had made it evident that we had not long to live. By the same token we cannot ask that the Deposit Insurance Corporation be required to admit to the benefits of membership all banks which might apply. The applicants must come in a healthy condition. It has been proven again and again that hundreds of the banks which are licensed every year in this country are doomed to short lives. Since the Federal Deposit Insurance Corporation has no authority to regulate the chartering of banks, it certainly should not be forced to jeopardize its fund and the banking system at large by granting the benefits of insurance to banks which cannot hope to develop a business which will assure sufficient earnings to cover expenses and losses.

Equally as important as the right to select its membership should be the Corporation's right to supervise the conduct of its members' activities by means of periodic examinations. The constructive results of a thorough examination constitute the best single instrument by which the Corporation can reduce loss from bank failures.

The detection and control of unsound and dangerous practices of bank management can be accomplished only by the intelligent use of the examination, and this supervisory instrument is equally valuable in its application to sound and well-managed banks, banks bordering on insolvency, and banks which have already become insolvent and should be closed before a depletion of asset values further increases the Corporation's liability.

As a result of the examinations which it has made already, the Corporation has been able to improve the condition of thousands of its members. A program of cooperation has been developed which has made it possible for many banks to continue operations when, without aid, they would certainly have failed.

The Federal Deposit Insurance Fund is a mutual undertaking. Through it, over 90 percent of the country's banks are now united in one Nation-wide system. These banks have a very tangible interest in the sound operation of the fund, and it is to their mutual advantage that they be required to meet uniform, rigid standards of examination and to be able to benefit from the intelligent and constructive criticism which is now made available through the joint efforts of the Corporation, the Comptroller of the Currency, and the Federal Reserve Board.

Of major importance is the right of the Federal Deposit Insurance Corporation to act as receiver of insured banks which are forced to suspend. This right was recognized by the Congress in that provision of the Banking Act of 1933 which required that the Comptroller of the Currency appoint the Corporation receiver of every insured national bank which closed.

The Corporation was also authorized to act as receiver or liquidating agent of insured State banks in the event it was so appointed by the State authority having charge of liquidation.

Mr. CAVICCHIA. Mr. Chairman, will the gentleman yield?

Mr. BROWN of Georgia. I yield.

Mr. CAVICCHIA. I was impressed with the statement made by the gentleman to the effect that in 1926, a prosperous year, 60 banks in his State were closed. Am I correct?

Mr. BROWN of Georgia. More than 60 banks failed in 1 day in 1926 in my State.

Mr. CAVICCHIA. In 1926 we were having prosperity. The gentleman, of course, feels sorry for the depositors that we did not at that time have the bank deposit guaranty law. Does not the fact that 60 banks failed in the gentleman's State in 1 day in 1926 show how weak the banking system was at that time?

Mr. BROWN of Georgia. The gentleman must realize, of course, that in my section of the country cotton is the main money crop. When the price of cotton went from 40 cents to 10 cents per pound in 1920, of course, the banks weakened. They carried their customers year after year, until many of the banks were forced to close. The depression began in our section in the fall of 1920 when, within the space of 2 months, the price of cotton went from 40 cents to 10 cents per pound.

Mr. CAVICCHIA. I take it the banks in the gentleman's State lent most of their money to cotton growers.

Mr. BROWN of Georgia. Loans were made to cotton producers and business men.

On December 31, 1934, insured banks reported total deposits of $39,000,000,000. Under the present maximum limit of insurance, 94 percent of insured banks have 70 percent or more of their deposit liabilities fully covered. More than 43 percent of the deposits of all insured banks are protected. So you see that in an overwhelming majority of cases if the Corporation were forced to pay out the insured deposits of these banks it would become by far the largest creditor.

It is a well-established principle of law that the first voice in conducting a liquidation should be granted to those creditors primarily interested in the outcome of the liquidation. Bankruptcy law specifically provides that the liquidation of the assets of the estates of bankrupts shall be accomplished through a trustee elected by a majority in number and amount of the bankrupt's creditors. In view of the tremendous size and patent priority of the Corporation's investment in closed insured banks, it must certainly be privileged to supervise the liquidation of their assets.

Granted these three safeguards, I feel sure that the Corporation will continue its record of notable achievement. Federal deposit insurance is a permanent thing. Federal deposit insurance properly conceived and conducted is undoubtedly the best available means of protecting our people from a repetition of the disaster which overtook them so recently. The establishment of a sound banking system is second in importance only to the maintenance of the soundness of that system, and it is for such maintenance that I appeal.

I am glad to say this bill seeks to induce nonmember State banks to join the Federal Reserve System but does not in any way attempt to force the banks to join the System. [Applause.]

Mr. CAVICCHIA. Mr. Chairman, I yield 5 minutes to the gentleman from Pennsylvania [Mr. FOCHT].

Mr. FOCHT. Mr. Chairman, I believe it was Napoleon who said to his secretary, Menval, when they were in a tight place:

> Give me three things and I will end the dominion of England and establish the continental system.
>
> What are those three things?—
>
> Asked Menval—
>
> They are money, money, money.

Mr. Chairman, when we sit here for 2 or 3 days listening to a discussion of money, what it is, how you make it, how you can get it, how you pay your debts, and so on, we cannot help recalling the remarkable career of Frederick the Great, who took Silesia from Maria Theresa and then fought 7 years against the combined armies of Europe and wound up without owing a dollar. He paid as he went, or, as we say today, he went on a "cash and carry" basis.

I call attention to a situation in the history of America which is most amazing, and which few people believe when first they hear it, but my authority for the statement are records from the Library of Congress.

We talk about the resources of the American people. It will be recalled that after the Revolutionary War we did not have a dollar in gold. We owed everybody we could owe. We were prostrate financially; but, of course, there was patriotism here, and that was the spirit that had developed during the 175 years from Jamestown to the Revolutionary War. There we were, poverty-stricken.

Now, let us take into consideration what happened from 1787, after the adoption of the Constitution, up to the time of Andrew Jackson in 1837. There was a great recovery from the low level of financial status of this country in 50 years. Those old fellows knew something about financing. They did something on this Capitol Hill that the whole combined crowd, multiplied by 5 or 6, today have been unable to explain or accomplish. This is what they did: They had so much money in excess of the needs of government in those 50 years that they had to divide it among the 26 States at that time.

Mr. Chairman, I ask unanimous consent to place this statement in the RECORD as a part of my remarks. This is something that may call for an examination into the history of your country, and instead of plunging ahead and reaching out into dreams and drifting things, go back to these old men like Andrew Jackson who had something to do with this sort of thing or at least could produce results.

Mr. PIERCE. Will the gentleman yield?

Mr. FOCHT. I yield to the gentleman from Oregon.

Mr. PIERCE. Is the gentleman aware of the fact that historians like Beard give credit for that period of prosperity at the commencement of this Government for 25 years to the great war in Europe when Napoleon led his soldiers from Egypt to Moscow?

Mr. FOCHT. The country did not get any of it from Napoleon, for Napoleon was eclipsed in 1815, or more than 20 years before the date I have mentioned, 1837.

Mr. PIERCE. They got it because of the war over there.

Mr. FOCHT. No; we never got anything from him. What did he pay us with? True, we bought Louisiana from him, but could have had little commerce with him for all that time England's fleets swept the seas.

Mr. PIERCE. It was paid in our bonds and the things we had over there.

Mr. FOCHT. In other words, the gentleman wants a war over in Europe, but we do not want to be dumb enough to get into the affair ourselves.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

The statement referred to is as follows:

MEMORANDUM

DIVISION OF BIBLIOGRAPHY,
August 23, 1933.

To the LIBRARIAN OF CONGRESS:

Referring to letter of the Honorable BENJAMIN K. FOCHT, Lewisburg, Pa., regarding the distribution of the surplus fund to the States, and the Morrill Tariff Act.

We take the following figures from Edward G. Bourne's History of the Surplus Revenue of 1837, Being an Account of Its Origin, Its Distribution Among the States, and the Uses to Which It Was Applied (New York, G. P. Putnam's Sons, 1885), page 143:

States	*Share received*
Alabama	$669,086.79
Arkansas	286,751.49
Connecticut	764,670.60
Delaware	286,751.49
Georgia	1,051,422.09
Illinois	477,919.14
Indiana	860,254.44
Kentucky	1,433,757.39
Louisiana	477,919.14

States	Share received
Maine	$955,838.25
Maryland	955,838.25
Massachusetts	1,338,173.58
Michigan	286,751.49
Mississippi	382,335.30
Missouri	382,335.30
New Hampshire	669,086.79
New Jersey	764,679.60
New York	4,014,520.71
North Carolina	1,433,757.39
Ohio	2,077,260.34
Pennsylvania	2,867,514.78
Rhode Island	382,335.30
South Carolina	1,051,422.09
Tennessee	1,433,757.39
Vermont	669,086.79
Virginia	2,198,427.94

From William Belmont Parker's The Life and Public Services of Justin Smith Morrill (Boston and New York, Houghton Mifflin Co., 1924, 378 pp.), pages 109–110, we quote the following:

"It was the 10th of May when Morrill's bill passed the House, but months were to elapse and great events were to intervene before it became law: the revolutionary election of 1860 which placed the Republicans in power and revealed North and South in utter division; the actual beginnings of secession, and the withdrawal of southern Members from the Senate, all came to pass before the measure was accepted in the other Chamber and received Buchanan's signature on March 2, 1861."

Respectfully submitted.

FLORENCE S. HELLMAN,
Acting Chief Bibliographer.

Mr. WOLCOTT. Mr. Chairman, I yield the gentleman 5 additional minutes.

Mr. FOCHT. Mr. Chairman, I want to get to just one other point. The one thing we are all overlooking is the thing that made the country rich, great, and strong. We have a tradition here that somehow we cannot break loose from. It seems to hang to us. Every great man in the South before the Civil War was a protectionist, and you will find that proof written in every declaration made by Jefferson and others in their papers and documents. I have not gone to the trouble and I do not care to go to the trouble of boring you with a long written story and extracts, but that was the position of those men. The evidence of this great story is in the Library.

Mr. Chairman, one of the greatest men America ever produced, and he was a Democrat, a Member of the United States Senate, Minister to Russia, Minister to England, Secretary of State, and President of the United States, 3 days before the expiration of his term signed the greatest tariff bill that was ever written—the Morrill tariff bill. You were just as much protectionists down South as we were up North or out West until it was decided that the South would go out. Then it was proper indeed if they thought they were going to get away, and be a raw-material producing country, that they incorporate in the Confederate Constitution, section 1, article VIII, that at no time should there be any such thing as tariff, excepting for revenue only. The word "protection" was not used. So that today I can readily see how the South held to that tradition but should now abandon the idea as to what they were going to have in the Confederacy, because there is no Confederacy, and the South is not a strictly raw-material producing section, and we have broken down under the decision of Justice John Marshall every barrier between the States.

Mr. Chairman, it is the free flow of trade between the States that makes us rich and strong. It is this trade between the 48 States or nations, and there is where you are abandoning the real power of the sovereignty of States. The States gave to the Federal Government what power it has, and what power it did not give it reserved for itself. You gentlemen of southern tradition understand that better than I do; and yet you are going to abandon that in this kind of a bill and let one man be a dictator. Somebody back there knew better than we do how to accumulate money and pay our debts to recover from the depression incident to the Revolutionary War. The South apparently was for free trade, which was because of the Confederacy; but there is no Confederacy. So the North, South, East, and West all should understand that we are rich because we have no barriers between the States; and we need never despair of that power and liberty if we adhere to the Constitution written by the fathers.

In conclusion I herewith add the article in the Confederate constitution relating to the tariff. Article 1, section 8, of the Confederate constitution gives congress the power—

To lay and collect taxes, duties, imposts, and excises for revenue necessary to pay the debts, provide for the common defense, and carry on the government of the Confederate States; but no bounties shall be granted from the treasury, nor shall any duties or any taxes on importations from foreign nations be held to promote or further any branch of industry.

Mr. GOLDSBOROUGH. Mr. Chairman, I yield 20 minutes to the gentleman from Ohio [Mr. FIESINGER].

Mr. FIESINGER. Mr. Chairman, I do not claim to be an expert on banking and that is why I have sat here during this debate to listen to the great men who have preceded me in the exposition and illumination of this great, fundamental law we are now considering. I want to learn, as I think this is the most important piece of legislation we have had anything to do with in this session of Congress, and I do not believe that during this session of Congress we will have legislation of any more importance to consider.

I have listened to the debate, as I have said, upon both sides of the Chamber. On the side to my left there has been a great deal said about the political control of the Federal Reserve System. This does not bother me very much. As I have listened to the debate and as I have considered this piece of legislation, it seems to me that, after all, the powers we are extending to the President under this bill are rather negative powers; in this sense there is much discretion, of course, given to the Federal Reserve Board and the Federal Reserve banks, and this must necessarily be so. You have to give the people who administer our banking system discretion, and it seems to me that the President will only come into the picture when extraordinary conditions are prevailing in the country or when he has a suspicion that these discretionary powers may not be exercised in the interest of all the people of the United States.

So if I am right about this, and if I am not right about it I invite the committee to correct me, I am not so much concerned about that proposition. I think probably it will work out beneficially, and if we had this power in the last 5 or 6 years I doubt whether we would have had nearly as many bank losses in the United States as we have had. We would have had bank losses, I know, but I doubt very much if we would have had them to the extent that we have.

Mr. GOLDSBOROUGH. Mr. Chairman, will the gentleman yield?

Mr. FIESINGER. I yield to the gentleman from Maryland.

Mr. GOLDSBOROUGH. Does the gentleman approve that part of the bill which enlarges the eligibility of member-bank paper for rediscount.

Mr. FIESINGER. I was coming to that. To me that is the serious part of this bill, and I am having a great struggle with myself to come to the point where I can support this bill upon that proposition. I like to go along with a committee which has given great study to a measure and I do not like to set up my independent judgment, which is rather hastily arrived at in this case, but I want to give you the reasons I am in the state of mind I find myself.

In the first place, it seems to me if you are going to let the Federal Reserve Board say, without any more definition than you have in this bill, that they may discount upon any sound asset, you have destroyed by such power the central idea back of the Federal Reserve System, and that is liquidity. If you fill up these banks with assets that are not liquid, when you come to a period of emergency and you are frozen, then I do not know what would happen. This is the great difficulty I see in this bill.

Mr. PIERCE. Mr. Chairman, will the gentleman yield?

Mr. FIESINGER. I yield to the gentleman from Oregon.

Mr. PIERCE. Has the gentleman any doubt about liquidity when their assets are Government bonds, which they can turn into currency?

Mr. FIESINGER. Well, I am doubtful about that. I do not like to say it, but I am doubtful about it.

Mr. PIERCE. They have that power, have they not?

Mr. FIESINGER. I think they have.

Mr. PIERCE. And they can turn their bonds into currency.

Mr. FIESINGER. Let me qualify what I have said a little bit. The Federal Reserve banks have had these powers, and I think we gave them practically all of these powers as emergency powers, did we not?

Mr. PIERCE. Yes.

Mr. FIESINGER. If they had had these powers during the period of strain and stress, I doubt whether this depression would have been as deep as it is.

I am perfectly willing to give the Federal Reserve banks these powers in an emergency, but I doubt the wisdom of making them permanent. An emergency is the time when you need liquidity, when the bank foundations are shaking, and if you tie up the reserves when there is not an emergency, then you may not have liquidity when you most need it in an emergency.

Mr. FORD of California. Will the gentleman yield?

Mr. FIESINGER. I yield.

Mr. FORD of California. The bankers at the present time have $2,000,000,000 in excess reserve. That means $20,000,000,000 issued without going to the Reserve banks. This is not for the present hour but for such time as you may need it, when we have such conditions as we had in 1929.

Mr. FIESINGER. I have heard that idea expressed a good many times. But the gentleman is not looking at the whole picture. He is looking at the picture from standpoint of the present, he is not looking at it for 10, 15, or 20 years to come.

Mr. GOLDSBOROUGH. Will the gentleman yield?

Mr. FIESINGER. I yield.

Mr. GOLDSBOROUGH. Does not the gentleman think that as long as the banks are allowed to operate and as long as our money is created by debt—in other words, as long as we have our present system—we have got to have some place for it, call it the Federal Reserve Board or not—where money can be artificially created?

Mr. FIESINGER. I would not expect, of course, to call Congress into session every time we had an emergency. I think the power must be placed somewhere, but I would have it reside in the Federal Reserve Board, in connection with the President, to be used only in case of emergency. I think these are fine powers; but, as I stated a while ago, I do not think so much of them—I am afraid of them as permanent policy except when emergency exists.

Mr. PIERCE. What harm can they do; they are only for an emergency?

Mr. FIESINGER. Oh, we are changing the very fundamentals of eligibility. Heretofore the limits of eligibility have been well known. In my judgment, there is no real definition of eligibility in this bill.

Mr. FORD of California. Will the gentleman yield again?

Mr. FIESINGER. I yield.

Mr. FORD of California. As far as eligibility is concerned, in the present law we are confined to three things—agricultural, commercial, and industrial paper, with a few exceptions. That class of paper has dwindled to almost nothing, and therefore there is no liquid paper.

Mr. FIESINGER. I want to say this—I have some strange views, that is, strange to you, perhaps—I say that we ought to have paper in abundance, and the right kind of paper, as we could always have in the Federal Reserve if we had the proper system of basic money.

Mr. FORD of California. It is the system that is wrong.

Mr. FIESINGER. I agree with that.

Mr. BROWN of Michigan. Mr. Chairman, will the gentleman yield?

Mr. FIESINGER. Yes.

Mr. BROWN of Michigan. I do not want the statement to go unchallenged that there is no such paper. The fact is at the present time there is roughly $7,000,000 of that paper in the Federal Reserve.

Mr. FIESINGER. I did not say that there was not any.

Mr. BROWN of Michigan. The fact is there are so few loans that the banks are willing to take at the present time that the banks themselves are holding that paper and not turning it over to the Federal Reserve, and that is the reason why the amount is so small as $7,000,000.

Mr. FIESINGER. Comparatively it is small, but there is paper of that kind.

Mr. BROWN of Michigan. Most of that paper is held by the member banks themselves, and they do not want to turn it over because they want the interest that is paid upon it.

Mr. FORD of California. Does the gentleman realize that that paper was declining in 1929 and that there was a definite reason for it?

Mr. BROWN of Michigan. Absolutely; but I do not want the Congress to think there is only $7,000,000 of that, and that is all there is in the Federal Reserve bank.

Mr. FIESINGER. Could the gentleman give me any light on what that amounted to in 1929?

Mr. BROWN of Michigan. I think I could find it for the gentleman rather readily.

Mr. CRAWFORD. Mr. Chairman, will the gentleman yield?

Mr. FIESINGER. Yes.

Mr. CRAWFORD. If we could go back to the industrial activity comparable to 1929, with a national income of $80,000,000,000 to $90,000,000,000, does the gentleman believe that at that time there would come back into existence a great amount of the paper of the nature that is now being discussed as having disappeared.

Mr. FIESINGER. There would have to be. You could not have that amount of income without having paper commensurate with that volume of business.

Mr. CRAWFORD. If that be the case—and I have watched these comments here with a great deal of interest with reference to the disappearance of that paper as well as the comments of the Governor of the Federal Reserve Board—wherein is there any virtue in an argument at this time that paper of that nature has disappeared? It seems to me there are many reasons why it should.

Mr. FIESINGER. It certainly has disappeared. That is a fact.

Mr. FORD of California. I can tell the gentleman why.

Mr. FIESINGER. I think if we ever get this thing straightened out, it will reappear, but the fact is that it has disappeared.

Mr. CRAWFORD. Then if it will reappear in our industrial activity, the money now on deposit will be withdrawn and, perhaps, a little more credit money created, and it seems to me that will be a natural recurrence and that this paper of the nature referred to will come back into existence and will be here as before.

Mr. FIESINGER. I think there is no doubt about that.

Mr. KENNEY. Mr. Chairman, will the gentleman yield?

Mr. FIESINGER. Yes.

Mr. KENNEY. There is no real open market for that paper, is there, in competition with banks?

Mr. FIESINGER. Does the gentleman mean at the present time?

Mr. KENNEY. Yes.

Mr. FIESINGER. Oh, I take it that there are open-market operations on that outside of banks. I do not think it is entirely extinct. I am not informed on that, but I would say that you would find that kind of paper in New York today.

Mr. FORD of California. The gentleman is in some doubt as to why it disappeared. I can tell the gentleman in a few words. From 1923 on the investment banker went into the market in this way. He went to the manufacturer and the great corporations that had been going to the banks and giving 90-day paper and said, here, "We will sell stocks and bonds for you and then you will have your capital requirements all prepared, and you will not have to go back to the banks every 6 months or every 3 months and have to get money in great volume", and one-third of the money that was used in stock speculation on the New York market was listed "For account of others", and that came from the

great corporations that had sold their stocks and bonds and got this money. That made them not only no longer customers of the banks but competitors of the banks for that kind of paper, because they themselves bought whatever was in the market. That situation has not been corrected, and I see no reason why it should be corrected, because if they can get their money in that way they will not go and borrow it on 90-day paper.

Mr. BROWN of Michigan. Mr. Chairman, will the gentleman yield?

Mr. FIESINGER. Yes.

Mr. BROWN of Michigan. The Federal Reserve Bulletin that I have in hand goes back as far as March 1931, when the total amount of commercial paper in the hands of member banks of the Federal Reserve was only $361,000,000. Today it is only $232,000,000. So there has been a material decline, as the gentleman has indicated, from 1931 down to the present time.

Mr. FIESINGER. I thank the gentleman for his contribution.

Mr. KENNEY. Will the gentleman yield?

Mr. FIESINGER. Does the gentleman know how much is outstanding in member banks, as indicated by the open market?

Mr. BROWN of Michigan. It would be impossible to tell from this copy of the Federal Reserve Bulletin. I can say that the amount of brokers' loans in the hands of member banks in 1931 was $1,600,000,000, and in December of this year about half that much, or $800,000,000.

Mr. KENNEY. I am talking about commercial paper.

Mr. BROWN of Michigan. Well, I gave both.

Mr. FIESINGER. I know the able members of this committee have labored intelligently and they have labored a long time to bring out this piece of legislation. I think, however, that this House has got some notions as to what the results of this legislation are going to be, and that they are really going to be disappointed. I refer to two things: First, I think that the Members of this House think that this piece of legislation somehow, in some way, is going to open up the banks of this country to commerce and industry. I do not believe that is going to be the result.

Mr. GOLDSBOROUGH. Well, will the gentleman yield?

Mr. FIESINGER. I yield.

Mr. GOLDSBOROUGH. I hope the gentleman does not mean to indicate that any member of the committee has expressed that opinion?

Mr. FIESINGER. No; I did not claim that. The second point is this: I think I know how this House feels on this point. This House has expressed itself at least twice and perhaps more times, but I remember twice distinctly, that if we are going to cure this depression we have got to raise the commodity-price level to the debt level. [Applause.]

The CHAIRMAN. The time of the gentleman from Ohio [Mr. FIESINGER] has expired.

Mr. GOLDSBOROUGH. I yield the gentleman from Ohio 5 additional minutes.

Mr. PIERCE. Will the gentleman yield?

Mr. FIESINGER. I yield.

Mr. PIERCE. It is either that or repudiation?

Mr. FIESINGER. Absolutely. Members of this House are going to be disappointed in that proposition. This piece of legislation, contrary to what has been said upon the floor of this House upon that proposition, will not do anything of the kind. I say to you that the provision in this bill that has been referred to in this debate more perhaps than any other provision in the bill is merely, as I have thought, a little sugar water to make the castor oil not taste so bad. I know how my good friend the gentleman from Maryland feels upon that proposition, and he feels deeply, just as I do. I know what he wants. I have been in this House for almost 5 years, and I have heard practically all of the gentleman's speeches. I have talked to him privately. I know what his thoughts are upon this subject, but he is not going to accomplish it, in my judgment, even though we may put into this bill the Goldsborough amendment.

Mr. GOLDSBOROUGH. Will the gentleman yield?

Mr. FIESINGER. I yield.

Mr. GOLDSBOROUGH. Does the gentleman think that the amendment which I will offer will improve the bill?

Mr. FIESINGER. Well, that is something I have been worried about a great deal. Perhaps I am old-fashioned and not a liberal; a liberal in these days is one who consistently disregards all previous experience; but I have gone hurriedly over the testimony of at least two governors of the Federal Reserve Board and the governor of the Federal Reserve Bank of New York, who have spoken upon this question. The thing probably to do is to say, "Well, they are working for selfish interests, banking interests"; yet I do not just look at it that way. I am taking into consideration when those men speak before committees of Congress, that they are trying to give to the Congress and the country the best that they know how to give. At least, I am going to stop, look, and listen to what they say.

Now, this bill does not regulate the value of money. I have heard men get up here and rant and rave that this bill is going to take us back to the Constitution. It will do nothing of the kind. This bill will not regulate, and the powers conferred under this bill will not regulate the value of money.

Mr. MARTIN of Colorado. Will the gentleman yield?

Mr. FIESINGER. I yield.

Mr. MARTIN of Colorado. Did the gentleman intend to return to the Goldsborough amendment?

Mr. FIESINGER. Yes. I intended to refer to that. I would like to give you the reason why I consider the testimony of those great administrators of the Federal Reserve Act. I will advert to that.

The CHAIRMAN. The time of the gentleman from Ohio has again expired.

Mr. GOLDSBOROUGH. Mr. Chairman, I yield the gentleman from Ohio 5 additional minutes.

Mr. MARTIN of Colorado. Will the gentleman yield?

Mr. FIESINGER. I yield.

Mr. MARTIN of Colorado. As I understand, the Goldsborough amendment seeks to reestablish the commodity-price level and it also establishes a free open market for gold and silver. I admit there are not any mechanics in it, but the objectives in it, it seems to me, are in harmony with the ideas of the gentleman from Ohio.

Mr. FIESINGER. Mr. Chairman, I ask unanimous consent to insert in the RECORD at this point three paragraphs of a letter that I wrote to the Attorney General of the United States while the gold-clause cases were pending in the Supreme Court.

The CHAIRMAN. Without objection it is so ordered.

There was no objection.

Mr. FIESINGER. I call your attention to the wording of the Constitution:

> Congress shall coin money and regulate the value thereof, and of foreign coins.

Congress can coin money only by the process of fixing upon an agreed weight and fineness; the stamp placed upon the coin being in the nature of a certification of "weight and fineness", as provided by law. By this process you "fix" the weight of coins. Only by another process can you "regulate" value.

Clearly, coining money is a process of fixation whereby weight and fineness are fixed. Regulating the value thereof is a separate function, which must be and can only be done in full recognition of the inevitable and inexorable force of economic law.

NO REGULATION LAW EVER ENACTED

It is a striking fact that the Congress has never enacted any law in compliance with this provision of the Constitution.

After fixing the weight of the coin, when we leave the value of the metal therein to fluctuate, we not only fail to regulate the value of the coined money, but we increase the instability of paper money and bank credits, which are measured by the coin as a unit of value. We must recognize that collateral back of paper money is changed in

value if the value of the coin is allowed to fluctuate. The stability of our paper money and of our whole credit structure is involved in our neglect to regulate the value of the metal contained in the coin.

Now, to get back to the Goldsborough amendment, and the reason I say it will not operate and what was in the minds of these great administrators of the Federal Reserve law: What the gentleman from Maryland [Mr. GOLDSBOROUGH] and I would like to see done is to raise the purchasing value of prime commodities—that is what we are interested in—wheat, corn, tobacco, and all those things mother nature gives us out of the ground, whose prices, whose values, if we have an exportable surplus, are not fixed in the United States but are fixed in the markets of the world; and I do not care how you operate under this law, you cannot affect the market in Liverpool or any other great world market.

Mr. PIERCE. How would the gentleman do it?

Mr. FIESINGER. How would I do it? Instead of devaluing the dollar I would take the extremely high purchasing power out of gold by bringing into competition with gold a gold equivalent; and I would break down the value of gold, I would break the world corner on gold and would thereby raise the value of the prime commodities not only in the United States but everywhere in the world.

Mr. MARTIN of Colorado. Silver?

Mr. FIESINGER. When I say "gold equivalent", what else could it be? Silver is a part of the basic money of the world. I would give silver legal-tender qualities for its world accepted value, thereby making it everywhere in the world auxiliary gold. I would restore the monetary base of the world by using it as a gold equivalent, and thereby reduce the purchasing power of gold that it had in 1926 in terms of commodities. I would thus cure the world of the gold disease, which is the cause of stagnation of world trade. I would give the world an adequate supply of sound money, and this Congress is the only power that can give the world an adequate supply of sound money, and if we do not do it, I fear the whole structure of civilization will topple, as a result of wars that are bound to come, if we do not lift the oppressor gold from the backs of the people. Democracy is fast perishing from the earth, and if we do not cure this thing, governments of the people, for the people, and by the people will exist only in history. [Applause.]

[Here the gavel fell.]

Mr. WOLCOTT. Mr. Chairman, I yield 10 minutes to the gentleman from California [Mr. HOEPPEL].

Mr. HOEPPEL. Mr. Chairman, I cannot give you an academic presentation in reference to the provisions of this bill. I have been in Congress 3 years, and, during this period, I have had continually dinned in my ears such words as "acceptances, debentures, 90-day acceptances, sight drafts", and similar other terms pertaining to banking. Very little, however, have I heard in reference to legislation which, in my opinion, would bring about national recovery.

I am going to speak briefly in reference to another form of sight draft, the sight draft of the millions of unemployed who are given insignificant food orders through the emergency agencies. These food orders include no fresh meat and so little variety that the diet they impose on the recipients is far from a balanced one. It is in respect to these people, our unfortunate worthy unemployed and the part-time employed, that I rise this afternoon to discuss this bill.

Visualize, if you can, the millions of unemployed, the millions of partially employed, the aged, innocent victims of the depression, and especially the youth of our country, tragically handicapped through lack of opportunity, and then consider the provisions of this bill, which, if properly amended, would, I believe, bring recovery to our Nation.

I know that the Committee on Banking and Currency includes in its membership some of the brightest men in Congress—in fact, in the United States. The Membership of the Congress should be proud to include such distinguished individuals as the gentleman from Maryland [Mr. GOLDSBOROUGH] and the gentleman from Texas [Mr. CROSS], and the Committee on Banking and Currency is fortunate indeed, in my opinion, in numbering these two gentlemen among its members. My only regret is that the viewpoints of these unusually well-informed and distinguished gentlemen have not been incorporated in this bill.

Before proceeding further I wish to state that if this bill, as obnoxious as it is, is amended to include the Goldsborough amendment, I shall vote for it. Without the Goldsborough amendment, or a similar provision, expressing a clear mandate from the Congress, I shall oppose it. I am not in favor of delegating the constitutional prerogatives of the Congress to the President or to any other individual.

I have great confidence in the Membership of this House. In my opinion, the Seventy-fourth Congress includes more able men than did the Seventy-third. I believe it is probable, although as yet it has not been positively demonstrated, that there is more courage and independence in this Congress than there was in the Seventy-third. I am confident that every one of you is personally well disposed toward dealing with our economic problems in a straightforward and courageous manner, but unfortunately, collectively, when the votes are taken, too often these commendable traits are not in evidence. I fear that the thought of reelection and the benefits of privilege and patronage actuate too many of us in what we do on this floor and in how we cast our votes. It is indeed deplorable that courage and independence of thought and action cannot be more confidently claimed as assets of this Congress.

THE DEMOCRATIC DONKEY

Speaking as a Democrat, I recognize the emblem of our party as the donkey and, in the past, the rooster. May I recall to the minds of the Members the pictorial advertising of a well-known product which has a particular significance for us in our present status in the Congress? I refer here to borax.

When borax was discovered in the West there was no means of transportation other than by wagon. I am confident all of us remember the packages of borax which bore on the carton a picture of a 20-mule jerk-line team hauling borax. If you observed the equipment you noticed that the 20 mules drawing the wagonload of borax were handled by a single jerk line.

This picture may be said to personify the weakness of the present Congress. Its committees are apparently controlled by a single jerk line. Then what do we do collectively? Too many Democratic mules walk sedately in line, just as though they had no minds of their own, guided and controlled, as the most of us are, by a jerk line running from the White House to the Congress.

Mr. MARTIN of Colorado. Mr. Chairman, will the gentleman permit an interruption?

Mr. HOEPPEL. For a brief question.

Mr. MARTIN of Colorado. I merely wanted to observe that the 20-mule team managed by one jerk line delivered the load.

Mr. HOEPPEL. It certainly did, because the driver handling the jerk line knew exactly where he was going. Does the President and those who are with him know where we are going? If the gentleman will look into the relief program, consider the millions on relief and the millions more who are on the verge of resorting to relief under our present inordinate spending program, it will be apparent to him, I believe, that we are traveling to a solution of our problems with about the same speed which characterized the antiquated mule team. Our vehicle of state will be so overloaded with debt that only repudiation, inflation, or confiscation will permit our future progress. As representatives of the people, knowing these facts, we ought to exercise our independence and vote and act in accordance with our own intelligence and the impulses of our hearts. We should vote and act as we honestly and sincerely believe. The majority of you will admit, I believe, that you are not doing this in many instances.

If we would only exercise the prerogative of a donkey, if we would only become balky once in a while, we would get somewhere with legislation. We merely plod along, following the lead of the jerk line which may be in the hands of the President or perhaps manipulated by others prominent in

new-deal policies, including the Secretary of the Treasury, whom I recognize as the mouthpiece of the international banker. We are as docile and complacent as a superannuated ox or a petted house kitten!

I believe too many of us are being controlled by an administration jerk line. Personally, I shall not be influenced by a jerk line from the White House or from any other source, but I will respond, and am endeavoring to respond, to the jerk line of my own conscience in the interest of the people whom I represent and the American people generally who have suffered 5 years of depression. I can see little hope ahead, however, under the plans we have thus far outlined.

Mr. BLANTON. Will the gentleman yield?

Mr. HOEPPEL. I yield to the gentleman from Texas.

Mr. BLANTON. If the gentleman is for the American people, he is going right along the same line with the President in the White House, because if there ever was an occupant of that White House who was for the American people, we have one there now.

Mr. HOEPPEL. I do not deny that the President is honest and sincere, but it is my opinion that he does not now see the "forgotten man." I think he is getting his information from the wrong sources. If he would do less driving and more confiding in the Congress, and leave us free to legislate according to our constitutional prerogatives, with due consideration to conditions as we know them to exist in our own districts, I am confident that the Congress would enact legislation which would be of more benefit to our distressed people than that which we have enacted, much of which was written and sponsored by those surrounding our President, in the Cabinet, and elsewhere. The distinguished gentleman from Ohio [Mr. FIESINGER], who preceded me, has suggested legislation which would contribute materially toward recovery.

Mr. BLANTON. The President is conferring with the Members of this House every day.

Mr. HOEPPEL. With whom is he conferring?

Mr. BLANTON. He is conferring with the leaders—your party leaders and my party leaders. There must be party leaders in every Congress.

Mr. HOEPPEL. He is conferring with leaders who have been here 10, 20, or 30 years, and, with all due respect to these fine gentlemen, it is my opinion that they do not appreciate and understand, as we younger Members of Congress do, the desperate plight of our people.

Mr. BLANTON. I am one of the younger Members of Congress, and I am willing to work, cooperate with, and follow my party leaders here on all vital administration matters. A Congress without party leaders is not worth much. What, for instance, would the Republicans do without the distinguished gentleman from New York [Mr. SNELL]? They would be like a rowboat on the ocean without oars.

Mr. HOEPPEL. I cannot yield further to the gentleman from Texas, although he is my good personal friend, and I consider him one of the leading and most efficient Representatives in this Congress.

Mr. BLANTON. I thank the gentleman for his kind observation.

Mr. HOEPPEL. What we need is something we have never exercised. We need the courage to stand on our own feet here and act in accordance with the dictates of our own consciences, understanding, and intelligence. I am not taking instructions from any source but my own people back home. From the standpoint of education, many of you are far superior to me.

OUR LEGISLATION FAVORS BANKERS RATHER THAN PEOPLE

You are readily conversant with banking terms, such as "debentures, acceptances, sight drafts, 90-day paper", and so forth. I know little about those things, but I do know the problems of the common people. I can get down to the very grass roots of the sufferings of our people, and if our leaders would do the same thing we would have banking legislation which would be much better than the measure now under discussion.

Mr. BLANTON. Will the gentleman yield one more time, because we are good friends?

Mr. HOEPPEL. I yield to the gentleman from Texas.

Mr. BLANTON. When has there ever been before a President in the White House who has caused an old-age pension to be passed? He caused one to be passed. When has there been one before so interested in the welfare and problems of the people to cause a social securities bill to be passed? He has done so. Why these innuendos and indirect reflections upon our great President, when, I am sure, the gentleman does not mean it?

Mr. HOEPPEL. I may say to the gentleman from Texas that I sat on this side of the aisle when the President read his speech in reference to economic security on June 8, 1934, and I thought then that he would be, indeed a savior to the people if he carried out this program; that he would go down in history as second to George Washington. But what has he presented to us?

[Here the gavel fell.]

Mr. GOLDSBOROUGH. Mr. Chairman, I yield the gentleman 10 additional minutes.

Mr. HOEPPEL. Mr. Chairman, what is the old-age security bill? It is a monstrosity. It is bait to the aged citizens of this Nation. No Member here will claim that this bill will become effective within a period of 1 or 2 years, and then the pensions will be inadequate. Many thousands and hundreds of thousands of the worthy, aged citizens who had hopes in the administration social security program will have passed on before the pauper pension bill takes effect.

Mr. Chairman, I am interested in relief now, not tomorrow.

Answering the gentleman from Texas further, may I say that I am convinced that the President is well disposed. I recognize that he is a remarkable man, but, in my opinion, with his eyes on the too-distant future, he fails to realize the urgency of our immediate needs and is predicating our recovery upon a patched-up old order rather than upon the establishment of a new. It will be recalled that Germany, in the seventeenth century, engaged in what was known as the "30-year war."

Perhaps the administration will get us out of the depression under a 30-year program, but what about our aged citizens and the suffering of our people now?

Mr. BLANTON. Our friend the distinguished gentleman from California [Mr. HOEPPEL] should do as I have done. I have written to members of our Texas Legislature asking them to pass an old-age pension bill to meet the requirements of our bill. I wrote to the Governor, to the Lieutenant Governor, and to the speaker of the house in Texas, sending them copies of our old-age-pension bill. I called attention to the fact that it was necessary for our State legislature to meet the provisions of the bill. If the gentleman will have his California Legislature do that, and if our legislature will do that, when the United States Senate passes that bill and it is signed, it will go into effect and the aged people in our States will receive the benefits within a very short time.

Mr. HOEPPEL. Mr. Chairman, if the Congress would exercise its legislative prerogatives, actuated by an earnest desire to alleviate the distress of our people and to solve their economic problems, we could, I believe, immediately enact the Goldsborough banking bill or the Cross bill, through which we would save the taxpayers billions of dollars per year. Then we could pay a substantial pension to the aged of our country without forcing the impoverished States to tax their citizens in order to pay a share of the inadequate pauper's old-age pension, as is proposed in the security bill. We could then give them a pension instead of a promise!

I am also in favor of the Sweeney banking bill. I am convinced that there is no chance of getting out of the depression, permanently, regardless of the spending of billions of dollars, until we correct the monetary situation. We should not put the control of the finances in the hands of the President. It should be in the hands of elected representatives of the people, who are subject to recall, as is provided in the Sweeney bill.

Furthermore, why should we take the credit of the United States, which is your credit and mine, and turn it over to the private bankers through the privately owned Federal Reserve System, and permit them to lend our own money back to us at interest? No one can justify such procedure, and this is one thing which we ought to correct in the bill under consideration. If any profit is to accrue to anyone from the extension of Government credit, certainly such profits should go to the United States Treasury rather than to the international banker and the banking ring.

There is some talk about a third party. I hope the Progressives in our party will force the enactment of proper liberal and progressive legislation at this session. If we fail to do this, those of us who wish to save our party will want to be sure that in the next Democratic platform there is written a provision for real monetary control by the people and for the people rather than by the private banker and for the private banker. We do not wish the control of our banks to be in the hands of Morgan and Mellon or others of the banking crowd; neither do we wish it to be solely in the hands of the President. No one individual is infallible. I have no regard for Barney Baruch nor for "Windy Crackdown" Johnson. Who knows but perhaps they may get their fingers on the administration jerk line, if we enact the bill under discussion without mandatory restrictive provisions?

Mr. BLANTON. I hope my friend will not yoke up with the one they are after.

Mr. HOEPPEL. I do not quite understand that.

Mr. BLANTON. I hope the gentleman will never get into any "hooey" bandwagon.

Mr. HOEPPEL. I will answer my good friend from Texas by stating that I am not following any one person or group of persons, but I am endeavoring to uphold our party and our party platform and keep faith with those who sent me here to represent their best interests. I do want our party and our platform to be liberal and progressive. I believe we should live up to the platform of our party and to its ideals, but unfortunately we seem to have lost sight of the noble principles and policies enunciated in our platform of 1932. I do not propose a third party. I am convinced that we have a sufficient number of liberals and progressives in our own party to carry the banner forward. If, however, we fail to enact progressive legislation in this session in the people's interest, or if we fail to embody sound economic reform in our platform of 1936, a third party may possibly develop, as, in my opinion, the problem of monetary control and the right of Congress to coin money and regulate the value thereof will be the paramount issues in 1936. I believe this is inevitable.

We are in the midst of a political revolution. I do not know whether all of you realize this or not, but some of you should go back home to your districts, meet your people, and remain with them from adjournment of the Congress until it reconvenes in January, next, and thus gain a sympathetic understanding of their viewpoints and the actual conditions confronting them. I fear that too many of our Congressmen have not spent sufficient time in their districts in the past 2 years to realize the desperate plight of their constituents. How can a Member understand the problems of the people he represents if he spends only a few weeks in his district a year and gains his knowledge of conditions largely from the press and from his political supporters? I know the problems of the people of my district for I am in daily personal contact with them during the time Congress is not in session, and my activities here in their behalf are based on my actual knowledge of their suffering and distress (which is paralleled in every district in these United States), and the imperative necessity for meeting their need through the enactment of basic-relief legislation if we are to avert ultimate disaster.

I agree with the President in his pronouncements in reference to the international stabilization of currency and the commodity dollar. It is for this reason that I favor the Goldsborough amendment to this bill which I would like to see every Member of this House support. If, however, we would break the jerk line entirely, which appears to reach back into Wall Street, and enact into law a modified Goldsborough, Cross, and Sweeney banking bill, I am confident the depression would be over within 6 months and there would be absolutely no reason for the wasteful expenditure of public funds at a wage scale below the prevailing wage rate. Why should an unfortunate, worthy unemployed citizen be discriminated against in public employment, as is provided in the work-relief bill?

TARIFF PROVISIONS TO PROTECT AGRICULTURE NECESSARY

I believe in adequate tariff protection to American agriculture and industry; and we Democrats, especially the gentlemen from the South, must wake up to the fact that the tariff is a very vital question to us here in America. It is my belief that the tariff on commodities and materials which we can produce in abundance in the United States should be adequate to protect our home producers against foreign competition in our markets, or we should have a direct embargo. In California, for instance, we have poultrymen in the bread lines who are being subsisted on Government funds because our tariff rates are so low that the Chinese are sending eggs over here and putting our poultry raisers out of business. Is this a sane or sensible policy? Certainly not. We ought to put up tariff barriers against the products of the cheap labor of Europe and the Orient which come in over our tariff walls. Because of the depreciated value of the currencies of other nations they are in a position to pay our existing tariff rates and import their products into the United States, thereby reducing the demand for our domestic products and resulting in curtailment of our production, with corresponding increases in the numbers of our unemployed.

The tariff rates of nations with depreciated currencies are reduced, in a sense, in proportion to the depreciation of their moneys. In other words, foreign nations are undercutting our tariff rates because their currency is of less value than ours.

This is a condition which affects us vitally and one that I think should be corrected at once. I have introduced a bill to provide that wherever the American dollar is at a premium in a foreign nation, exports from such nations shall have added to the existing tariff rates the percent of increase in rates which represents the advantage enjoyed by such nations, due to the difference in value of their money and ours.

I want to reiterate that I propose to vote for the banking bill under discussion, obnoxious as it is to me, provided the Goldsborough amendment is adopted. If it is not adopted, however, I shall be a balky mule and refuse to cast my vote for a measure which tends to create a financial dictator.

We ought to do something for the people and not so much for the bankers. Bankers—that is all I hear—bankers. Do you know we are taking $1,200,000,000 of the people's money in Postal Savings and turning it over to the banks of America at 2½-percent interest, without a cent of security, and the bankers are relending this money back to you and me at 7 percent? We are giving the bankers of America over $50,000,000 a year as a subsidy for the use of our own money, and in the monstrous social security old-age pension bill we provide only $49,000,000 for the millions of our aged, worthy citizens. Moreover, I regret to state that the Post Office Department is opposed to a bill which I introduced to take from these bankers the $50,000,000 a year subsidy which the Post Office Department gives them. Although many of you are aware of these facts, I know of no one, other than myself, who has introduced legislation to correct the situation.

If it were not for the administration jerk line, I believe the Chairman of the Banking and Currency Committee or the Chairman of the Post Office Committee would consider my proposal favorably, as I recognize that both of them are individuals of intelligence and ability, and certainly every Member of Congress should be opposed to granting millions of subsidies like these to the international bankers.

Mr. BLANTON. Mr. Chairman, will the gentleman yield?

Mr. HOEPPEL. I yield.

Mr. BLANTON. Suppose you do not pass this bill, will you not be worse off than if you did pass it? Does not the bill give you some relief, without the Goldsborough amendment? If it does, why should you kill it?

Mr. HOEPPEL. Personally, I have the utmost confidence in the President, but this President of ours will not head our Government always, although we Democrats confidently hope that he will be reelected in 1936. The Republicans, however, say we are going to have a Republican President next year.

Mr. BLANTON. Well, they have another guess coming.

Mr. HOEPPEL. Regardless of who may be President in 1936, we should not enact legislation to grant authority to any single individual to control the finances of our Nation as is indirectly proposed in this bill.

Mr. BLANTON. I want my very good friend to come back next year and I want him to get on the President's coattails in the next primary and then he will come back.

Mr. HOEPPEL. My first objective as a Representative is to legislate for and in behalf of the people. I am not interested in reelection or patronage if such will interfere with my obligation to my constituents. I did not get on the President's coattails in the last election. I criticized some of the new-deal provisions, and I was reelected upon my past record and a platform of monetary reform and taxation of the machine which displaces human labor. Part of the Democratic machine sought to defeat me but thousands of Republicans, as well as Democrats, voted for me because I was independent and refused to be a rubber stamp in the Seventy-third Congress. Monetary reform and the taxing of the machine displacing human labor were the principle issues of my 1934 platform. I was reelected on that platform and I will be reelected next year if my people are satisfied with my representation, but whether or not I am reelected I will be a bellwether and not follow the leader just because I might be reelected or might receive some patronage jobs. [Applause.]

Mr. STEAGALL. Mr. Chairman, I yield 15 minutes to the gentleman from Indiana [Mr. GRAY].

Mr. GRAY of Indiana. Mr. Chairman and ladies and gentlemen of the Committee, the administration of the public currency under the power to issue money and to regulate and control its value is the exercise of a public governmental function to promote and conserve the common welfare. The conduct of commercial and investment banking, operations dealing in money and credits, in loans, interests, and discounts is in pursuance of a private interest for profit and selfish gain, different, separate and absolutely foreign, unrelated, and wholly incompatible with the administration of public currency. Private bankers and financial interests stand in no more or closer relationship with the power to issue and regulate money and are no more entitled to exercise such powers than a grain dealer or produce dealer is entitled to influence and control the production or supply of grain or produce in which and accordingly as his private selfish interests may require. A private banker or financier has no more legitimate claim or right to control the issue of public currency or to regulate its value than a blacksmith or a brickmaker or any other man in a private business.

The exercise of the power to issue money is purely a public, governmental function, in the administration of public office, in which private profit, advantage, and gain is inconsistent, incompatible, and abhorrent to every principle of public interest and welfare. This so-called "Federal Reserve System" is a vicious, criminal, and corrupt confusion of private selfish interests with the administration of public office. Under this so-called "Federal Reserve System" the one of all classes of men, the men having a private and selfish interest to serve, and which is adverse and at variance with the interest of the common and producing classes, are given the control of public currency for exercise under guarded secrecy. Under the artifice and subterfuge of this private currency system, the international bankers and financiers are allowed to don the robes of public office, to hold the keys to the people's Treasury, to pillage and plunder from the inside, to take and carry away unawares to the people that for which other men in office would be convicted of high crimes and misdemeanors, and for which other men out of office would be charged with burglary and highway robbery.

Private bankers and financiers claiming and possessing superior knowledge of the functions and operations of public currency should have less power and opportunity to influence and control money operations than other men without such information. This is because that by such greater and superior knowledge they can exert a greater and controlling influence over the operations of public currency for their own private advantage and profit than other men less skilled and adept. Such bankers and financiers, claiming and possessing such superior knowledge, should be held further away and more remote from position and opportunity to exercise the power to issue money and to control and regulate its value than other classes of men.

No one class of men should ever be allowed to control the volume and supply of money. And above all, private bankers and financiers should never be allowed to control the volume and supply of money.

The banker's training disqualifies him to control the volume and supply of money. The banker is trained to measure all values by the dollar. The dollar is created to serve the people but the bankers are trained to make the people serve the dollar.

But this does not apply to the bankers we know. This applies to the bankers we do not know, to the bankers we only know of and to whom the people and the country should be guarded against and know less of.

The bankers we know are part of the people. They suffer with the people. They are victims with the people. With the bankruptcy of 4,000,000 farmers has come the failure of 10,000 bankers.

No individual or body of men exercising control over public currency, the power to issue and regulate money should ever be allowed to take profits or advantage from the administration of the public currency system, while participating in such administration and control. Such profit, advantage, and selfish gain is a violation and contravention of all public policy, is a perversion of public duty, is a vicious and unholy confusion of the private selfish interests of men with the exercise of governmental functions, condoning and compromising the public welfare, corrupting the administration of public office to serve private, selfish interests.

The taxing power, the power to levy and collect taxes from the people, the power to take from the people, is one of the great powers of government. This is the power to go down into the people's pockets and take their money, take a part of their money, a part of their property, earnings, and income, or, if need be, the power to take all of their earnings, wages, income, and property.

The taxing power is a necessary power, a necessary incident of government, and without which the Government could not exist for a single day. Yet, in the control of private, selfish interests, it is a power subject to great and flagrant abuse, by and through which to take from the people their earnings, income, and property, the fruits of their toil and labor, hidden, covered, and concealed under the color and forms of law. And to safeguard from the abuse of the taxing power and to hold this power beyond the reach and control of selfish interests and private corporations, our forefathers placed this great power in the House of Representatives, in the lower branch of Congress, nearest and closest to the people, for their surveillance and watchful care.

But there is another power of government greater than the taxing power, greater than the economic power, which shrewd and crafty men can use and have used to take and exact from the people their earnings, wages, and income, the fruits of their toil and labor, hidden, concealed, and unawares. That power is the power of money, the power to issue money, the power to regulate the value of money, the power to control the volume or supply of money and thereby the control of values and the general price level of property and commodities and labor and the products of labor.

The power to control the general price level, the power to lower prices, when men are ready and want to buy, the power to raise prices, when men are ready and want to sell, is a greater power than the taxing power. The power to control values and the general price level is the power to take earnings and income from the people until they are impoverished, until they are exhausted, until they are reduced to absolute want, without realizing the cause of their burdens and distress. Under the control of this power one class of men can be reduced to helpless bankruptcy and another class of men can be enriched and their wealth doubled and trebled. This is the power to issue and regulate the relative value of money with the commodity and labor price level, with a power operating in secret, hidden, covered, and concealed, whereby to multiply taxes, debts, and contract obligations by reducing values, prices, and wages, and taking away from the people their means, property, and substance, and depriving them of their ability to pay, unawares.

It was one of the great Rothschild brothers, one of the world's shrewd, crafty financiers, who said: "Give me the power to issue money and I care not who makes the laws."

This is because the power to issue and control money is a greater power than the legislative power, greater than the power to make the laws; because the power to issue and control money is a greater power than the judicial power, the power to construe and apply the laws; because the power to issue and control money is a greater power than the executive power, the power to administer and enforce the laws; because the power to issue and control money is greater than the taxing power, greater than all governmental powers combined under and by which to take from the people.

And it was Thomas Jefferson who said "private banks with power to issue money are more dangerous to the liberties of the people than standing armies in time of peace", meaning the power resorted to by kings to seize upon the functions of government and usurp the rights of people.

Under, by, and through the secret power of money, more tribute can be taken from the people and greater tribute has been exacted from the people, secretly hidden, covered, and concealed, than ever despotic rulers have taken from their helpless and dependent subjcts; than ever invading, marauding kings, using the force of the military, the army, and the navy, have ever exacted and claimed as leaders of victorious armies in the pillage and plunder of the vanquished and carried off as the spoils of war.

Our forefathers in their wisdom realized that the use of money was a vital public agency, a blessing and a power for good, but under private selfish control could be made an evil and a curse. And to safeguard against such private control of money our forefathers wisely provided in the Federal Constitution for the control of public currency directly by the Congress of the United States, the sworn and chosen representatives of all the people to serve the public welfare. Clause V, section 8, of article I of the Federal Constitution vests Congress with the exclusive power to coin and issue money and to regulate its measure and value as a medium or means of exchange.

This greater power to issue money, alike with the exercise of the taxing power, was committed in sacred trust to be exercised by Congress, directly and immediately responsible to the people.

A surrender of the taxing power of Congress, a delegation and transfer of the taxing power, or even a suggestion or proposal for the exercise and administration of the taxing power by private, selfish interests, would be denounced and condemned as a vicious public policy, as a course of criminal folly, as a breach of office and trust, compromising the interest and welfare of the people. Such a surrender, suggestion, or proposal would be challenged and resented as an act of treachery and treason, a charge of high crimes and misdemeanors under punishment by fine, imprisonment, and death. And the taxing power remains today where the Constitution placed it, in the lower House of Congress, nearest and closest to the people for their direct and prompt control.

But the far greater governmental power, the greatest of all governmental powers, the most vital of all public functions, the power to issue money, the power to regulate the value of money, the power to control the supply and distribution of money, which our forefathers in their wisdom committed in sacred trust to the Congress of the United States, the sworn representatives of the people, has been abdicated by Congress, and the duties and obligations imposed and the responsibilities charged to safeguard money and the use of money has been surrendered and abandoned by Congress. In disregard of the Constitution, in violation and in defiance of the Constitution, Congress has surrendered, delegated, and transferred its power to issue money and regulate the value thereof over to a private, selfish banking corporation today known as the "Federal Reserve System."

Pursuant to the taxing power conferred and preliminary to the exercise of such power, Congress created and established a great public revenue system for the collection and disbursement of taxes complete in all particulars and in every detail. Under this system, thus created and established for the exercise of the taxing power, policies of taxation were declared and principles defined, mandatory duties were imposed, prohibitions and checks were provided to safeguard against the abuse of the power and to assure a faithful, impartial, and just course of administration and enforcement. And to further safeguard and enjoin the duties and restraints to be observed, a criminal code was especially enacted defining crimes of commission and omission, providing punishment and penalties to be imposed, with fines and terms of imprisonment under strict and summary enforcement.

And finally, for still further assurance against evils and abuses of the taxing power, the glaring searchlight of publicity was thrown with sweeping scrutiny upon each and every successive step of administration from the assessment and collection of taxes to detailed disbursement and final accountability. Nothing was left unprovided which in human forethought could be apprehended, in the course of exercise, administration, and enforcement, to safeguard against an impartial levy, evasion, payment, or collection of taxes, or to compel strict accountability of the funds taken from the earnings of the people and their faithful application to the purposes for which assessed and collected.

The Constitution vested in Congress the broad power to issue money and to regulate and control its value, but without creating a system or organization through which to carry out and give effect to the power granted and conferred. Congress, alike as with the duty to provide a system under which to exercise the taxing power, was left with the duty and obligation to provide a money-control system, to create a money-governmental department, to set up a money instrumentality, and to specify the course of operations, to supply the people at all times with money for the exchange of services and commodities, and to safeguard them in its free and proper use. The power to issue money, vested in Congress, was for a public use and service, and contemplated the organization of a departmental money or currency system as free from private selfish control as other departments of the Government or the action of the Congress itself.

But in disregard of the public power conferred, in defiance of the public functions contemplated, to provide a money supply for the people, shrewd and crafty financiers and bankers set up, offered, and led Congress to adopt a private selfish banking system instead, organized for private profit and selfish gain. First, the private selfish character of the system so created and set up and strategically forced upon the Government, was hidden, covered, and concealed under the artifice, guise, name, and style of "The United States Bank", later, "The National Banking System", and now under the deceptive cloak of the Federal Reserve System.

Some of the 12 branch banks of this private banking system, assuming a public duty and function, but organized and operated for selfish gain, have been making and realizing $10,000 a day, and the system as a whole has been declaring from 150- to 200-percent dividends on the capital invested by loaning the people's money to the people.

First, in the beginning, a partnership was assumed for the share of earnings of the Government. But finally coming out in the open and assuming complete and absolute independence, all public obligations were renounced as well as responsibility for the public welfare, and all profits were claimed and taken as their own. Today, the power conferred by the Constitution, the public power to issue and control money, is being exercised by a private banking system privately owned, privately operated, privately controlled, conducted for private profit and selfish gain, in violation of the constitutional power granted and in defiance of every principle of public policy.

But even more than this surrender to private banks and financial interests, to private ownership, administration, and control of the people's money and credit system, Congress has failed in its duty to create, set up, and establish even a form or semblance of a public currency system to safeguard the exercise of the constitutional power and the free and proper use of money by the people.

It is a significant fact of history that all just governments over men have been governments by laws, declaring policies, and defining principles of human rights and justice between man and man, mandating the discharge of public duties, and restraining against encroachments from greedy, selfish human nature. All governments by the will of men, without the safeguards of constitutions and laws, declaring and defining principles of justice and right, without mandating duties to be performed, without prohibitions restraining selfish human nature have been cruel despotisms or dictatorships under which the people are held to languish in slavery and serfdom. And what is true of general governmental powers organized to conserve peace and civil rights is equally true of a money departmental system or for any exercise of other government.

There can be no more a just money system under the arbitrary will of men left to exercise their unrestrained discretion without laws declaring and defining principles and the policy of controlling money and credits than there can be a just civil governmental system under the unrestrained will and discretion of men. We have advanced and progressed in the science of general government from governments by the will of men, from despotisms and dictatorships, to governmental systems by laws safeguarding and assuring men in the enjoyment of their natural rights.

But in the science of money, in monetary or currency systems controlling and safeguarding the use of money, the people are still in the Stone Age; they are still peering out from the caves, while the shrewd and crafty money chiefs are holding the tribal many, the masses, in monetary slavery and currency bondage.

Our forefathers in framing the Constitution failed to provide a monetary system with the grant of power conferred and left the vital agency of money to be created and safeguarded by Congress, under, by and through which to exercise the power of issuing money. And Congress failing to act, failing to create a governmental money system, failing to adopt laws and regulations declaring and defining exact principles and policies governing the administration of money, our governmental money system has been left in the arbitrary control and direction of men without principles and policies determined, without laws defining administrative duties, without mandating obligations, without prohibitions, restraining selfish human nature, left with the powers to be exercised and administered under a monetary despotism, under a bankers' dictatorship, with the people to linger and languish in economic slavery and bondage.

It remains for this or some succeeding Congress, in discharge of the duty and obligation assumed, to provide a governmental money system, with laws declaring and defining exact duties, prescribing the exact course of currency operations, under which to exercise the constitutional power of issuing and regulating the money supply. A currency system must be created with positive mandates imposed to compel the performance of fixed duties, with prohibitions to check and restrain the encroachments of selfish human nature, and policies as fixed and certain as the sacred Bill of Rights, leaving nothing to the will or discretion of men in the control and administration of money.

We are today under a money system controlled and directed by the will of men without mandates to compel the performance of duties or prohibitions to restrain human nature to safeguard monetary rights and economic security. We are today under a monetary despotism, under a bankers' dictatorship, and under which the people of the country remain suffering, held and languish in abject monetary slavery and economic bondage and servitude.

The one and only hope for economic and currency relief and recovery from the panic or depression, is a system of monetary laws prescribing a certain, fixed monetary policy, an exact rule of currency operations, to be administered and carried out with certain fixed duties to be performed without discretion left to the will of men.

This currency bill under consideration with all its amendments and changes up to this time proposed and considered will leave the people of the country remaining under private monetary ownership and control, under a monetary depotism, and absolute currency dictatorship, with the international bankers the arbiters of the economic destiny of the people.

And until such currency system is created, until exact principles are declared, until the precise course of operations are defined, until the money polar star or goal is set for the administration of currency and credit by a system of defined principles and positive laws leaving nothing to the will or discretion of men, until the vital constitutional power to issue and regulate the distribution of money is removed beyond the reach and control, beyond the discretion and will of interested men with positive mandate imposed to compel the performance of fixed and certain duties and prohibitions restraining usurpation and encroachment, the vital control of public currency will be left to the strategy and intrigue of rival financiers and manipulating bankers who will spar and maneuver for control as kings once fought and maneuvered in conquest and subjugation for the wastes and spoils of war.

It is not possible in the time allotted nor is it the proper time and place to consider the history of our money system further than the economic conditions which gave rise to the organization and inception of our present so-called "Federal Reserve System" and the causes which brought it into being.

The money panic coming in 1907 had served a great object lesson before the people—served to awaken and arouse the people to a realization of the power of money, to a realization that in our money system the way had been left open for the control of manipulating financiers, money pirates, gamblers, and monopolists, who were using the power of money for selfish gain, profits, and their own advantage, and to prey upon and take from the people.

And in 1910 the abuse of money had become so flagrant, so great a menace to the public welfare, that the people, in righteous wrath and indignation, urged and demanded a change in our money system and that the power over money be taken away from gambling financiers and reclaimed back to the Government and the sworn and chosen representatives of the people.

And in 1913, following the demand, the old national-bank money system was modified and superseded by Congress, and in its place and stead the Federal Reserve money system was created and established in operation.

The Federal Reserve money bill finally enacted into law, originally undertook to place the control of money and public currency wholly in governmental agencies. But the international bankers entered such determined opposition that a compromise was agreed upon to save the proposed legislation from failure and the defeat of the bill. By this compromise the same bankers were left in control of the currency but under the oath and charged with the administration of the system as a public duty and in partnership with the Government for the control of the volume and supply of money.

The old law imposed no such positive public duty upon the bankers and it was believed that such oath and obligation of a public trust and the provisions for the immediate

control of the discount rate and open-market operations would safeguard the welfare of the public and would justify the repeal or modification of the old law and the enactment of the new. It was this compromise or no currency legislation. But practice and experience in the working operations of this law have shown that manipulating bankers are not greatly influenced in their course by an oath, and their conduct is not materially different whether under oath or acting without such obligation.

Bringing all explanations of this Reserve currency system down to the last and final analysis, the change in our money system was made, the new Federal Reserve money system was created, for the sole object and purpose of holding the currency within the direction and the control of the sworn and chosen representatives of the people, Congress, the Government; to stabilize currency, values, and the price level, to make the administration of public money an open function for public observation at all times and to remove commerce, industry, and trade beyond the reach of manipulating financiers under secret gentlemen agreements.

The Federal Reserve money system provided all the means necessary for the full and complete control of currency in circulation, to prevent violent inflation and drastic contraction, and thereby to maintain an even volume and supply of money and to stabilize values and the price level. But the centralized power provided for under this Reserve System was, therefore, susceptible of abuse and maladministration, and the means and facilities provided to maintain an even volume and supply of currency could be reversed in their operations and used to bring about inflation or contraction the same as other powers conferred upon men are susceptible of abuse and maladministration.

The Federal Reserve money system, with policies and the course of operations defined by positive law, with mandates and prohibitions imposed and required to be observed under a good-faith public administration, would have been the most perfect and the most effective and complete instrumentality for the control of the volume and supply of money and to stabilize values and the price level which had ever been devised by men as a part of the agencies of government. But, by reason of its concentration of power in one central body under private control, it became at once a threatening danger, a monster, menacing evil, in the hands or subject to the controlling influence of selfish, greedy interests. And by reason of this concentration of power it became a greater danger and menace, even greater than the old national-bank money system, the evils and abuse of which it was to remedy.

The Federal Reserve money system may be compared with or to a new, efficient, effective weapon prepared by men for their own defense, which falling into the hands of the enemy can be turned and used against them with deadly, destructive effect, and by which they can be overcome and enslaved by means and instrumentalities devised by themselves for their own protection and defense.

This new currency legislation was pointed to as the crowning legislative achievement of Congress and the President in 1913 for the prevention of panics and depressions through the scientific control of money provided for and enjoined under the law. But in the administration of the System, and under amendments made from time to time, it has not only failed of such accomplishment, but the operation of these facilities have been used to create a panic instead of preventing one.

Through the door of private control, left open under this new money system, the international financiers and manipulating bankers have entered the sacred chambers of money and when once entrance gained to the inside they have exerted a thousandfold more power to manipulate the currency of the country than was ever exerted through gentlemen agreements operating under the national-bank system.

Under this new money system, money was to be issued and paid out as called for by the banks of the country, upon notes, mortgages, and prime commercial paper to meet the needs of their business affairs, with the people and their local banks to be the masters of the system and the Reserve banks their servants. But through amendments made to the law, always under claim of some great pressing emergency, and under a secret perverted administration, taking advantage of the concentration of power, the system has been made a monster money octopus, commanding and coercing the banks it was to serve, dictating not only the money policy of our own country but the currency system of other nations as well and the control of the world price level.

Under the abuse of its powers, in withholding and denying credit and contracting and withdrawing money from circulation, instead of preventing panics as intended, the powers have been perverted and used to bring the most disastrous panic in all history, with its withering blight carried to every civilized country of the world.

Such was the system for the control of money and such were the men behind the screens directing the operations and policies of the system when the blight of this panic fell upon the people and the industries of the country, prostrating, stifling, and paralyzing not only industry here but throughout the world. And the same system remains in operation today, left subject to the same private control, left to dictate the money supply of the country, left to lower values when they want to buy, left to raise prices when they want to sell, left multiplying the value of their money and debts in crushing burdens upon the people.

The master minds of finance as directors and shareholders of the member banks of the system, owning the controlling shares of stock of the Federal Reserve money system, and directing its operations in secret today, are the same men who, under a secret gentlemen's agreement, operating to corner and monopolize the money supply, under the national bank system, brought on the money panic of 1907. They are the same men who held the secret bankers' meeting May 18, 1920, in Washington, D. C., and secretly contracted currency and credit, using the Federal Reserve money system and brought on this panic, beginning first in 1920. They are the same men who operated through the Reserve system to expand currency and credit in 1928, suddenly raising values and the price level, stimulating a bull stock movement to unload worthless stocks and bonds upon the unsuspecting investing public, brought on the stock market crash and the second panic following in 1929.

They are the same financiers and bankers who acquired from foreign nations and people at low discounted values, over twenty billions of worthless foreign bonds, and unloaded them, through the member banks of the Federal Reserve System, upon the unsuspecting and unsophisticated people of this country, realizing some two billions in commissions or profits, and reserving not a single bond for their own investment which they had recommended to the people.

In 1907 the people of the country were in revolt and calling for repeal of the National Bank money system, operated under private direction and control, and were demanding that the power over money be recovered back to the Government for public control and administration. It was to meet and frustrate this demand for public control of the money supply that the Federal Reserve money system was brought before Congress and provided, with the Government and bankers to be in partnership, assuming public control of the money supply, but with the same bankers left as owners of the system. The people were thrown off their guard, the movement for public control was dissipated in the glowing tributes to elastic currency, the private control of money was continued on uninterrupted, avarice, and greed again asserted itself supreme and the grasping money changers left in control, in their mad race for profit and gain, for quick wealth and swollen fortunes, brought on this the greatest panic of all times.

The people are now standing again today where they stood after the money panic of 1907, demanding the public control of money, and again a more "liberalized" system is proposed to mislead and throw the people off their guard, to perpetuate the private control of money. If this proposal to modify and revamp the Federal Reserve money system by so-called "liberalization of the policy", without further

amendment than now proposed, is carried out as now planned, history will again repeat itself and the system of private control of money will be continued on, with manipulating bankers directing its operations. This proposal now to amend and modify the Federal Reserve money system, leaving the private bankers in control, discounts the intelligence of the people and presumes upon the impotency of Congress to uphold and defend their rights and interests and conserve the public welfare.

There can be no permanent relief from this panic, from the burdens and evils of this depression; there can be no security for lasting prosperity while the power over money remains in the control of private banking interests, the international and manipulating financiers, and until the control over our money supply is recovered back to Congress and the Government and administered for the public welfare instead of private gain, profit, and advantage.

The proposed Federal Reserve amendment now heralded as the new relief program, without further amendment is only another delusive maneuver to throw the people off their guard and to perpetuate the fraud of private control by assuming to eradicate the evils of the system while leaving the currency and credit in the same private control for manipulation, and should be repudiated and resented by Congress and by every loyal and patriotic citizen of the land under the demand for immediate recovery of the control of money back to the Government, where the Constitution placed it and where it can be safeguarded and administered in the interests of all the people.

If this proposal to modify and ameliorate the evils of the Federal Reserve System, to prolong and perpetuate private control of the money system of the country for further exploitation of the people, is not met and challenged today, and the power recovered back to the Government, the ordeal will be cowardly passed on to the next or succeeding generation to regain what we have sacrificed and condoned and the crisis left to be met in the throes of bloodshed and revolution when the burdens have become crushing and intolerable.

A majority in Congress today is ready to take steps to recover back the constitutional power over money and they would take the step if they were only assured that the people would not again be misled by the shrewd and crafty propaganda of financiers under the claim of currency reform, sound money, and an honest dollar, and the delusive hue and cry of inflation, fiat money, printing-press money, and they would be upheld and sustained in the recovery of public control of money and the credits of the country.

Taking advantage of religious beliefs and the phenomena of life and nature, many great and delusive frauds have been practiced upon the people, under the pretense and strategy of which to take from them the fruits of their toil and labor. But the money illusion, the mystification of money operations, the currency maneuvers under cover and concealment, for the number of people held in awe and misapprehension, for the time in which held in mystery and bewilderment upon them, is the most gigantic and colossal fraud of all deceptions perpetrated upon mankind.

The CHAIRMAN. For the benefit of the gentleman from Alabama and the gentleman from Ohio, the Chair will state that the gentleman from Alabama has 1 hour and 20 minutes remaining and the gentleman from Ohio 2 hours and 30 minutes remaining.

Mr. STEAGALL. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. WOODRUM, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee had had under consideration the bill H. R. 7617, and had come to no resolution thereon.

OUR NATIONAL WATERWAYS

Mr. FIESINGER. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by placing therein an address delivered by our colleague, Hon. J. J. MANSFIELD, Chairman of the Committee on Rivers and Harbors, before the National Rivers and Harbors Congress in Washington, and to the country by Nation-wide radio hook-up, broadcast over the system of the National Broadcasting Co., May 2, 1935.

The SPEAKER. Is there objection?

There was no objection.

Mr. FIESINGER. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following address of Hon. JOSEPH J. MANSFIELD, Chairman of the Committee on Rivers and Harbors, of the House of Representatives, before the National Rivers and Harbors Congress, in Washington, and to the country by Nation-wide radio, broadcast over the system of the National Broadcasting Co., May 2, 1935:

OUR NATIONAL WATERWAYS—A FREE AND PRICELESS INHERITANCE OF THE PEOPLE, AN ESSENTIAL NECESSITY TO EVERY AMERICAN INDIVIDUAL AND TO EVERY AMERICAN HOME

Mr. President and delegates to the National River and Harbor Congress, it is a particular pleasure for me to appear before this Congress and to have the opportunity to speak to you on the significant part our national waterways have played in the economic development of the Republic. I know that you are thoroughly familiar with the benefits which have accrued from low-cost water transportation and its ever-increasing necessity in the complexities of present-day commercial competition. I regret exceedingly that the general public is not so well informed, and I believe it to be the duty of those of us who are interested in the further development of our waterways to utilize every opportunity to present to the public their importance to the prosperity of the Nation as a whole.

As a member of the Committee on Rivers and Harbors of the House of Representatives for 14 years, and as chairman for 4 years, I have been closely associated with the formulation of the national policy for the improvement and maintenance of our waterways—a policy which calls for the conservation and improvement of these waterways by the Federal Government with the aid and active support of the local interests benefited by these improvements—a policy which has kept these natural arteries of commerce the property of the people as a whole, free and unfettered in their use as public highways by each and every citizen.

This policy has not been an overnight development, but is the outgrowth of more than a century of action and legislation which, beginning with feeble indications of a national interest in the work, has developed into the broad and comprehensive program now in evidence.

The first river and harbor legislation enacted by Congress in 1789 consisted in assenting to certain improvements sponsored by the individual States. The first appropriation for river and harbor improvements was made in 1802, and from 1826 to the Civil War, Congress periodically provided appropriations for this purpose. The close of the Civil War and the return of industrial activity brought to the front the necessity for a still more comprehensive program to provide reasonable facilities for our ever-growing commerce. From 1866 to 1920, Congress continued the passage of these periodical river and harbor bills, and in 1920 adopted its present policy of enacting general river and harbor legislation to include the authorization of definite projects and the expenditures necessary for the completion of these projects every several years, and making available in the annual War Department appropriation a lump sum for application to these authorized projects. No legislation which comes before Congress receives more critical examination or stands more on its own merits than these river and harbor bills, and no committee of Congress receives more expert and disinterested advice than the River and Harbor Committee does from the Army engineers in its investigations into the merits of the individual projects.

The necessity for these improvements and the important part which they play in the life of America is but poorly understood. In the early days of the Republic its expansion was governed in large part by its rivers, as these highways provided by nature were the only reliable means of transporting even the simple necessities of our pioneer ancestors. Today, in our modern complex civilization, the importance of water-borne commerce to the daily life of every citizen is even more evident, and the very necessities of this life depend upon facilities for commerce, and particularly water-borne commerce. For example, let us look around the room in which we are sitting. The radiator is made of iron. The ore from which this iron is made comes from the region of the Great Lakes where it is shipped in large lake carriers to lake ports to be unloaded and carried by rail to the iron foundries. The cost of the radiator is lessened by reason of the improvements in the channels and harbors of the Great Lakes, provided by the Federal Government, so its use is no longer confined to the wealthy, but is available to the average home. The shellac with which our floors and furniture are painted comes from India by ship. Every article about the house composed of rubber or gutta-percha depends for its cost on the cost of water transportation. Practically all of our electricity is made available for use through rubber insulation of one kind or another. The costs of our tea and coffee are lessened by the port facilities provided by the Federal Government. The silk used in our clothing, and many other essential items in our normal everyday existence are made possible at a reasonable cost only by the improved navigation facilities pro-

vided by the Government. Along the Ohio and Mississippi Rivers the people get practically all of their heat from coal shipped from the Kentucky and West Virginia coal fields in huge river tows carrying 12,000 tons of coal each.

River cities, such as Cincinnati, St. Louis, and Memphis, have been built up by low-cost water transportation and would have to alter their commercial existence were it not for the advantages afforded by improved streams.

We cannot leave our homes and go into the streets without coming into direct contact with modern necessities and conveniences imported to provide us with a more comfortable existence. The asphalt on our streets, the tires on the automobiles using the streets, have become practicable for use only because their cost has been brought within reach by the improvement of our waterways and harbors. These improvements are, of course, paid for indirectly by each and every one of us, but each and every one of us receives a direct return from our investment. There is no public expenditure that is so useful and fairly distributed, both as to cost and benefit, as these improvements. The cost to any one individual is small, and the benefits reached are continuous and ever present in our daily lives, composing a part of every meal, of every day wearing apparel, and affecting our daily heat, light, and the other necessities and luxuries enjoyed by the American citizen.

The use of these articles is taken for granted, and the average man in the streets, when he visualizes a waterway, thinks of it as a natural gift to mankind. This is far from true. Our Atlantic coast was provided by Nature, with but one harbor with a draft of 30 feet. New York Harbor, the greatest port in the world, with an annual tonnage of 130,000,000, valued at over $30,000,000,000, had a natural entrance channel of only 23 feet, which has been increased by the Federal Government to a depth of 40 feet and a width of 2,000 feet, with many interconnected channels and anchorage basins.

The great ports of the Atlantic and Pacific Oceans, the Gulf ports, including the booming Texas oil ports, the ore and coal centers of the Great Lakes, and our inland waterways reaching far into the interior of the country and providing the agricultural regions with transportation costs comparable to the seacoast, have all been improved by the Federal Government and have played an ever-increasing part in the growth of the industrial and commercial life of the Nation. These developments which have given the American Nation a system of harbors and waterways equaled by no other Nation in the world, have resulted from far-seeing vision and skillful engineering execution.

Congress throughout the years has appropriated a total of $2,000,000,000 for maintenance and improvement of our navigable waterways, which carry an annual commerce of 583,800,000 tons, valued at $24,311,000,000. This work has been carried out quietly and efficiently from the first authorization by Congress, by the Army Engineers. Theirs is not an organization which seeks publicity in the unobtrusive performance of its work, and I would feel that I had neglected my own duty if I did not take this opportunity to speak briefly of its record and achievements.

First organized by the Continental Congress in 1776, and definitely established by Congress in 1789 under the leadership of Brigadier General du Portail, a distinguished French volunteer, this organization has since been in continued existence, and from its earliest days, has been charged with many of the more important construction and engineering activities of the Government.

Its officers are honor graduates of the United States Military Academy or selected graduates of our leading technical schools. These officers are given a year of post graduate training in specially chosen technical subjects, a year at the Engineer School of Application, which specializes in an intensive course in river and harbor engineering, and are further trained by actual field experience in responsible positions, their responsibilities being increased as rapidly as experience permits. They are aided in their work by a civil engineering organization containing the highest type of engineering talent available in this country and imbued with the same spirit and traditions. The names on the roster of the Corps of Engineers include some of the most illustrious in American history. Lee, Beauregard, Meade, McClellan, Joseph E. Johnston, Pope, Halleck, McPherson, Goethals, and Siebert, and their successors of today, McArthur and Markham, are men who have contributed much to the progress of America. Their work has included, in addition to the supervision of river and harbor improvements, many other engineering achievements of note. McNeil and Whistler were both Army engineers who played an outstanding part in the development of the country's first railroad system. Much of the early exploration and mapping of the great West was under the direction of this corps which has been charged for many years with special surveys for the Federal Government. Their accomplishments in the field of municipal engineering have included the construction of many of the public buildings in Washington, such as the Washington Monument, the Library of Congress, the Lincoln Memorial, the Memorial Bridge across the Potomac, and the water-supply system of the District of Columbia. Their work has covered the entire continent of the United States, Hawaii, Philippine Islands, and Alaska. One of the outstanding features of engineering in the history of the world was the construction of the Panama Canal, which was completed under the direction of Gen. George W. Goethals, assisted by several other distinguished Army engineers.

The present organization is a worthy successor to the traditions and achievements of the past. Its work under the emergency relief programs has been outstanding. Its officers have been loaned to the emergency administrations. It has been directly charged with the expenditure of $350,000,000 of emergency funds. Its record in placing this work under way with a maximum of speed, in providing employment at the greatest possible rate, and at the same time sacrificing no standard of design or engineering, has and should receive national acclaim. The Government has been well served by this organization. The country is fortunate that Congress has always recognized the true significance and importance of waterway developments and has intrusted these developments to an organization particularly skilled in and adapted for this work.

Congress, with vision, has always appropriated the necessary funds so that our waterway improvements have met the demands of American trade and has maintained these waterways free of cost to the people of the country as the property of the Nation. Their continued development must not cease. The Nation which desires to be in the foreground of the commercial nations of the world must anticipate commercial trends and must be prepared with the necessary transportation facilities to enable it to successfully compete with other nations in the world market, where transportation costs often prove a vital factor in gaining or losing these trades.

AGRICULTURAL APPROPRIATION BILL—1936

Mr. CANNON of Missouri. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill H. R. 6718, the agricultural appropriation bill, and that the House further insist upon its disagreement to all Senate amendments, except amendments numbered 8, 58, and 60, and that the House insist on its amendment to Senate amendment numbered 29, and that a further conference be had with the Senate.

The SPEAKER. The gentleman from Missouri asks unanimous consent to take from the Speaker's table the bill H. R. 6718, the agricultural appropriation bill, further insist on its disagreement to all of the Senate amendments, except Nos. 8, 58, and 60, that the House insist on its amendment to Senate amendment numbered 29, and that a further conference be had with the Senate. Is there objection?

Mr. TABER. Reserving the right to object, will the gentleman tell us what those amendments are that are left out?

Mr. CANNON of Missouri. Those are the three amendments which were agreed to by the House at the time the conference report was adopted.

The SPEAKER. Is there objection to the request of the gentleman from Missouri [Mr. CANNON]? [After a pause.] The Chair hears none, and appoints the following conferees: Messrs. SANDLIN, CANNON of Missouri, TARVER, BUCHANAN, THURSTON, and BUCKBEE.

FAITHFUL, DEPENDABLE LOYALTY TO FRIENDS IS THE CARDINAL PRINCIPLE OF MY LIFE

Mr. BLANTON. Mr. Speaker, I ask unanimous consent to proceed for one-half minute.

The SPEAKER. Is there objection?

There was no objection.

Mr. BLANTON. Mr. Speaker, there are members of three American Legion posts in Sweetwater, Tex., who recently have taken up with me matters relating to a C. C. C. camp and a postmastership there. I ask unanimous consent to revise and extend my remarks and to include some data and letters bearing on the above and to be referred to in my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

Mr. ROGERS of Oklahoma. Reserving the right to object, that will not take a lot of space in the RECORD, will it?

Mr. BLANTON. I will say to my good friend the distinguished gentleman from Oklahoma that it will not take nearly as many pages as we Members of the House who are the gentleman's friends and coworkers here have allowed the gentleman from Oklahoma to use at will during the last several months.

Mr. ROGERS of Oklahoma. That is what I want to know. I have no objection.

The SPEAKER. Is there objection?

There was no objection.

Mr. BLANTON. Mr. Speaker, on April 25, 1935, I received from Mr. John M. Moore, of Sweetwater, Tex., a Western Union night letter advising me that he was an applicant for the postmastership and indicating that he would have the endorsement of the American Legion there.

I immediately replied by letter dated April 25, 1935, advising Mr. Moore that his night letter received that day was the first intimation I had had that he would be an applicant or that any members of the American Legion would endorse an applicant, and I stated:

Your application comes too late for you to be considered for the temporary appointment as acting postmaster, as on yesterday the Department, on my recommendation, selected the one to act as temporary acting postmaster until the regular civil-service examination can be held.

Soon after a change is made, and the acting postmaster is installed, the Civil Service will announce an examination in which you will be allowed to compete. You can get your application blank from the post office there after the examination has been announced.

A few days thereafter I received from Mr. John M. Moore his letter dated at Sweetwater, Tex., April 25, 1935, enclosing an endorsement signed by citizens, copy of which was sent to the Post Office Department.

Although, except as to Mr. W. H. Jobe, there is hearty cooperation between all Democratic officials in the counties of my district and myself, with respect to the few appointments I am allowed to make, Mr. Jobe not only has always opposed me politically but in several instances he has tried to go around me and over my head on different matters that were wholly my own prerogatives.

There was sent to me a copy of the Reporter for April 21, 1935, stating that Mr. Jobe had wired the Post Office Department regarding a matter which the Department has invariably accorded to the majority Members of Congress to handle themselves, and acting with Mr. Jobe there has been a little coterie of business men in Sweetwater who have always been my political enemies and who have always tried to hamstring me at every turn. And said copy of the Reporter contained the following:

The Reporter has been asked to announce that a group of business men are sponsoring a bean feed for all ex-service men of Sweetwater and vicinity, to be held at 7:30 Monday evening at the Macie Hotel.

The affair is to be absolutely free, with no donations, no solicitations, and no specific organizations are to be represented.

I had reports from a number of constituents in Sweetwater advising me that the above "bean feed" was gotten up by enemies in the hopes of preventing me from exercising my privilege and prerogative of selecting one of my friends as temporary acting postmaster. The Reporter for April 25, 1935, stated that all of the endorsers of Mr. John M. Moore were insisting on the Republican incumbent not being removed, but allowed to remain in the office until next January. Hence the fact that the incumbent was a Republican was in no way objectionable to them. These enemies were perfectly satisfied with any Republican they might choose. They just did not want me to exercise my own privilege and prerogative of favoring one of my own friends.

Our Democratic administration was unusually kind to the Republican incumbent at Sweetwater. It allowed him to remain in office from March 4, 1933, when we took over the Government, until May 1, 1935, when the Department removed him for cause. As a matter of fact, he had held the office for more than 4 full years, as he took charge of the office on March 31, 1931. And the Department offered him the privilege of resigning, of which he did not avail himself. When I learned definitely that the Department was going to remove Mr. Shields, and his friends claimed that he needed time to arrange his affairs, I did him the courtesy to wire him that if he would send the Department his resignation to take effect at the close of business on May 15, I would make a special effort to get the Department to approve it, but he did not appreciate this courtesy. When the Republicans took over the Government with President Harding's administration, they promptly removed Democrats all over Texas, hence Mr. Shields was accorded unusually kind and considerate treatment by our Democratic administration.

THAT FREE "BEAN FEED"

One of my good friends in Sweetwater, who is a World War veteran, and was overseas and in the trenches of France during the war, has given me the following very interesting information regarding the attempt to use ex-service men for a selfish purpose:

SWEETWATER, TEX., *April 26, 1935.*

Hon. THOMAS L. BLANTON,
Member of Congress from Texas, Washington, D. C.

DEAR MR. BLANTON: While I have no desire to enter the lists in any controversial issue involving folks in my home town, I feel that I am obliged to advise you the situation that obtains in connection with the muchly heralded "veteran sponsorship" of John Moore for the post office in Sweetwater.

First, let me say that there are 600 World War veterans in Nolan County. That these 600 men are not so strong for sponsorships or organization is shown by the fact that Oscar McDonald Post, No. 109, of the American Legion has a membership of 51; Musician's Post, No. 333, of the American Legion, has 26; and Sweetwater Post, No. 2479, of the Veterans of Foreign Wars, has a membership of 35, or a total of 112 members in the various orders in the county that could possibly be affected by any appointment to the local post office.

At the meeting of veterans of the county so widely publicized there were 68 people present, of which approximately 30 were members of some veterans' organization. The remaining 38 were not only members of no organization but most of them have never been members. In my opinion they did not represent in any sense the veterans of this county, but rather a small group of political malcontents urged on by scheming persons who were anxious to see their ideas carried out and who were perfectly willing (if their ideas failed of maturity) to see the poor old veteran get the blame for any resultant bad publicity and/or feeling.

I trust that before you give your approval to Mr. Moore's application for the office you will contact the leaders of the various veterans' organizations that are doing something for and in the community and find out their opinion as to whether all or any veterans in this county favor his appointment.

Personally I would favor the appointment of Mrs. Bowen, if she desired it; but I certainly would not want to stand idly by and permit the veterans of this county to be made the butt of a misguided ideal in any event.

Trusting that you will, as suggested, determine the true sentiment of the veterans of the county before you give anyone preference by virtue of their alleged sponsorship and with assurances of my desire to be of any assistance to you in this connection, I remain,

HAVE BEEN LOYAL FRIEND TO ALL VETERANS

No one could have done more than I have for all veterans. I helped to pass the law that allowed compensation to their dependents and that granted $10,000 war-risk insurance alike to the private the same as to the high officer. I helped to pass the laws for rehabilitation and for the various kinds of training after the war and for compensation and hospital treatment for the disabled. I helped disabled veterans not only in Sweetwater, and Nolan County, and my district, but also thousands of them all over the United States, to obtain needed hospitalization, treatment, operations, and compensation for themselves and their dependents. At my own expense I have inspected many hospitals over the United States and helped to remedy conditions adverse to their welfare and interests. I have conducted a number of investigations at my own expense, such as that I made of the Old Hospital No. 25 at Houston, Tex., causing 200 veterans dying with tuberculosis to be removed in 1 day to Prescott, Ariz., and Fort Bayard, N. Mex.; that of Col. Charles R. Forbes, Director of the Veterans Bureau; that of Col. Frederick A. Fenning, who was the guardian of and had robbed several hundred shell-shocked veterans; and that of Maj. William Wolff Smith, former general counsel of the Veterans' Bureau. I have helped to pass the laws that give veterans 10-percent preference rights on acquiring Government lands and on ratings for all civil-service positions. And I have shown special consideration to veterans when making the few appointments that have been allotted to me since the war. I helped to pass the law that granted adjusted compensation and that granted loans of 50 percent of same, and have in every instance voted to pay the adjusted-compensation certificates in full and to pass same over Presidential vetoes. Hence no truthful person can justly say that I have not been a true, faithful, dependable friend of all veterans.

A CONGRESSMAN'S PREROGATIVE

Our Democratic administrations while in power have always accorded to each Democratic Congressman the privilege and prerogative of naming one of his friends as the temporary acting postmaster to fill a vacancy until the regular civil-service competitive examination could be held.

NO TIME TO LOOK AFTER POLITICAL INTERESTS

When Congress is in session the Representative is busy here in Washington on his official duties day and night and does not have time to look after his own interests. Many times during election year he cannot go home until just a few weeks before the primary, notwithstanding that his opponents may have been actively campaigning his district for many months. If it were not for the fact that he has loyal friends in every county who look after his interests, he could not be reelected. They seek no reward. He cannot pay them for their loyalty. They will not even let him pay their expenses. They expect no recompense. And it is only natural that when the Congressman is given the privilege of appointing someone, as his own prerogative, that he should select the friend who had been most loyal and faithful to him upon whom to bestow such favor. If he did not do so, he would be an ingrate. And ingratitude is about the basest trait of human character.

FAITHFUL SERVICE TO SWEETWATER

Some of my dearest friends have lived in Sweetwater. During the campaign of 1916, when I was first elected to Congress from the old "jumbo district", embracing 59 counties, running from Mineral Wells to El Paso, the district being 556 miles east and west and about 400 miles north and south from Lubbock to Rock Springs, in Edwards County, it was a veritable empire.

Morris B. Howard, of Sweetwater, wrote hundreds of letters for me. He contacted not only his many friends in Sweetwater and Nolan County in my behalf, but he went to Fisher County, Jones County, Tom Green County, and even made a 1,000-mile trip out to El Paso and western counties for me. Not one dollar of expense would he ever accept from me. He expected no reward. No man could have done more for another in a campaign than he did for me, and he helped to elect me to Congress.

PLEDGED FIRST FEDERAL BUILDING TO SWEETWATER

After I was elected, because of the splendid help Morris Howard, Vard Woodruff, and other Sweetwater friends had accorded me in the campaign, I told them that the first Federal building that was granted to my district would be built in Sweetwater. I kept my promise. As soon as I entered Congress I introduced a bill to provide a Federal building for Sweetwater. But the war and after-war days stopped all building construction for a number of years. I saw to it that the first bill authorizing emergency building embraced one for Sweetwater. But it was several years before we passed any measure appropriating the money for construction of any Federal buildings. Congress finally authorized the Post Office Department and the Treasury Department to designate which of the buildings should be placed in the emergency list, and Sweetwater's building was in this list.

FINALLY SUCCEEDED IN GETTING THE APPROPRIATION

On June 20, 1930, we passed the bill in the House that appropriated $130,000 for the Sweetwater building. I quote from the RECORD of June 20, 1930, the following from the speech I made in the House of Representatives at that time:

Mr. BLANTON. Mr. Chairman, ladies and gentlemen of the House, we have just passed without a dissenting vote an appropriation of $100,000 to construct an adequate post-office building for the city of Coleman, Tex., and an appropriation of $130,000 to erect a proper post-office building in the city of Sweetwater, Tex.

I am deeply grateful to and thank my colleagues for allowing these two appropriations to pass without objection. My worthy constituents who are citizens of these two enterprising cities duly appreciate this generous consideration shown them. They have patiently waited a long time for these public necessities.

This action today successfully terminates a long fight I have unceasingly waged for these two buildings ever since I first entered Congress, and especially since the Federal building program was resumed in the Sixty-ninth Congress. With my service that began March 4, 1917, in the Sixty-fifth or war Congress, all building activities were suspended for 10 years to permit the Government to recuperate from its enormous war expenses.

The people of Coleman and Sweetwater are greatly indebted to Senator SHEPPARD for the help he has so generously and untiringly given me in this matter. He has promptly responded each and every time I have called on him. He has several times left his arduous office work and gone with me to the Post Office Department to present in detail and argue at length the claims of Coleman and Sweetwater with Governor Bartlett, the then First Assistant Postmaster General. He has gone with me to the Treasury Department to see the then Assistant Secretary Schuneman and Supervising Architect Wetmore. Whenever I have called on him Senator SHEPPARD has immediately dropped everything and gone with me, lending me his time, aid, and help in every way possible.

When the proposal in the building program first came before us for Congress to delegate its power and authority to the Post Office and Treasury Departments to determine and say where new buildings should be located I was against that provision as I was afraid that politics would prevent a fair distribution of buildings to the various districts. Then I was definitely assured that both Coleman and Sweetwater would be placed in the building program. Hence, when S. 4663, carrying the new building program, was passed in the House on February 7, 1927, under suspension of rules I supported and spoke for it, then calling attention to the fact that my promised buildings had been assured. Likewise, when H. R. 278 was passed by the House on December 17, 1927, under suspension of the rules, I spoke for it and again called attention to the fact that the assurance of buildings in Coleman and Sweetwater caused me to support the bill. My colleague [Mr. Hudspeth] then mentioned from the floor my getting the building for Sweetwater, and my colleague [Mr. Busby] then mentioned that I had opposed the proposition until I had been promised my two buildings.

On February 2, 1929, I spoke for 20 minutes in the House and called attention to the fact that I would soon retire from Congress and that the departments must keep faith with me and provide buildings for Coleman and Sweetwater. On February 27, 1929, buildings were duly allocated to Coleman and Sweetwater, which constituted authority for appropriations to be made therefor; and I retired from Congress 5 days later, on March 4, 1929. And I am happy to be back here today when we have voted the two specific appropriations for these buildings at Coleman and Sweetwater which assures their prompt construction. And so ends the usual long delays and Government redtape incident to all building construction.

PROUD OF SWEETWATER'S BUILDING

Every time I visit Sweetwater, I am proud of our Federal building there, but I am sad over the thought that my old true and tried friend, Morris B. Howard, did not live to enjoy it, for he passed away on February 15, 1931.

ONE OF THE BEST POSTMASTERS IN THE UNITED STATES

Hon. Morris B. Howard was one of the most efficient postmasters in the Nation. Service to the people with a smile was his motto. He was their obliging servant. And while he was a Republican appointee he was also a good Democrat. I have before me the official records showing that during the Bryan campaign in 1908 he made a contribution to the Democratic National Committee, and when Bryan was defeated he made a contribution toward the campaign deficit to our Democratic National Committee.

And in the Woodrow Wilson-Thomas R. Marshall campaign in 1912 I have before me the official records showing that he made a contribution to our Democratic National Committee on September 14, 1912, and another on October 5, 1912, and to help pay off the campaign deficit he made another contribution on November 8, 1912, and another one on November 26, 1912, to our Democratic National Committee.

MORRIS HOWARD'S DAUGHTER

During the last three or four campaigns I have made there is no other friend in my district who has done more for me than Mrs. Thelma Howard Bowen. She has made trips to many counties, contacting her friends and their friends in my behalf. When I was 2,000 miles away in Washington she has taken down the speeches made by my opponents and furnished me with transcripts of same. Friendship caused it all. She expected no reward, and never allowed me to return any expense to her. Regarding her service to the Democratic Party I will quote the following from the Sweetwater Daily Reporter of April 10, 1935:

I have in my files a copy of a letter which in 1912 Mrs. Woodrow Wilson wrote Thelma Howard, then a little girl, addressing her as "My dear little friend", and thanking her for her action in selling a painting and sending the President the money as her contribution to the Democratic national campaign. She made an additional contribution in Woodrow Wilson's campaign fund, for in my files is a copy of the following letter written to her just after the election, by President Woodrow Wilson, to wit:

TRENTON, N. J., *November 15, 1912.*

Miss THELMA HOWARD,
Sweetwater, Tex.

MY DEAR LITTLE FRIEND: I cannot tell you what gratification that it gives me that you should think of me. Your letter has given me

a great deal of genuine pleasure and I hope that as the years go on you will continue to feel that I am the sort of man you would like to support and keep as your friend.

Cordially and faithfully yours,

WOODROW WILSON.

In the Franklin D. Roosevelt campaign in 1932 Mrs. Thelma Howard Bowen gave her money, time, and efforts in doing everything that it was possible for one woman to do in helping him to be elected. I have in my files copies of correspondence between her and Hon. Robert W. Haynie, who was national Democratic chairman for my congressional district, showing that she served under him as one of the organizers for Nolan County, sold Democratic medallions, and helped to raise funds for the Democratic National Committee.

TYPICAL OF HER SERVICE

The following letter from Judge Robert W. Haynie, district Democratic chairman, evidences the confidence he had in her valuable service:

ABILENE, TEX., *October 18, 1932.*

MRS. THELMA HOWARD BOWEN,
Box No. 786, Sweetwater, Tex.

DEAR MRS. BOWEN: As national Democratic campaign chairman for the Seventeenth Congressional District of Texas, I am appointing you as cochairman for Nolan County, to work with the Democratic county chairman as organizer for your county. We do this in recognition of the valuable services you have already rendered our cause, and we know that you will render some very efficient and valuable work for the Democratic Party between now and the November election. Mrs. John Perry, of Sweetwater, Tex., is a member of the executive committee for the Seventeenth Congressional District, and I would suggest that you get in touch with her and render her all assistance possible in the organization of Nolan County. It is the purpose of our executive committee to organize every precinct in every county, and for that purpose a woman's committee composed of a cochairman and two other members has been deemed advisable. I would suggest that you select two other workers to work with you as members of your committee and furnish me with the names of the coworkers.

Assuring you that we will appreciate any service that you can give us, and with best regards,

Yours truly,

R. W. HAYNIE, *Chairman.*

ARE THERE ANY CITIZENS IN SWEETWATER UNGRATEFUL?

For 18 years I have done faithful service for Sweetwater. No Congressman could have given more devoted service to any city in his district than I have to Sweetwater. I have answered thousands of letters for Sweetwater people. I have handled scores of departmental cases here for them with the Government. I have promptly looked after all of their passport matters. I have given prompt attention to all of their numerous income-tax problems they have had here with the Internal Revenue Bureau. I have seen to it that Sweetwater got her share of public works and relief funds. I got for Sweetwater her C. C. C. camp, when numerous other places in my district were clamoring for it. And when through a mistake of the Governor at Austin approving of such transfer, without Sweetwater agreeing to it, and a unit of Negroes were sent to the camp there, and Sweetwater officials telephoned and wired me urging that they be removed, I worked day and night until I got them removed, and I have a promise from the President of the United States, and Director Fechner, and Director Cammerer, that a white unit will be returned to Sweetwater camp within the next few months.

NOTHING BEATS COOPERATION

On assuming the duties of acting postmaster, Mrs. Bowen asked for the friendly cooperation of the patrons, and in return she promised them the very best service with a smile. That is the kind of cooperation I want from Mayor Armor—like R. G. Armor, of Eden, gave me—and from Hon. W. H. Jobe, and the ones who pulled off that free "bean feed" and the able editor of the influential Daily Reporter, and then I shall be better able to do all of the things worth while for Sweetwater.

ADDRESS BY HON. SAMUEL B. PETTENGILL AT STUDEBAKER REORGANIZATION DINNER

Mr. LUDLOW. Mr. Speaker, I ask unanimous consent to proceed for 2 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

Mr. LUDLOW. Mr. Speaker, our colleague, Hon. SAMUEL B. PETTENGILL, delivered a notable address, beautiful in its diction and sound in its philosophy, at the Studebaker reorganization dinner in South Bend, Ind., on Friday evening, April 26. Studebaker, founded in 1852, and therefore starting its eighty-third year, is the first great industry to be reorganized under legislation sponsored by the Roosevelt administration, and is, I am told, the only automobile company that ever went into a receivership and came out. The dinner, held in the dining room at Notre Dame University, was attended by 1,400 guests, including representatives of the entire automotive industry, automobiles and accessories. Among those who spoke at the dinner were Alvin Macauley, president of the Automobile Manufacturers' Association; Robert Lincoln O'Brien, Chairman of the United States Tariff Commission; Gov. Paul V. McNutt, of Indiana; Dr. R. D. Morand, deputy speaker of the House of Commons of the Dominion of Canada; Thomas W. Slick, judge of the United States district court; Herald S. Vance, chairman of the board of directors, and Paul G. Hoffman, president, of the Studebaker Corporation.

Our distinguished colleague, Mr. PETTENGILL, chose as his subject, The Automotive Industry and National Recovery. The address he delivered is so obviously illuminating in its adherence to correct principles and is withal so inspiring that I ask unanimous consent that it may be printed in the CONGRESSIONAL RECORD.

Mr. PETTENGILL's address follows:

THE AUTOMOTIVE INDUSTRY AND NATIONAL RECOVERY

My friends, I have long since come to the conclusion that it is not the function of men in public office to act as "cheer leaders." They should be neither pessimists nor optimists, but men willing to state the truth as they see it and face all the facts, whatever they are, good or bad. This was the way a great American dealt with the public. In Abraham Lincoln's second inaugural address, after 4 years of war, he spoke of the "progress of our arms", which he trusted was "reasonably satisfactory and encouraging." But he added these words: "With high hope for the future no prediction with regard to them is ventured." Lincoln was not a dealer in ballyhoo.

Nevertheless, the cold facts which have brought this meeting together seem to warrant a "high hope for the future." A great industry which has seen hard times come and go in its 83 years of useful life has again weathered the storm. Its confidence in the future is as strong as its pride in its past.

The outcome must renew the fighting faith, not only of those of us of South Bend, but of all American industry, that we are climbing the hill. I congratulate Judge Slick, Mr. Vance, Mr. Hoffman, and those who gambled their dollars upon the goodwill of the Studebaker name and the good workmanship of the Studebaker car.

Sixty-eight years ago, only 3 years after Lincoln's death, Studebaker carried this advertisement:

"Founded in 1852 with willing hands and stout hearts, but no capital, we have struggled upward, overcoming all discouragements, until today we employ 130 hands. Let our works praise us; we ask no other endorsement. We claim to be unsurpassed in excellence of workmanship and material. And we make our prices such that no prudent man will claim to undersell us. On this base we plant our flag, and here we propose to fight to the end."

Thank God, the end is not yet—not even the beginning of the end. It is the ending of the beginning! Studebaker carries on!

No segment of our business life has shown greater courage than the automobile industry. It was a chief factor in pulling us out of the let-down following the World War, and it leads the way today. Upon its success in the days to come depends in large part the happiness of us all. It has brought the country to the city, and the city to God's out-of-doors. It has laid its ribbons of concrete from ocean to ocean. It has broken down barriers between the States. Following the iron horse across the continent, it has helped to make this Nation a "more perfect Union." It has brought us into closer and friendlier relations with the "Lady of the Snows" to the north, and to our neighbors south of the Rio Grande, and in lands beyond the sea.

It has made a notable contribution to the American farm. Cars are grown as well as made. Soy beans are used to paint them, and into their making go millions of pounds of cotton, millions of pounds of wool and mohair from sheep and goats, millions of bushels and pounds of corn, flax, sugar, cane, cattle, and hogs, for rubber substitute, solvents, glycerine, antifreeze, antirust, glue, greases, bristles, butyl alcohol, oleic acid, lubricants, plastic materials, and upholstery. The American farm has found a new market in our cities, and our cities in turn, with the revival of agriculture, will find new markets on the farm.

This ought to teach us that we can no longer afford to be provincial and narrow in our attitudes toward problems facing any part of American life. The farm is the problem of industry, and the success of the latter will in turn be to the welfare of the former.

The automobile industry employs directly and indirectly some 3,900,000 wage earners, or one-tenth of the total gainfully em-

ployed of the Nation. The beat of its mighty heart is felt in every artery of commerce. It buys 80 percent of the world's rubber, 85 percent of our petroleum, plateglass 38 percent, iron and steel 15 percent, copper 11 percent, aluminum 25 percent, nickel 28 percent, lumber 14 percent, lead 10 percent, etc. Automobiles pay 11 percent of the total cost of government, or over a billion dollars a year, and this does not include property and income taxes on automobile factories, machinery, garages, etc. Although it competes with railroads, it furnishes 14 percent of all railroad freight. Every human being under the American flag could get into the 24,000,000 motor vehicles now in use and ride on rubber at the same instant of time. Placed end to end, American-owned cars would go twice around the globe. This miracle of achievement is not the product of government or bureaucracy. It is the result of private enterprise. When Mussolini or Stalin do half as much, it will be twice as much as they have done.

Cars are made by money, management, and men. Each is a leg of a three-legged stool. Money is the accumulated surplus of past labor, and management is a form of present labor. The future success of American industry and the continued welfare of those who invest their savings in it depends upon viewing the whole problem in terms of human happiness for 125,000,000 Americans. Millionaires cannot absorb the products of our factories. Mass production is meaningless without mass distribution. And mass distribution is impossible without money in the pockets of the masses with which to buy. As a leader in the automobile industry has recently said, "Our only market is our people. I believe that wages will continue to go higher, not as a result of politics or from humanitarian motives, but as a result of the kind of management that will enable men to earn more", so that they can buy more.

It seems to me that industrial prosperity must be rebuilt upon the demonstrated fact that dollars cannot long earn dividends if workers do not earn wages; that every time industry lays off a laborer it loses a customer.

When an automobile goes in the ditch it is seldom the fault of the car, especially if it is a Studebaker car. It is the fault of the driver. Our present difficulties are not the fault of the machine age but the way we have failed to manage the machine age. We must become social engineers as well as automobile engineers. We have been too engrossed with the problems of production. We must now concern ourselves with the problem of distribution.

The savings of labor-saving machinery have gone, too, largely to the owners of the machine and to consumers in reduced selling prices. The men the machines displace are the ones we must think about in the days to come.

For a hundred years the working day has been getting shorter, both on the farm and in the factory. And for many years the industrial dead line has been reached at a younger period of life. In addition, the percentage of the aged to the total population has been increasing. Since 1910 the proportion of those over 65 has increased 34 percent. It is estimated by the actuaries for the great life-insurance companies that within 35 years the number of our people over 50 years of age will be greater than those under 20 years of age. Those in middle life will find the problem of supporting their parents greater than that of supporting their children.

Meantime the machine age marches on. The photoelectric cell, now in its infancy, has a greater possibility of displacing human labor than anything so far dreamed of.

These new problems require industrial statesmanship of the highest order. I take heart by observing everywhere the recognition that we are at the frontiers of a new world of science and human relationships. Somehow we must set up on the books of industry, under the safeguards of Government, a charge to create reserves against unemployment and old age, and thus distribute the savings of labor-saving machinery over the entire circle of life.

These reserves will tend to maintain purchasing power and thus soften the peaks and dips of the economic curve. In the 4 years from 1930 to 1933 we distributed $21,000,000,000 of dividends to the owners of industry, $17,000,000,000 representing reserves from the profits of previous years. It was a sum far greater than that spent in relief, public works, and the R. F. C. I am glad the reserves were set up in fat years to be spent in lean years. But in the same way we must set up similar reserves against loss of wages in slack times and to provide for the "human obsolescence" of old age.

In so doing enlightened and farsighted industrial management must be protected against their chiselling competitors, who by increasing hours and decreasing wages so reduce their costs that they steal the markets of those who would play the game. N. R. A. has been too complicated, has attempted too many things, but whatever we call the statute, half-a-dozen of its basic principles need to be preserved. America must not and will not go back to competitive wage cutting, to child labor, and the sweat shop. If we attempt it we will go into another tail-spin with a complete crash or a dictator at the bottom.

I refuse to believe there is an inevitable conflict between capital and labor. On the contrary, it is an inescapable partnership. Labor knows that capital must be assured a fair return because frightened dollars mean idle men. Nor can costs advance so fast that consumers are driven to other markets. Nevertheless the whole future of industry depends on the base of the economic pyramid and its increasing participation in the fruits of American enterprise. We can preserve the profit system if we pass the profits around and do not permit them to be siphoned off in watered stocks and bogus bonds.

All this requires time. Rome was not built in a day. Mistakes will be made and patience is necessary.

But we are sailing toward a new world, and if the light of the stars be sometimes dim, we will go on nevertheless. This is the way our fathers came and it is the way that we shall go.

We shall go on with the spirit of those who poured over the slopes of the Appalachians a century ago to build this empire of the west. It was said of them at the time that the "cowards never started and the weak never arrived." By the thousands they died of ague, malaria, and typhoid. They faced the Indian and the panther and the rattlesnake. They heard on winter nights the wolves' long howl. They faced the perils of the wilderness, the cold of winter, and the hunger and thirst of the desert. They dallied with danger as a she tiger fondles her young. But they never thought of turning back. They kept coming on! They did not go running to Washington every time the covered wagon broke an axle or the wheels stuck in the mud. They had the virtues of the pioneer—fortitude, self-denial, self-reliance, self-command, self-respect—the old virtues which made this Nation great and which alone can keep her great. Their blood, thank God, still flows in our veins.

To close with Lincoln's phrase, "We can indeed have high hopes for the future."

With our raw materials, our marvelous inventive genius, our technology, our power, our trained management, and our skilled labor we can produce beyond the dreams of want. We do not need to go without to decrease production. We must increase it and distribute it.

All we need to be added to what we have is the spirit of the Golden Rule in human relationships and thus bequeath to our children and our children's children the security of happy homes and the institutions for which our fathers died.

PERSONAL INJURY AND DEATH CLAIMS ARISING IN COUNTRIES OUTSIDE THE UNITED STATES

The SPEAKER laid before the House the following message from the President of the United States, which was read, and, together with the accompanying papers, referred to the Committee on Claims:

To the Congress of the United States:

I transmit herewith a letter and enclosures from the Secretary of State, suggesting the enactment of legislation authorizing the Secretary of State, in his discretion and in furtherance of the international relations of the United States, to determine, adjust, and settle personal-injury and death claims against the United States arising in countries in which the United States exercises privileges of extraterritoriality.

I am heartily in accord with the proposal as outlined by the Secretary of State, and I recommend that the Congress enact legislation, in accordance with the recommendation of the Secretary of State, to make it effective.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *May 2, 1935.*

EXAMPLES OF JAPANESE IMPORTS COMPETING IN THE DOMESTIC MARKET WITH COMPARABLE AMERICAN MERCHANDISE AND WHICH HAVE A RETARDING EFFECT ON INDUSTRIAL RECOVERY

Mrs. ROGERS of Massachusetts. Mr. Speaker, I ask unanimous consent to extend, as a part of my remarks, a list of examples of Japanese imports competing in domestic markets with comparable American merchandise, which have a very retarding effect on industrial recovery. Many Members of the House, Mr. Speaker, have asked me to put this list in the RECORD. I showed many of the Japanese imports on the floor of the House.

The SPEAKER. Is there objection to the request of the lady from Massachusetts?

There was no objection.

Mrs. ROGERS of Massachusetts. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following examples of Japanese imports competing in the domestic market with comparable American merchandise:

MICROSCOPE

American:	
Wholesale price	$7.50
Retail price	12.50
(Magnifies 150 times.)	
German microscope of similar design, wholesale selling price	3.50
Retails at	5.00
(Magnifies 100 times.)	

MICROSCOPE—continued

Japanese:
- Foreign wholesale selling price $0.61
- Landed wholesale price, duty paid 1.25
- Retails in Boston, Mass., at 1.95

(Double lens, magnifies 150 times, lenses detachable. packed in wooden case.)

CIGARETTE BOXES

(Exact design—made from mold taken from American article.)

American:
- Production cost—labor and material only $1.55
- Wholesale selling price 2.28
- Retail price 4.00

Japanese:
- Foreign wholesale selling price ..... .17⅓
- Retail price here ..... .39

(Alloy of reclaimed metal and antimony.)

CANDY DISH

(Piracy of design)

American:
- Wholesale price $3.25
- Retails from (silver plated) 5–5.50

Japanese:
- Foreign wholesale selling price 0.23
- Retailed in Baltimore for ..... .59

FLASH LIGHTS

(Exact copies)

American:
- Wholesale price, with lamp but without battery $0.19
- Retails with batteries for ..... .59

Japanese:
- Foreign wholesale selling price without battery ..... .01¼
- Landed price, duty paid ..... .0194
- Retails here, with battery ..... .39

HEAVY BRASS DOUBLE-ACTION HINGES

American: Wholesale price, per pair (in cast brass) $3.50

Japanese:
- Foreign wholesale price, per pair ..... .55
- Landed price, duty paid 1.25

(Partly laminated sheet brass, spot welded.)

ASH TRAYS

(Piracy of design but of baser metal)

American: Retail price (sterling silver) $4.00

Japanese:
- Foreign wholesale selling price ..... .26⅔
- Retail price here (with glass liner) ..... .59

NOTE.—Production cost in this country in white metal with no allowance for profit and distribution is 61 cents.

TRIPLE-SHELL BON-BON DISH

(Piracy of design, not comparable in material)

American:
- Wholesale price (silver plated) $2.00
- Retail price 3.50

Japanese:
- Foreign wholesale selling price ..... .39¼
- Retailed in Baltimore at 1.00

(Probably an alloy of reclaimed metal and antimony.)

THERMOS BOTTLE

(One pint)

American:
- Cost of production $0.4742
- Retail price ..... .79

Japanese:
- Foreign wholesale value ..... .11⅔
- Landed, duty paid at ..... .35
- Retails here at ..... .59

HOT-WATER BOTTLES

American:
- Cost of production $0.33
- Retails in chain stores at ..... .50

Japanese:
- Foreign wholesale value ..... .07
- Landed, duty paid at ..... .16½
- Retails, chain stores ..... .23

TOOTHBRUSHES

(Many of the brushes copy the special designs of our manufacturers)

American:
- Wholesale price, per gross $14.40
- Wholesale price, each ..... .10
- Retail price, from 0.35–.50

Japanese:
- Foreign wholesale price, each ..... .01½
- Landed cost, duty paid ..... .04⅝
- Retails in chain stores ..... .10

LEAD PENCILS

American:
- Wholesale price, per gross $2.40
- Retail price, each ..... .05

Japanese:
- Wholesale foreign value, per gross ..... .21
- Landed cost, duty paid ..... .794
- Wholesale, here 1.25
- Retail price, each ..... .05

FISH NETTING

American:
- Wholesale prices, per pound:
  - 50 mesh, 2½-in., 9 med $0.85
  - 50 mesh, 1¾-in., 18 med ..... .70
  - 50 mesh, 3-in., 12 med ..... .70

Japanese:
- Landed, duty paid, per pound:
  - 50 mesh, 2½-in., 9 med ..... .32
  - 50 mesh, 1¾-in., 18 med ..... .32
  - 50 mesh, 3-in., 12 med ..... .32

RUBBER-SOLED FABRIC SHOES

American:
- Wholesale price, per pair $0.60

Japanese:
- Foreign wholesale selling price ..... .09⅓
- Landed wholesale price, duty paid ..... .17

LARGE CELLULOID COMBS

American:
- Wholesale price, each $0.10
- Retail price, each ..... .20

Japanese:
- Foreign wholesale value, each ..... .008
- Landed price, duty paid ..... .02½
- Retails here for ..... .10

CHILDREN'S HOT-WATER BOTTLES

(Exact imitation in design and material)

American manufacturers' wholesale price $0.41

Japanese:
- Foreign wholesale selling price ..... .122
- Retails here for ..... .25

PHONOGRAPHIC NEEDLES

(Imitation of trademarks; most extensive use is in combing textile yarns.)

American wholesale price, per thousand $0.28⅛

Japanese:
- Foreign wholesale value, per thousand ..... .108
- Landed price, duty paid ..... .236

SALT AND PEPPER SET

(Piracy of design)

American wholesale price (silver plated) $7.00

Japanese:
- Foreign wholesale value ..... .408
- Landed cost, duty paid ..... .624
- Retailed here for (probably reclaimed metal) 1.00

SMALL COLORED LAMPS

(For Christmas-tree decoration, etc.)

American retail price, each $0.05

Japanese retail price here, 4 for ..... .05

WAISTCOAT POCKET COMBS (PYROXLIN PRODUCT)

American:
- Wholesale price, each $0.05¾
- Retail price ..... .10

Japanese:
- Foreign wholesale value, each ..... .08
- Landed price, duty paid ..... .02½
- Retail price here ..... .10

PEPPER CRUET, OPEN SALT STAND AND SALT SPOON

(Piracy of design)

American:
- Retail price, three pieces (sterling silver) $12.63

Japanese:
- Foreign wholesale value ..... .66⅓
- Landed, duty paid 1.02¾
- Retailed in Baltimore for (reclaimed metal) 1.69

NOTE.—Cost of production, in white metal, in this country, with no allowance for profit or distribution, would be $3.55.

INCANDESCENT LAMPS

(Wholesale selling prices)

American:
- 15-watt, I. F $10.00
- 25-watt, I. F 10.00
- 40-watt, I. F 10.00
- 50-watt, I. F 10.00
- 60-watt, I. F 10.00
- 50-watt, clear 12.50
- 75-watt, clear 15.00
- 100-watt, clear 15.00
- 150-watt, clear 25.00

Japanese:
- 15-watt, I. F 3.33
- 25-watt, I. F 3.33
- 40-watt, I. F 3.33
- 50-watt, I. F 3.33
- 60-watt, I. F 3.33
- 50-watt, clear 3.03
- 75-watt, clear 5.30
- 100-watt, clear 6.70
- 150-watt, clear 10.00

COMBINATION HOT-WATER BOTTLE AND ICE PACK

American:
Cost of metal clasp alone in this country (in half million lots) $0.06½
So American manufacture has been abandoned.
Japanese:
Wholesale landed price, duty paid, per dozen ..... .90
Wholesale price, each ..... .07½
(Unable to obtain foreign wholesale value.)

COCKTAIL (CRYSTAL) GLASS

American:
Manufacture of this glass discontinued because of competition.
Japanese:
Wholesale foreign value, each $0.08¾
Landed cost, duty paid, each ..... .08
Retail price, each ..... .15

DRINKING GLASS (WITH GREEN BASE)

American:
Manufacturer discontinued this line, due to competition.
Japanese:
Foreign and wholesale value, dozen $0.49½
Wholesale landed price, duty paid ..... .94

CIGARETTE CONTAINER WITH CUPID BASE

American:
Wholesale price $3.35
Retail price 5.00
Japanese:
Foreign wholesale value ..... .357
Domestic wholesale value ..... .75
Retails here for 1.50

NOTE.—American article was finished better, but manufacture was discontinued because of competition.

CIGARETTE BOX

American:
Labor and material cost alone in this country $1.55
Japanese:
Wholesale foreign value ..... .25¾
Landed, duty paid ..... .40
Retailed here for 1.00

(In reclaimed metal)

COMBINATION MATCH HOLDER, ASH TRAY, AND METAL FRAME WITH DOLPHIN FEET AND GLASS INSERT

American:
Metal frame (dolphin feet) with glass insert only, wholesale price $2.25
Retail price 3.75
Japanese:
Foreign wholesale value, complete ..... .49
Retailed here for 1.25

NOTE.—Manufacture of American article discontinued because of competition.

NOVELTY CIGARETTE LIGHTER

American:
No comparable design.
Japanese:
Foreign wholesale value $0.02½
Landed price, duty paid ..... .08⅔
Wholesaled here for ..... .15
Retailed in Boston for ..... .25

COCKTAIL PICKS

(In bone, but not comparable in design)

American:
Wholesale price, each ..... .15
Retail price, each ..... .25
Japanese:
Foreign wholesale value, including box ..... .04½
Retail price here ..... .10

PHONOGRAPHIC NEEDLES

(With misleading marking of country of origin)

American:
Wholesale price, per M ..... .28⅓
Japanese:
Foreign wholesale value, per M ..... .066
Landed price, duty paid ..... .17½

NOTE.—Marked "Made in Germany", "Germany" being a town in Japan.

BOBBINS AND SHUTTLES FOR TEXTILE MACHINERY

	American wholesale price per gross	Japanese wholesale price, c. i. f. Boston, duty paid per gross
Shuttle for worsted weaving, persimmon, 17½-inch	$218.80	$145.04
Shuttle for cotton weaving, persimmon, 14-inch	148.77	48.16
Bobbin, slubber base, top shielded, 10-inch	18.29	12.17
Ring bobbin, bottom shielded, lacquered, 6-inch	6.34	5.19
Roving bobbin, bottom shielded, lacquered, 8-inch	12.82	9.83
Conical pirn, bottom duplex shielded, 6½-inch	5.33	3.55
Weft pirn, bottom duplex shielded and tip, 6-inch	5.60	3.57
Warping bobbin (spool) and tire, 3½ by 5 by 1¼ inches	22.60	20.55

EXTENSION OF REMARKS

Mr. MARTIN of Massachusetts. Mr. Speaker, I ask unanimous consent to extend my own remarks by printing an address delivered by our colleague, Hon. THEODORE CHRISTIANSON, of Minnesota, in Boston on April 30, and also to further extend my remarks by printing an address delivered by our colleague, Hon. JESSE P. WOLCOTT, of Michigan, in Boston on April 29.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts [Mr. MARTIN]?

There was no objection.

THE REPUBLICAN PARTY—ITS RESPONSIBILITY AND OPPORTUNITY

Mr. MARTIN of Massachusetts. Mr. Speaker, under leave to extend my remarks in the RECORD, I include the following address by the Honorable THEODORE CHRISTIANSON, of Minnesota, at the New England Regional Republican Conference at Boston, on Tuesday, April 30, 1935:

I come as a representative of the Middle West, bearing greetings to the Republicans of New England. I bring you assurance that the people of the prairie country, who organized the Republican Party and gave Abraham Lincoln to the Nation, stand ready to join with you in returning the responsibility of government to that party, revitalized by his spirit and rededicated to the constructive liberalism which he exemplified.

Sometime we of the West have regarded you of the East as too conservative, and I understood that at times you have considered us too radical. In order to avoid an argument, we might agree that there has been some justification for each of these points of view. While there have been in my part of the country some who were disposed to step too hard on the accelerator, there have been in yours some who have formed the habit of too frequently applying the brakes; but a vast majority of the people, East and West, realize that in the long run we shall make the fastest and safest progress by using both accelerator and brakes; and it is to that majority, which recognizes that adventurous daring and prudent caution are not antagonistic but complementary, that the Republican Party makes its appeal.

I can make my meaning clear by quoting what that straight-thinking son of New England, Calvin Coolidge, said 2 decades ago: "Expect to be called a standpatter, but don't be a standpatter. Expect to be called a radical, but don't be a radical. Dare to be as revolutionary as science, dare to be as conservative as the multiplication table."

If it were at all possible to epitomize any statement that Coolidge ever uttered, I should say that the aim of the Republican Party, and of the American people, today should be not radicalism, nor conservatism, but realism.

One of the basic reasons for our present muddled situation is that our statesmen, or those who have posed as such, have been disposed to think in terms of words rather than ideas. We have been literally drowned in abstractions. We have had the new freedom, the new era, and the new deal. Sometime the ultimate meaning of high-sounding but equivocal slogans has turned out to be something different from what we were led to anticipate. The world was to be "made safe for democracy", whatever that means, but the only countries where democracy is really safe today are those in which it has been embalmed and buried. The "forgotten man" was to be given a "more abundant life", and the abundance presumably was obtained by killing 6,000,000 pigs and plowing under every third row of cotton.

We have had words, words, and more words. If words could save us, we wouldn't need redemption. But circumlocution, although a convenient device for evading issues, does not solve any problems; it does not butter bread or repair the roof.

I realize fully that it is dangerous to be specific; but one of these days someone will have to begin to specify. Let it be acknowledged that specifications must be in a measure tentative, must be subject to revision; but let us, as a party and as a people, nevertheless get down to definite proposals, for where nothing is proposed there is nothing even to revise.

Although I fully recognize that the economic problem which today engages our attention is complex and that there is danger involved in trying to resolve it into a too simple equation, I feel that the very complexity of the problem makes it necessary to strip it of its excrescences and to get down to a few basic facts.

The depression which has been with us for more than 5 years differs in some of the details of its pattern from other similar visitations, but it has one thing in common with them. Fundamentally its cause is a debt structure that has gotten out of balance with the people's ability to pay. We are "hard up" because we owe too much. When we eat too much we get indigestion; when we invest too much we get another kind of stomachache. The greater the excesses into which we have been persuaded by the cooks in the economic kitchen the longer it takes us to recover; and if we follow the prescription of a doctor who, like the one in the White House, tells us that the cure for the aftereffects of too much debt is more debt, then, I fear, someone, after the autopsy has been performed, will have to record that "the treatment was successful, but unfortunately the patient died."

Read the history of 1837, of 1857, of 1873, and of 1893 and you will find the story of 1929 anticipated in each case with startling parallelism. Leading up to every depression is a rising price

level, representing recovery from a previous crisis. When the upward trend becomes discernible those who make it their practice to follow graphs and charts begin to buy lands, commodities, securities. Later the school teacher, the cab driver, and the barber get the idea that they, too, can ride in on the rising tide. Everybody begins to speculate.

In the Middle West we bought farm lands, bidding against each other and raising the price to two, three, four, five, and even six hundred dollars an acre. Later we engaged in competition with you, and succeeded in lifting Cities Service to more than $60 a share. We did not stop when we had put up as ante all the money we had; we mortgaged our future earnings, and increased the Nation's debts, public and private, to an unprecedented total. We inflated our toy balloon with the hot air of credit, until in October 1929 it burst and hit us in the face.

Prices tumbled, incomes declined, equities were wiped out. Everything shrank, except the debts we had contracted, and taxes and other fixed charges, most of which were related directly or indirectly to debts. It was the inelasticity of the debt structure and the failure of fixed charges to follow prices downward that caused the depression.

If fixed charges, including interest, taxes, and transportation costs could have been reduced in the proportion in which general prices and incomes had declined, a readjustment would have been accomplished without any prolonged distress, for people can be just as prosperous on a low as on a high price level, if the decline is uniform along the entire economic front. When prices and incomes drop in one sector but not in another there follows a dislocation which leaves the buying power of large groups of people paralyzed.

Let us consider more specifically one of the fixed charges which I have mentioned—that of interest. There is no way to ascertain definitely the exact amount of the indebtedness, public and private, of the American people, and the average rate of interest it bears. The amount has been estimated at from $150,000,000,000 to $250,000,000,000. Inasmuch as variation in figures would not affect the validity of the argument I am about to make, let us assume an indebtedness of $200,000,000,000 and an average interest rate of 5 percent. In 1929 the aggregate income of the people was $85,000,000,000. Out of that income those who were in debt had to take $10,000,000,000 for interest. To the extent that those who received the $10,000,000,000 either spent it or reinvested it in the Nation's physical plant, the existence of the debt burden left the buying power of the people as a whole unimpaired.

But by 1933 the Nation's income had fallen to $39,000,000,000. The debt-carrying cost remained at $10,000,000,000. The difference between the national income and the total of interest payments had shrunk from $75,000,000,000 to $29,000,000,000—almost two-thirds—in 4 years. It is not strange, in view of that shrinkage, that ten or twelve million men lost their jobs; indeed, it is strange that the economic machine did not entirely stop running. For the debtor group, with the margin between income and interest obligations so sharply narrowed, had to reduce spending to a bare subsistence level in order to save its equities; and the creditor group, finding that the buying power of its income had been so increased by lower prices that more wants would have to be created if all its interest income were to be spent, and becoming at the same time so infected with fear as to cause it instead to retrench, proceeded to hoard. The amount that was hoarded roughly measures the extent of the reduction in spending which followed when, and because, debt charges failed to come down with prices and incomes.

When Mr. Roosevelt became President (and you will note, parenthetically, that I do not hesitate to commit lese majesty by naming him) two courses of procedure were open to him. He might have forced an adjustment of fixed charges to the new price level, or he might have tried, in defiance of the world-wide trend, to raise domestic prices to the level which existed when the debt structure was created. The former procedure, which was followed in Australia with such success that that Commonwealth climbed four-fifths of the way out of the depression, apparently was too simple; it was too direct; it was too unspectacular; it did not lend itself to the fanfare that must signalize America's emergence. So it was rejected.

To be sure, an initial step toward a balanced Budget and the reduction of fixed charges was taken when the economy bill was passed; but, having saved half a billion dollars by trimming 15 percent from the wages of Government employees and by ruthlessly removing disabled veterans from the compensation rolls, the President, wielding his lash over a supine Congress, forced it to vote the largest peace-time Budget in the history of the Government. When Members of Congress sought to amend the Constitution so as to permit the taxation of income derived from Federal, State, and municipal bonds, and thereby in effect to reduce the annual interest charge on public indebtedness by $400,000,000, the bills embodying the proposed amendment were chloroformed in committee at the demand of an administration which feared that the measure would interfere with the flotation of additional billions of Government obligations.

Having rejected the processes which had brought us out of every former depression, the President proceeded to formulate a novel and spectacular program. He committed himself wholly to the theory that recovery can be accomplished by lifting prices, and that the way to lift prices is to create artificial scarcity. With the idea that it is desirable to bring production back into balance when, because of temporary and more or less artificial causes, the supply of certain products has become disproportionate to the demand, I have no quarrel.

As an emergency measure, the Agricultural Adjustment Act—I am speaking now of the measure itself and not of its administration—had much to commend it. We in the Middle West were induced during the war to increase the acreage devoted to wheat and corn. We expanded our normal agricultural area by putting under plow lands that formerly had been devoted to grazing. After the war ended we found ourselves in possession of a plant too large and too highly geared to produce for our normal market. Furthermore, the shift in the debtor-creditor relationship between Europe and America and the determination of almost every European country to raise as much of its own food as possible in order to be better prepared for future emergencies, deprived the American farmer of markets he had normally enjoyed. The need to adjust the Nation's agricultural economy to a new situation brought about by the war and in part by the farmer's activity in helping to win it, placed upon the Government a definite responsibility—a responsibility which justified the imposition of processing taxes on wheat, corn, and hogs.

But let it be understood that the Agricultural Adjustment program must be regarded as being, not a final solution of the farm problem but, as the very name implies, a device for bridging an emergency. Although I come from the West and am naturally sympathetic with its aspirations, I am realistic enough to sense that the voting power of millions of consumers may not for always support the policy of subsidizing scarcity.

Certainly the general public will rebel, and should rebel, against the administration's indefensible policy of wantonly destroying food for which hungry mouths are crying. But my criticism of the party in power is directed not so much at the stupid and even immoral things it did in the execution of its agricultural program as at its failure to take a single step toward the ultimate solution of one of the Nation's most important problems.

The future of agriculture in this country calls for increased, not reduced production. It calls for the development of markets rather than for restriction of output. If we would develop markets, we must, as an initial step, make the farmer secure in his home market. This, I charge, the administration has not even tried to do. In fact, it has resisted and obstructed every effort made to protect American agriculture against the invasion of foreign products. Last year Congress placed an excise tax on coconut oil. The President not only tried to induce Members of Congress from agricultural States to vote against a levy which their constituents demanded, but, failing, he secured from his subordinates an interpretation of the tax provision which evaded its plain meaning and in part nullified what Congress had sought to do. At this very time the Secretary of State is conducting negotiations which, if information seeping in from the North is correct, threaten Maine potatoes and Minnesota wheat. Because of the President's failure to take appropriate action, rye and barley have been coming into this country from Poland; flax, corn, and beef from Argentina; cattle from Canada and Mexico; and butter from New Zealand, Holland, and Denmark.

At the present time there is pending in Congress a bill sponsored by the Secretary of Agriculture, which provides for reducing the duty on flax by 50 percent, and compensates for the tariff reduction by imposing a processing tax. The proponents of this measure carefully conceal from the farmer that after the duty has been cut in two, there remains with the administration the power to cut it in two again, thus lowering the wall against foreign flax by 75 percent. If this measure passes, as it probably will, Argentine farmers will be given an opportunity to supply the American market with flax seed that could, and should, be raised on American acres withdrawn from wheat.

When we permit agricultural products of kinds that we can raise at home to come in from abroad, and at the same time pay the American farmer for reducing acreage devoted to such products, we in effect tax the consumer to subsidize foreign production. I do not believe that either the farmer or the consumer will long tolerate that procedure.

Forty-five years ago James G. Blaine, then Secretary of State, foresaw the present plight of agriculture and pointed out the remedy. While the McKinley bill was under consideration he declared:

"I do not doubt that in many respects the tariff bill pending in the Senate is a just measure and that most of its provisions are in accordance with the wise policy of protection. But there is not a paragraph or a line in the entire bill that will open the market for another bushel of wheat or another barrel of pork. If sugar is now placed on the free list without exacting important trade concessions in return, we shall close the door for a profitable reciprocity against ourselves. * * * Our free market for breadstuffs grows narrower. Great Britain is exerting every nerve to secure her bread supply from India, and the rapid expansion of the wheat area in Russia gives us a powerful competitor in the markets of Europe. It becomes us, therefore, to use every opportunity for the extension of our market on both of the American continents. * * * Our field of commercial development and progress lies south of us."

Blaine was of New England, but he recognized that industrial New England could not be prosperous unless the buying power of the agricultural West was sustained, and he believed that that buying power could best be sustained by developing a market for wheat and pork in tropical America. Instead of lowering the duty on South American products, as the present administration has done and proposes to do, he advised raising it in order to secure leverage with which to obtain trade concessions. We could do no better than to adopt the sound policy which Blaine proposed almost half a century ago, rejecting the haphazard method

by which, in star-chamber sessions, the present Secretary of State is trading away vital American interests, and substituting therefor a procedure by which, within limits defined by law, and after full hearing of all interested parties, open covenants might be "openly arrived at." Let Brazil take our wheat and pork in exchange for her coffee; let other nations find here a free market for their rubber, silk, sisal, tea, cacao, and other noncompetitive agricultural products, but only upon the condition that they accept in return those of our commodities which they do not produce; and, finally, bar from our markets all competitive products from abroad, and the American farmer will manage to get along without a processing tax.

The broadening of the agricultural market by selective bipartite agreements, uncomplicated by "favored-nation" clauses would in a large measure solve the unemployment problem, for it would make it possible for several million people who in the last decade have left rural communities and moved into the crowded industrial centers to return to the soil. For that reason—speaking, I admit, with the bias of agriculture—I believe that the industrial communities would be best served hereafter by granting to the farmer the first call on the export market. The post-war policy of continuing, by imprudent loans and other artificial means, an abnormal demand for our industrial goods abroad, while the home market was allowed to atrophy, was, from the standpoint of industry's own long-range interests, not only unwise but wellnigh disastrous.

Society, originating in an agricultural economy, has been modified with the passing of time by industrial development; but always the foundation of stable and enduring states has been the prosperity of the tillers of the soil. It is the glory of America that its industrialism has brought comforts and ease to Americans everywhere; but the obvious limitations of industry are, in the long run, largely in the service of our national needs. Industrializing the Nation beyond that point, in an endeavor to spread industrial goods throughout the world, instantly puts our people into competition with the 10-cent labor of China and Japan. Exchanging agricultural surpluses with foreign countries may be definitely considered as much sounder, with all the facts of our national economy in view, than destroying by further industrial development the basis upon which our Nation has grown great.

Now I come to a subject in which, I know, New England is directly interested—the processing tax on cotton. While a curtailment program, wisely administered, was justified as a temporary expedient to reduce the yield of food products—the overproduction of which was within manageable limits—no such justification can be claimed for the reduction of the acreage devoted to a crop which, unless a large part of the agricultural South is to be liquidated, must always look abroad for one-half its market. The southern farmer does not wish to reduce his production to an amount even approximately approaching domestic requirements; in fact, he knows that such a curtailment would spell bankruptcy throughout a territory extending from the Carolinas to Texas. Consequently the processing tax as applied to cotton becomes merely a device by which, in return for the privilege of charging the domestic cotton-spinner more for his raw material, the cotton farmer surrenders his foreign market to Brazil, Egypt, and India. Such a policy, from the standpoint of the South, is not only harmful; it is suicidal. I think it was Will Rogers who said that one of the wisest statesmen the South has produced for a generation was the Texas mule that refused to tramp down every third row of cotton.

We in the West are concerned with the plight of your textile industry, as you are concerned when the winds sweep the topsoil off our fertile prairies, for we know that a cotton mill with doors locked and windows boarded up is generally as fully lost to a community as soil fertility that has been blown away. Some men in high places have made light of your problem. They have said, among other things, that the amount of cotton cloth imported from Japan is negligible. That statement begs the question, for it is not the amount imported that worries you, but the accelerated increase in imports and their effect upon the price structure. The condition of the textile industry calls for action. The Cotton Control Act should be repealed and there should be imposed a virtual embargo, by tariff duties or otherwise, on cotton cloth imported from any country that employs its labor at peon wages.

I note that you recently had a visit from the Secretary of Agriculture, and that, having mislaid his manuscript, he spoke with unwonted frankness. He said that you were "inefficient" and that you had lost your "rugged individualism." It seems somewhat inconsistent to complain that New England mills are inefficient when, according to the philosophy of the new deal, unemployment is due to the use of machines that have been too efficient in displacing labor. If the administration is sincere in its desire to put men back to work it should not insist on the installation of still more efficient machinery, which would deprive even more men of their jobs. The charge that you have lost your rugged individualism has, I find, evoked a response which proves that the spirit of Lexington and Bunker Hill still lives and that there are in these parts plenty of rugged individualists who do not hesitate to strike back at arrogant officialdom. The Secretary said that some of you are "interested primarily in hell-raising." If New England has rediscovered the efficacy of hell-raising, I would advise you to keep it up. In the Middle West we have been "raising hell" for some time and have found it pays.

I have spoken at some length on the Agricultural Adjustment Act and related legislation. Another bird hatched out of the Roosevelt recovery nest was the Blue Eagle. It boded no good that it came into the world misshapen, dismembered, and minus one extremity.

So long as it was up in the air it was a flamboyant figure, but when it got down to earth it limped on one foot. It had to be supported by P. W. A.

Like A. A. A., its alphabetical counterpart, N. R. A. was based on the economics of scarcity. It assumed that if things were made scarce enough they would become dear, and if they became dear enough people would buy them. Of course, that ran counter to all human experience, but so does the whole new deal. You are not expected to understand the new deal, you are expected to accept it. And if you don't accept it, somebody will crack down" on you. That is a part of the "new freedom!"

If the Republican Party has one responsibility more important, more urgent than any other, it is to destroy, once and for all time, the terrible philosophy that it is desirable to create scarcity. While there is still a single mouth to be fed, a single body to be clothed, a single family to be sheltered and a single home to be warmed, there is no justification for stopping production. We never have had, and we have not now, enough resources and equipment to supply every human want. Everyone of our 10,000,000 unemployed who is able and willing to work could be given 40 hours of employment a week, if people only had the incomes with which to buy what they produced. And in this lies the tragedy of N. R. A., that, in a Nation already suffering from too great a disparity between wealth and poverty, it set up codes which reduced the buying power of the people by causing prices to advance more than wages and thereby increased the disparity.

If you want one striking instance of what happens under the new deal, I would cite the case of the Reynolds Tobacco Co. Higher wages and shorter hours, required by N. R. A. codes, and the processing tax on tobacco, imposed by A. A. A., increased the company's costs $10,000,000. Thereupon the company raised wholesale prices $60,000,000. Then the President of the United States put the seal of his approval upon the transaction by appointing Clay Williams, president of the Reynolds Tobacco Co., as chairman of the N. R. A. Board.

The wise provisions of the antitrust law, enacted by a Republican Congress, have been set aside, and monopoly, drafting its own codes and making its own laws, is riding rough-shod over the American people. The industrial masters, about whom demagogues like to prate, and to curb whom was the avowed purpose of the new deal, have been permitted to write their own ticket. Doing business on a cost-plus basis, it makes little difference to them that labor costs are increased, when the rules are so changed that price competition is eliminated. They can well afford to give the working man another dollar if they in turn can take $2 away from him as a consumer. It does not irk the pork packer to pay a processing tax when he can charge the tax back to the farmer and also pass it on to the consumer, and declare the largest dividends in the history of his industry.

It is significant that during the first year the National Recovery Act was in force, the number of incomes of $10,000 or less dropped 5 percent, the number of incomes of $50,000 or more increased 10 percent, and the number of incomes of more than $1,000,000 jumped from 20 to 46. It is significant that from October 1933 to October 1934 the economic wage of the industrial worker dropped 2 percent despite all the trumpetings of General Johnson, and the number of unemployed increased 550,000. It is significant that now, after 2 years under the Blue Eagle, there are 20,500,000 names on the relief rolls of the Nation.

It would, of course, be wrong to say that the whole N. R. A. account is on the debit side of the ledger. Everybody approves of higher wages and shorter hours, of the abolition of child labor and the elimination of unfair competition. To the extent that these have been attained, they are admirable. But the losses charged up against these gains are so great that the net balance must be written in red ink. In exchange for the few gains we have paid too dear a price. We have had to give up cherished rights and abandon time-honored principles. To surrender these for material prosperity would be a questionable bargain, even if we got prosperity. Failing to get it, we must plead guilty to having been unfaithful as well as foolish stewards.

I cannot help but wonder how our Democratic friends feel about the way Thomas Jefferson has been scuttled. On one occasion he said, "I would rather be exposed to the inconveniences attending too much liberty than those attending too small a degree of it." I can believe that his dust would stir uneasily in his tomb at Monticello if he could know that men endowed with the inalienable rights of "life, liberty, and pursuit of happiness" have been arrested in this country for violating Executive orders that were not published or even filed, and that a tailor was put in jail for charging 35 cents instead of 40, presumably on the theory that pressing pants is interstate commerce.

I said that there are a few gains in N. R. A. that should be conserved. Such code provisions as are worth retaining should be written into the statutory law of the land, and their enforcement turned over to the Federal Trade Commission. The sophomores with Ph. D. degrees should be sent home. The antitrust laws, whose operation has been suspended by the so-called "Recovery Act", should be reinstated and enforced. The war against monopoly should be resumed. If the Republican Party in 1936 will raise as its issue the policies of Theodore Roosevelt against those of Franklin D. Roosevelt, it may with confidence await the verdict of the people.

The companion to N. R. A., as I have said, was P. W. A. By the very fact that it embarked on a program of Government spending, the administration admitted doubt as to the efficacy of its other recovery measures; failing to get the people to spend their own

money voluntarily, the Government would take it from them and spend it for them. If the necessary funds could not be obtained from the present generation by taxation, they could be exacted from the voiceless and voteless unborn by issuing bonds payable by the next generation.

It must be confessed that the idea itself was not entirely new, even though the reason invented for justifying it was. We Republicans used to have the "pork barrel", and we showed our ineptitude by not finding a better name for it. We also failed to realize fully the possibilities of the idea. We built a few post offices, harbors, canals, roads, and other permanent and more or less useful structures, but we didn't put people to work "boondoggling" or conducting research into the history of the safety pin. We also made the mistake of being too conservative—too careful in the spending of other people's money. There have not been many instances of intentional frugality under the present regime, although it should perhaps be noted that Secretary Ickes has been accused of sabotaging the recovery program by being reasonably honest.

England some time ago undertook to "spend itself into prosperity", but gave it up. Recently the British Government stated officially, "The experiment of public works as a method of dealing with unemployment has been tried and has failed, and it is not intended to repeat it." Germany started a similar program, but abandoned it. We tried boot-strap lifting 2 years ago with a $3,300,000,000 appropriation, but without success; and we alone, among the nations of the world, are unwilling to learn from our past mistakes. As Republicans, we do not object to a reasonable amount of experimenting, but we want the experiments to be reasonable; and we demand that when experimentation has proved a policy to be ineffectual and even detrimental the administration refrain from continuing it. We insist that when a doctor, who does not know just what to prescribe, writes a gunshot prescription he at least leave out ingredients that may kill the patient. We have had enough trial and error, and too much error.

The President's so-called "Work Relief Act", passed at the present session, is the most astounding piece of legislation ever enacted by Congress. Under the guise of furnishing employment to 3,500,000 people, which our experience with P. W. A. proves it will not do, it places in the hands of the Chief Executive power which no one man should be permitted to exercise or should want to exercise in a country that calls itself a republic. The representatives of the people gave to the President blank checks on a $4,880,000,000 drawing account, thereby surrendering what the Anglo-Saxon people struggled to secure, from Magna Carta on—the control of the purse strings. The President can place that money where he wills, he can withhold it when he will, and by the exercise of the discretion to grant or to withhold he can bend Members of Congress to his pleasure. Holding the power of life and death over millions, saying who shall and who shall not have a job, he can if he chooses rule with the hand of a capricious despot. With $100,000,000 to spend in every State and more than $10,000,000 in every congressional district, he wields authority that should arouse the envy of all the dictators of Europe, including Hitler, Mussolini, and Stalin.

Parenthetically, it is significant that the man whom the President appointed as chairman of the National Emergency Council, which the press describes as "the funnel through which all proposals for spending the * * * work fund are to be poured", is none other than Frank C. Walker, the treasurer of the Democratic National Committee. Thus it is provided that there shall be no division of responsibility in the handling of the two campaign funds—the one collected in the usual way and the one voted by Congress.

If we are to accept the word of one of the acknowledged spokesmen of the administration, we must assume that there is no intention that the latest works program shall be the last. Two years ago we were promised that P. W. A. was a temporary device, which would be abandoned after N. R. A. had brought forth its fruits. But a few days ago, when the second and enlarged program was launched, Professor Tugwell forecast that henceforth public works would constitute a "third economy", a permanent part of the economic system, and not merely an emergency-relief mechanism.

Is this the thing toward which America is tending; is this the goal toward which the administration is working—the separation of an increasing number of the people from private employment and their mobilization into a regular army of workers, bounden to the party in power? If so, the recent declaration of Justice McReynolds, which to many of us seemed far-fetched when he made it, may become invested with prophetic meaning.

The spending program of the administration will, if continued, inevitably result in a collapse of the Government's financial structure. Recently the country was shocked by the revelation that in the first 3 years under Roosevelt we shall spend as much money as was expended by all the Presidents from Washington to Wilson.

It was Ben Tillman who once said that "the Democratic wild donkeys break into green corn whenever they get into power." The present generation has had ample opportunity to learn the truth of that statement. First, Woodrow Wilson, who got himself reelected as President on the plea that he had "kept us out of war" and redeemed his implied promise in the approved Democratic way by putting us in, piled up a debt of $25,482,034,419, which his Republican successors, by hard work, were able to reduce to $16,185,308,299. Then came Roosevelt and increased the Federal debt to $28,817,458,097 for a starter. At the beginning of the present session, Congress raised the authorized debt limit to $45,000,000,000; which, with $20,000,000,000 of State and municipal indebtedness, will leave the American people with a total public debt of $65,000,000,000.

Lest in these days, when the people are wont to count even chicken feed in astronomical figures, there should be a failure to comprehend how much money $65,000,000,000 is, let me explain that it is approximately one-third the national wealth, in terms of present values. To pay that debt would call for six times the amount of gold and silver in the Federal Treasury. It would require a 5-mill tax on all the property of the American people for 130 years, assuming that the property were assessed for taxation at one-half its full and true value. And the proceeds of such a tax would not discharge the indebtedness, for during the 130 years interest would accrue in an amount several times the principal.

Donald Richberg, our assistant President, recently scouted the idea that the United States is headed for inflation. His assurance that the administration will not resort to the printing press is worth as much as the sound-money pledge in the last Democratic platform, and no more. The fact is that with relief rolls lengthening, with Federal spending proceeding at an accelerated rate, with the Government's credit already stretched beyond the limits of prudence, the time is approaching when printing money will be inevitable. The fact is that we already have inflation, although the process by which the currency is being inflated is so indirect and so well concealed that the general public is not aware of what is going on. I am not now referring to the devaluation of the dollar or to the administration's fatuous silver policy, but to the practice of making the Federal Reserve banks take the Government's bonds and issue Federal Reserve notes against them. Already almost one-half of the assets of the Federal Reserve banks consists of United States obligations. In order to make sure that the banks will continue to accept unending issues, the President is now trying to force through Congress a bill giving him control over the banking system. With the enactment of that measure the means of unlimited inflation will be at hand. The Treasury will issue bonds to the banks, the banks will issue currency against the bonds, and the result will be the same as if the Government issued currency directly. Presumably the notes will not carry the words "In God We Trust", although it might be appropriate if they did.

I do not criticize the President for reducing the gold content of the dollar, for I believe devaluation was a necessary expedient in a world of depreciated currencies to prevent the disappearance of our dwindling foreign trade; but I do criticize the President for withdrawing from the London Economic Conference and refusing to cooperate with other nations in the effort to stabilize currencies. When the Republican Party returns to power, one of its first moves should be to bring the governments of the principal commercial nations together to restore to their monetary units not their former gold values but their former relative values. Without such restoration there can be no real resumption of world trade. The dollar must be made stable again in order that the channels of domestic commerce may be reopened. It is idle to hope for that return of confidence which is essential to business recovery if men cannot know today, with reasonable certainty, what money will be worth a year hence or 10 years hence. It is perhaps not important whether the future dollar is a 59-cent dollar or a 50-cent dollar, provided that it is real money and not "make-believe."

It is not my purpose this evening to be so presumptuous as to present a platform for the Republican Party. Our program will be formulated next year at the Republican National Convention. But it is not too early, at this and other regional conferences, to consider issues and to present views upon them, so that gradually, by a process of sifting, there may be developed a body of opinion that will furnish the basis for our deliberations next summer.

Some have expressed the thought that our opponents have made the issue for us, and that we can rest our case on Democratic derelictions. While what I have said should leave no doubt as to my opinion of the record of the administration, it is my conviction that we must offer to the people more than an indictment of our opponents. The voters will expect us to advance an affirmative and not merely a negative program. They will want to know what we purpose to do, when we return to power, to lift the country out of the present economic morass. They will want to know whether we are statesmen seeking to serve the Nation or merely opportunists trying to serve ourselves. Let assurance be given that when confronted by new problems, the Republican Party will not hesitate, without departing from its basic principles, to enlarge its traditional program and to review its ancient tenets in the light of changed conditions. Let assurance be given that we shall face facts, and not run away from them.

Let assurance be given, too, that we have no sympathy with political leaders who approach public questions from any standpoint save that of public interest. Let assurance be given that we resent selfishness, betrayal, and perfidy, whether within our party or without, and that we will repudiate false leadership wherever it shows itself. It is not enough to defeat Roosevelt; it is not enough to elect a Republican President. Unless we stand for something more than opportunism our hour of victory will be brief and we shall in 1936 only lay the foundation for a final disaster in 1940.

At the outset I presented the thought that in our attack upon the depression we should place the emphasis on reducing fixed charges rather than on uneconomic and fruitless efforts to raise the general price level, and that we should, as one step in that direction, bring interest rates into line with incomes and prices

by sound expedients that have been used successfully elsewhere. Such a proposal would arouse enthusiasm in the debt-ridden West, which, since the days of the Farmers' Alliance and "16 to 1", has always been willing to follow leaders who promised to lighten the burden of mortgages. Such a proposal should also win the support of the eastern investor, who must by now realize that the effort to collect 6-percent interest on 3-percent investments is abortive and is drawing the country toward an economic collapse in which principal as well as interest will be lost.

We should pledge a further reduction of fixed charges by curtailing Government expenditures, balancing the Budget, liquidating the public debt, and making the holders of Federal, State, and municipal bonds share the tax burden with the owners of homes, farms, stores, and factories.

We should demobilize the huge army of tax-eating bureaucrats that has been assembled in Washington and elsewhere, and thereby end the exploitation of the people by the most overprivileged class in the country—a class that neither spins nor weaves, but lives in an affluence that is the envy of every other group in the land.

We should insure to American agriculture and industry their home market by confining imports, as nearly as possible, to noncompetitive products. The Republican Party believes in developing foreign commerce, but not at the expense of American farmers, manufacturers, and workingmen. The Republican Party believes in bringing domestic supply and demand into balance, and will sanction any wise policy to accomplish that end; but it holds that the first step toward that objective should be to reserve the American market for the American producer. The Republican Party believes in a protective tariff, in decent wages, and in fair prices for American products. The Republican Party believes in America first.

The Republican Party believes that it is the business of the Government to govern, and of the people to run the Nation's business. It does not believe that the State should go into competition with its own citizens. Government ownership and operation of some businesses eventually leads to government ownership and operation of all businesses, for individual enterprise cannot compete successfully with enterprises that pay no taxes and make no pretense of using a double-entry system of bookkeeping. The Republican Party opposes socialism in all its forms and disguises, not only because socialism never has worked and never will work, but because it cannot even be given a fair trial without first scrapping democracy.

We should decentralize government and return to the States the powers reserved to them in the Constitution. This country is too big to be governed, in every detail, by a group of tax-eating, buck-passing, world-saving, swivel-chair theorizers in Washington. We should unscramble the alphabet, dismantle the heterogeneous assortment of emergency machinery as soon as possible, and return the functions of government to the regular Government departments.

We should cancel such executive orders as carry the sanction of criminal penalties, and we should require the rest to be published before they become effective.

Pending recovery we should make decent provision for relief of the unemployed, without waste or favoritism. We should take relief out of politics, so that a man might vote any ticket he pleased and still continue to eat.

The Republican Party came into existence as a party of emancipation. It must continue as a party of emancipation. Its most immediate duty is to strike from the wrists of the people the shackles of regimentation. The Republican Party must be a liberal party—not liberal in the sense in which the word is used by those whose liberalism consists in being liberal with other peoples money, but liberal in the sense implied by Cavour when he declared that "a liberal is a man who loves liberty."

It was Lincoln who said, "In great emergencies moderation is generally safer than radicalism." We who are his followers are still imbued with his sense of restraint. We prefer to exemplify that "mingling of progressive hope and historic caution", which alone can insure safe progress. We are not oblivious to the need of reforms, or to the desirability of improving the social structure, but we believe that what America needs most just now is a pulmotor, not a face-lifting operation.

This statement of objectives, which I have presented as a modest contribution from a worker in the ranks, is neither radical nor reactionary. It recognizes the profit motive as the essential drive spring of the economic machine, but lays down a formula for a fairer division of the wealth created by industry, between those who work, manage, and take risks, and those who merely hold a mortgage on the plant. It rejects the economics of scarcity and substitutes the economics of abundance and a better-balanced buying power. It accepts the idea of a dynamic as against a static America, but insists that, whatever changes be made, this shall shall continue to be in every sense America.

CONFIDENCE IS THE KEYSTONE OF THE ARCH OF GOVERNMENT

Mr. MARTIN of Massachusetts. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following address of Hon. JESSE P. WOLCOTT, of Michigan, before the Women's Republican Club of Massachusetts at Boston April 9, 1935:

Great far-reaching issues are in the making at Washington. Never before in the history of our country has the attention of our people been so focused on national affairs. This is as it should be. It was contemplated by our forebears that although the actual administration of the Government should be left to representatives, the people should nevertheless guide the policies of administration after there had been ample opportunity for discussion. I assume that it was partly for the purpose of giving consideration to national affairs that the Women's Republican Club of Massachusetts was organized, and I am particularly pleased and honored to have this opportunity to meet with you and contribute my mite to the service you are performing.

As Republicans, we have been charged with obstructionist tactics every time one of us has raised his voice against the new deal. Whenever we have called attention to the potential destruction of American ideals by certain phases of the President's program, we have been challenged with the now hackneyed response, "What have you to offer instead?"

We do not need to concern ourselves so much at the present time with the formulation of a platform for the next election. Every day the Democratic administration at Washington is creating new issues. Already they have become crystallized to the extent that we know the Republican Party is going to be called upon at the next election to recapture, first of all, the fundamental constitutional rights which have been denied our people by this administration.

Because of the constant changing of the panorama of politics, both domestic and foreign, it is too early for our party to formulate anything but a tentative program of policies, but suffice it to say that the Republican Party is and will be, as it always has been, the party of the people—the party which has always manifested its influence and to a large extent has been successful in maintaining America for Americans, the home market for domestic production, a living wage for our workers, and always will have firm belief in the right of every individual to exercise rugged individualism, commensurate with the public weal, which has characterized our citizenry from the birth of the Nation.

"Eternal vigilance is the price of liberty"—personal and collective liberty—and without rugged individualism and eternal vigilance we will lapse into a regimented state of socialism. We can therefore assure the people, even at this early date, that the platform of the party next year will include at least the principle of self-government. It will assert in substance that the Government was created primarily for all the people, the doctrine advanced by the illustrious Lincoln in building the foundation for the party, as distinguished from the policy of the present administration, that the people exist for the Government and that private rights should be subordinated to the oligarchy of brain-trusters now functioning at Washington. This oligarchy has displaced, for all intents and purposes, the democracy of Jefferson, who so firmly believed that all men were endowed with the inalienable right to life, liberty, and the pursuit of happiness without governmental restriction, and by only such supervision on the part of the Government as to assure each and every one freedom in effectuating these guaranties.

First, then, it is the duty of the Republican Party to prevent the destruction by this administration of those ideals of American government for which our forefathers fought, and we must continue to fight for their preservation with the same courage and understanding which characterized their sacrifice.

If we sailed out of Boston Harbor with Liverpool as the port of destination, and the next day found ourselves headed straight for the rocks of the coast of Maine, our immediate concern would not be the port of Liverpool. We would be more interested in whether the engineer was going to reverse the engines in time to avoid catastrophe. If we were plunging down a steep grade in an automobile devoid of a foot brake, with the probability of turning upside down in a washout at the bottom of the hill, we would be thankful for the suggestion that we might try the emergency brake. If we, without any knowledge of the bailing out of an airplane, suddenly found ourselves in midair, plunging toward the earth and destruction, we would thank some person for the suggestion that we pull the ripcord which would open the parachute. In like manner, it is the immediate duty of the Republican Party to apply the brakes on this administration, the policies of which constitute the vehicle in which the American people are riding to social and economic destruction.

It seems to me the Republican Party has conducted itself in an admirable manner during this administration. Although we have not wavered in our desire to safeguard those fundamental constitutional doctrines of liberty, freedom of speech, freedom of the press, and the right of every individual citizen to exercise the prerogatives of citizenship without too much governmental interference, nevertheless, we have gone along with the administration in every sound, worthwhile piece of legislation which we thought essential for the relief of those who found themselves in physical and social distress as a result of a world war and a resultant international chaos for which the Republican Party surely cannot be blamed. Every bill introduced in Congress which has had as its purpose the relief of unemployment, the assurance of a decent livelihood for the aged and infirm, the improvement of working conditions, and the creation of remunerative markets for the products of our farms and factories, have had the wholehearted support of the Republican Party. With equal sincerity and tenacious holding to principle, we have combated the attempts of the President and his administration to effectuate certain policies which will result (and have already resulted in no small degree) in the creation of a socialized state, with an accompanying regimentation of endeavor under governmental dictatorship.

Because of this spirit of cooperation on the part of the Republicans even at the expense of criticism within our own party, the

Democrats have no one to blame but themselves for the failure of any part of their program. If the farmers of the cotton South, and the wheat, corn, and pork farmers of the far West find it necessary to denounce the President and his erudite satellites and decry his policies because he has destroyed the markets for their products, the criticism cannot be charged to obstructionist tactics on the part of the Republican Party. Their protestations are but voicings of the inevitable results of unsound doctrines. They are but the cold realities following the adoption of untried, unsound, and to a large extent unwarranted theories. If the people of the Midwest challenge the motives which are bringing about destruction of their agricultural and industrial markets; if the sugar-beet farmers of Michigan complain that the domestic sugar industry is being destroyed, it simply means that they are but voicing their appreciation of the Republican administrations of the past which have safeguarded them in their right to expand their crops in proportion to the expansion of the market for those crops.

If the people of Maine denounce the fact that Cuban potatoes are being sold in the markets of Boston and Portland, they are but giving expression to their dissatisfaction with the foreign policy of the administration, which in its adoption has given encouragement to the importation of Cuban potatoes, to the prejudice of the Maine crop.

If the people of the New England States, using the word of Secretary of Agriculture Wallace, "whine" (which means to find fault in a weak, childish way) because their textile plants have had to close, adding their thousands of employees to the ranks of the unemployed, it is but an attempt on the part of a tolerant and long-suffering people to make the administration at Washington see the error of an economy which contemplates the purchase of foreign products with American capital, in order that the foreign countries might buy American goods. What an insult to the people of New England, the spring from which has flowed forth since the Revolution a stream of patriotism, courage, fortitude, love of country, and the ability and the will to sacrifice for that country. The people of the Colonies, of which Massachusetts was one, humbly begged and pleaded with a tyrannical king to assure them of certain God-given rights, but when their pleadings and supplications fell on deaf ears, they took up their hoes and rakes, forged their plowshares into sabers, and, with the other poor weapons at their command, wrested their independence from that tyranny.

The people of New England are no different today than they were then. You have, with all of the humbleness and courtesy at your command, beseeched the President of the United States to help you reopen your closed factories. You are confronted with a condition which makes it impossible for you to get relief in this respect. The textile factories of Massachusetts will not open as a result of a lowering of the processing tax on cotton, or by any action of the President in curtailing the importation of cheaply manufactured Japanese textiles. This is directly contrary to the "good neighbor" policy of the administration. It would not be considered courteous on the part of the administration to put an embargo or raise the tariff against the importation of goods, manufactured with peon labor in Japan or any other country of the world. What matters it that the textile workers of Massachusetts join the breadlines? Henry Wallace is not yet willing to admit the failure of his pet theory, that the fewer crops they raise the richer our farmers will become. He is going to prove that his theories are correct, even though in doing so he has to close every textile mill in the New England States and plow under every row of cotton in the South.

President Roosevelt assured us when he embarked upon this sea of experimentation that if any part of the program was found to be unsound he would be the first to recognize it. The people of the United States are in universal accord that the agricultural and tariff policies of this administration have been proven to be unsound. The only effect of the Cotton Control Act has been to make the rich richer and the poor poorer. This is evidenced by the fact that while the large cotton growers of the South have had their incomes increased, thousands of the tenant farmers and share-croppers have been forced off the land through the operation of the act. The administration, to offset this, has had to recommend legislation involving the expenditure of $50,000,000 for the purpose of rehabilitating the poor cotton growers of the South who are in despair because of the Cotton Control Act. Ruinous foreign competition is the inevitable result of the tariff policy of this administration, and while the President insists upon opening the door to the importation of Japanese textiles, the industry in the New England States is dying a slow death. Mills have closed not only in Massachusetts but also in the Southern States, and for the first time in the history of the cotton and textile industries the people of the North and the people of the South are in perfect harmony in recognizing that the interests of one are the interests of the other. And so, with the realization that the ship of state cannot sail the sea of progress without both the rudder of the North and the propeller of the South, we are at last joining hands against the common enemy. The termites eating into the foundation of democracy must be destroyed.

It is particularly fitting that I should call attention to this joinder of purpose in the shadow of the Bunker Hill Monument, at which Daniel Webster said:

"Let us cultivate a true spirit of union and harmony. In pursuing the great objects our condition points out to us, let us act under a settled conviction and an habitual feeling that these 24 States are one country. Let our conceptions be enlarged to the circle of our duties. Let us extend our ideas over the whole of the vast field in which we are called to act. Let our object be our country, our whole country, and nothing but our country."

And especially here in Boston, where Robert C. Winthrop, in 1879, in a letter to the Boston Commercial Club said:

"There are no points of the compass on the chart of true patriotism."

Earlier, at Faneuil Hall, he had said:

"I have heard something said about allegiance to the South. I know of no South, no North, no East, no West, to which I owe my allegiance."

Here in Massachusetts, at the cornerstone of the Nation, is a proper place to call attention to the insidious and pernicious sectional influences upon which are predicated many of the policies of the present administration. There should be no South, no North, no East, and no West. There likewise should not be any advantage given to one section over another.

The Democratic Party has not been in the saddle many years since the birth of the Republican Party under the oaks at Jackson, in my home State. The old democracy believed, as we Republicans believe, that the geographical boundaries of our States were not created for the purpose of setting off one particular section of the country to vie with another. New-deal democracy is different. It was expressed in the cloak rooms of the House of Representatives at Washington by one perhaps over-zealous member of the majority party, that he was going to see to it that his State "got theirs while the getting was good."

Because of the inane schoolboy approach to the problems of southern agriculture, those very fine people have lost their foreign market for cotton. Because the President wants the United States to be a "good neighbor" to Japan, is not in itself sufficient reason for the destruction of the rich textile industry of Massachusetts.

Now, in summarizing this whole issue, let me say to the people of Massachusetts that if they believe in the removal of their factories, with an attending dissipation of home, farm, and all other property values, this can be more readily accomplished by continuing to vote for the new deal than in any other manner that I know of. But this is inconceivable. The people of Massachusetts still believe that the cotton and other agricultural interests of the South should be protected and their markets expanded. They believe that the people of the Midwest and the far West should be protected in their rights to raise crops and manufacture automobiles, without limitation by the Federal Government, and they, of course, believe that it is only by destruction of sectional thought and influence that the right of the worker in Massachusetts to be insured against the loss of employment by the importation of cheaply manufactured textiles will be safeguarded. Under Republican administration the South was left to its cotton, the West was left to its wheat and corn, the New England States were left to their industries and their agriculture; and so it will be again when the Republican Party is returned to administer to the needs of the people. Then, and then only, will we have that "abundant life" promised us by this administration.

You will notice that throughout my remarks I have drawn a distinction between the Democrats as we knew them a few years ago, and the new-deal Democrats. I have done this deliberately, having in mind that the majority of Democrats who have earnestly and faithfully followed the doctrines of Thomas Jefferson and the new-deal Democrats are as far apart in their advocacies as Republicans are from Communists. Senator CARTER GLASS, of Virginia, is one of the old-line Democrats whom we all respect, and whose judgment is as sound as the Rock of Gibraltar. At the banquet of the National Association of Newspaper Editors in Washington last Saturday evening Senator GLASS hit the nail on the head when he said:

"There are only a few of us Democrats left."

In what category then can we place those who call themselves Democrats but who believe in the new deal? They are those who have been drugged by the prescriptions of the quack doctors of the administration. It is not to be wondered at that so many of our people who were in the depths of despond—a condition which resulted from a costly war which threw the whole world into chaos, from which we are but now emerging—should have swallowed these sugar-coated palliatives with some degree of hope and confidence in the results. They have had a rude awakening from a delusive sleep, with a terribly bad headache. With the dawning of the inevitable "morning after" they want no more stimulants of that nature, and are returning to the old family doctor for succor.

Well, the old family doctor is expecting them. He knew from the history of the case that the new medicine would not give them permanent relief. He is going to diagnose their case all over again in the light of new developments and will prescribe for them. Whether the headache takes the form of a delusion, whether it takes the form of communism, fascism, nazi-ism, or just a plain abandonment of common sense, the prescription will be the same. The old doctor will not aggravate the ailment by trying to cure communism with communism, fascism with fascism, nazi-ism with nazi-ism, socialism with socialism, fear with lack of confidence, but will give them a great big dose of the medicine which has always cured them of all of their economic and social ailments—a great big dose of constitutionalism and Americanism as promulgated by the ideals and principles of the Republican Party. You can't compel the American people to adopt fascism with the threat of communism; you can't compel the American people to adopt nazi-ism with the threat of fascism; you can't compel us to accept socialism by the claim that the American Constitution has outlived its usefulness.

There seems to be a veritable epidemic of justified dissatisfaction. Whether this dissatisfaction is evidenced by the dumbness of the people to appreciate the finer things in life, as re-

flected by F. E. R. A. research into the movements of populations of Europe and Asia in the second millennium; or the militant anarchistic labeled endeavors of the farmers to get a decent price for their milk; or the "whining" of the people of New England because they are losing their factories; it is apparent, nevertheless, that the dissatisfaction is existent and growing.

It is evidenced by the protestations of those who have to pay an exorbitant price for meat due to the un-Christian and economically unsound policy of slaughtering and burying millions of pigs; in the lamentations of the Southern cotton grower that his foreign markets are being destroyed; in the assemblies of farmers throughout the Midwest, who in their meetings reflect and denounce the fact that the importation of agricultural commodities is steadily increasing because of the tariff policy of the administration; in the money market of the United States, due to the proposal to take from the people the last vestige of an opportunity for the obtaining of private loans and credit, by concentrating the credit and monetary powers under one political head in Washington; in the retaliation by our State governments against the attempts of the Federal Government to take over purely State functions; in the strikes in our factories which are but evidence of the fact that wages have not been increased in line with the forced increase in the price of commodities. In the face of these failures, how can it be said that the new deal has been successful? Because of the inconsistencies in policies and administration, how can it be hoped that it will be any more sucessful in the future than it has been in the past? Confidence is the keystone of the arch of government. Without confidence and at least a show of integrity no government can endure. It would not be quite as bad if this lack of confidence was confined to the administration, but we know that many of our people do not distinguish between the administration and the Government, and so there is a constant and growing fear that because of the inconsistencies of the administration there will be a resultant lack of confidence in government, which it will take the Republican Party years to overcome after it comes back into power.

May we be reminded of some of these inconsistencies? The President in his inaugural address, in criticizing some persons unknown to me, whom he calls "the rulers of the exchange of mankind's goods", says:

"True, they have tried, but their efforts have been cast in the pattern of an outworn tradition. Faced by failure of credit, they have proposed only the lending of more money."

Has President Roosevelt in any manner or for any purpose stopped the lending of money? Furthermore, he says:

"They have no vision, and when there is no vision the people perish."

Vision is described as an apparition, a dream, a fantasy, an unreal or imaginary thing. If, by having visions, the people can pull themselves out of the depression, then we should have had prosperity months ago, because there has been no wanting of apparitions during the last 2 years.

Do you people in Massachusetts know why the administration thinks it advisable not to give you the protection to your industries which you think you need? I didn't know until by glancing through the inaugural address the other day, I found an answer. I don't know whether it is the President's or not, but it is the only reason that I can see for closing the textile factories of Massachusetts. Is this the reason? And again I quote from his inaugural address:

"Hand in hand with this, we must frankly recognize the overbalance of population in our industrial centers, and by engaging on a national scale in a redistribution, endeavor to provide a better use of the land for those best fitted for the land."

This is apparently the answer. You have too many people in Massachusetts. You must seek the "more abundant life" elsewhere, and so he wants you to move out on the farms. We will welcome the good textile workers of Massachusetts out in Michigan, but we would rather they would come of their own free will and accord and not from necessity occasioned by false economic theories. And in this particular, while we are talking of inconsistencies which result in lack of confidence, let me say that the Banking Act of 1935, wherein it regiments credit under one political head, with the dictatorial power in that head to compel the banks to buy Government bonds when there is an approaching danger to the Government bonding market, perhaps at the same time there is a desire on the part of the banks to loan money to industry, results in a concentration of industry around the 12 credit structures set up by the act. Population follows industry, and the Banking Act of 1935 will do more to effectuate the centralization of population than any other thing that I know of. What manner of man is this, who on the one hand advocates the decentralization of population and on the other hand forces down the throat of the American Congress a bill which is particularly designed to centralize population, contrary to the announced administration policies? Is this gross inconsistency conducive to confidence?

We are much concerned with the effect which the Banking Act of 1935 will have upon the soundness of our currency. Government financing should be upon the same basis as private financing, and the cost of running the Government should be financed by voluntary investment in Government obligations. The Banking Act of 1935 creates a situation where the Government may compel the use of the savings of the people to market Government obligations. This method of financing becomes a forced loan and is one of the most vicious inroads on liberty.

When the banks are forced to invest in Government bonds against their will, and at the same time the same authority which may compel them to take these bonds is the authority to which Congress has delegated its prerogatives of coining money and regulating the value thereof, there is such a close affiliation between the public debt and the currency-creating power as to leave but little room for doubt that the one might seriously affect the other, thereby causing a fluctuation in the value of our currency as the public debt increases or decreases. Federal Reserve banks should be maintained as central banks whose purpose is to maintain a sound currency and to provide credit to American business when and as such credit is needed. Federal Reserve Banks were never intended to become fiscal agencies of the Federal Government as contemplated by the Banking Act of 1935, primarily for the purpose of liquidating the annual deficits and the national debt.

But let us get back to the inaugural address. The President says further:

"Through this program of action we address ourselves to putting our own national house in order and making income balance outgo."

If that means anything, it means that he is either going to keep his expenditures within the present income or raise the income to balance the expenditures. I challenge him to propose legislation in the Congress which would increase taxes sufficient to balance expenditures. But it is due partly to the fear that he will adopt one of the only two ways of paying the debt of this administration, namely, by confiscatory taxation that business is so hesitant about expanding and giving employment. The other way to pay the debt is by inflation, of which the less said the better. Of course, we might balance income with outgo by reducing outgo, but this method seems to be giving him little worry at present. In the words of Mr. Roosevelt:

"Only a foolish optimist can deny the dark realities of the moment."

And in this connection, I quote again from his inaugural address, in which he says that the task can be helped, * * *.

"* * * By insistence that the Federal, State, and local governments act forthwith on the demand that their cost be drastically reduced."

And again:

"In the field of world policy I would dedicate this Nation to the policy of the good neighbor—the neighbor who respects his obligations and respects the sanctity of his agreements in and with a world of neighbors * * *."

And again:

"Small wonder that confidence languishes, for it thrives only on honesty, on honor, on the sacredness of obligations, on faithful protection, on unselfish performance; without them it cannot live."

And again:

"If we are to go forward we must move as a trained and loyal army, willing to sacrifice for the good of a common discipline, because without such discipline no progress is made, no leadership becomes effective. We are, I know, ready and willing to submit our lives and property to such discipline because it makes possible a leadership which aims at a larger good."

And so you "whiners" in New England know now why you are asked to forego any recourse to executive action in the closing of your factories, you are but making the willing sacrifice for the good of a common discipline, without which no progress is made and without which no leadership becomes effective.

EXTENSION OF TIME FOR GENERAL DEBATE ON THE BANKING ACT, 1935

Mr. STEAGALL. Mr. Speaker, I ask unanimous consent that the time for general debate on the bill H. R. 7617 be extended to continue throughout the day on Saturday, with the understanding that the House will take up no other business than that, the time to be equally divided under the provisions of the rule.

The SPEAKER. The gentleman from Alabama [Mr. STEAGALL] asks unanimous consent that general debate on the bill H. R. 7617 be continued through Saturday, to be equally divided and controlled between himself and the gentleman from Ohio [Mr. HOLLISTER]; that said debate conclude when the House adjourns on Saturday May 4. Is there objection?

Mr. O'CONNOR. Reserving the right to object, will the Chairman of the Committee on Banking and Currency give some assurance that some of the Members who are asking for time are going to be allotted time? There is great complaint that they are not able to get time. When 15 hours was allowed to the Committee, it was not allowed just for the members of the committee. That was not the understanding. There were such Members as the gentleman from Texas [Mr. PATMAN], the gentleman from Texas [Mr. MAVERICK], and other gentlemen who say they cannot get time. We have had that difficulty every once in a while, where Members of the House, on an important subject, do not get an opportunity to speak. Now, this is a subject for which 15 hours was given, solely for the reason that so many Members of the House, not simply members of the committee,

desired to speak. I wish the gentleman would give some assurance that every Member who desires to speak, within reason, will get some time.

Mr. STEAGALL. I should hesitate to say that I could guarantee that every Member who desired to speak could get time. I may say, however, that the purpose of the request is to accommodate gentlemen who have expressed a desire to use time in the debate. Because of intimations made by the Speaker I have anticipated that there would be an additional day and I have granted a longer time to Members who have spoken for this reason, anticipating that I would be able reasonably to take care of the time generally in the House, and that is the purpose of the request.

Mr. TAYLOR of Colorado. Mr. Speaker, reserving the right to object, many Members have asked me whether or not there was going to be a session on Saturday and I have assured them that if there was a session on Saturday nothing else would be done except to continue general debate on this bill.

Mr. STEAGALL. That provision was included in my request, I may say to the gentleman from Colorado.

Mr. SNELL. Mr. Speaker, will the gentleman from Colorado yield?

Mr. TAYLOR of Colorado. Certainly.

Mr. SNELL. I have no objection to a session on Saturday if we could have the understanding that no business would be conducted on that day except a continuance of general debate on this bill. I do not know whether the Speaker is willing to reply to my suggestion whether it could be generally understood that the Chair would not recognize anyone for any request except purely perfunctory ones.

Mr. TAYLOR of Colorado. I am in hopes the Speaker will announce that limitation so Members will know what may be expected.

Mr. SNELL. I realize, of course, that it is really unfair to ask the Speaker such a question, but under the circumstances I thought perhaps the Chair might not be averse to expressing the intention of the Chair in this regard.

The SPEAKER. In response to the inquiry of the gentleman from New York, the Chair will state that it is important that general debate on this bill should be concluded this week. Many Members have expressed a desire to be heard on this bill in general debate, and the Chair hopes that the House will agree to meet on Saturday.

The Chair will make this statement so there will be no misapprehension as to the views of the Chair: That the Chair will not recognize anyone to call up any bill or to transact any business whatsoever except to submit perfunctory requests, such, for instance, as to correct the RECORD or to extend remarks.

Mr. SNELL. Those are purely perfunctory matters.

Mr. O'CONNOR. Mr. Speaker, further reserving the right to object, I do not think I yet have received any assurance that these Members are going to be taken care of. Sometimes we have difficulty in getting assurances or even answers to inquiries.

Mr. STEAGALL. Mr. Speaker, I thought I had made quite clear that the chief purpose of this request for extension of the time for general debate is for the purpose of yielding to Members of the House who are not members of the committee.

Mr. O'CONNOR. Will the gentleman whose names I have mentioned be given time?

Mr. STEAGALL. I would remind the gentleman that we have yielded time this afternoon to several Members of the House not members of the committee, and we expect that the greater portion of the time from now on will be consumed by Members of the House who are not members of the committee.

Mr. O'CONNOR. Let me ask the gentleman definitely whether the Members whose names I have mentioned will be yielded time?

Mr. STEAGALL. I do not know that I understand the purport of the gentleman's inquiry. Who particularly desired the time?

Mr. O'CONNOR. They have been asking the gentleman for time but cannot get any more assurance out of the gentleman than I can get out of him at this moment.

Mr. STEAGALL. To whom does the gentleman refer?

Mr. O'CONNOR. The gentleman from Texas [Mr. PATMAN] and the gentleman from Texas [Mr. MAVERICK], among others.

Mr. STEAGALL. I may say to the gentleman from New York that the gentleman from Texas [Mr. PATMAN] made a request of me for time, but later yesterday afternoon he withdrew his request. I told him there was no need for him to withdraw it, for him to let it stand; but he withdrew his request.

Mr. O'CONNOR. If I may make the suggestion to the gentleman from Alabama, I think those Members who want to talk not in excess of 15 minutes should have preference over Members who want to talk for an hour; and I think that if Saturday is devoted to general debate every Member desiring to talk could be accommodated. I sincerely hope they are.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

There was no objection.

SENATE BILL REFERRED

A bill of the Senate of the following title was taken from the Speaker's table and, under the rule, referred as follows:

S. 1932. An act for the relief of the State of California; 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. 1488. An act for the relief of Rose Burke;

H. R. 1565. An act for the relief of Frank R. Carpenter, alias Frank R. Carvin;

H. R. 2464. An act for the relief of C. H. Hoogendorn;

H. R. 2473. An act for the relief of William L. Jenkins;

H. R. 3098. An act for the relief of Bertha Ingmire;

H. R. 3275. An act for the relief of Fred L. Seufert;

H. R. 3370. An act for the relief of Carrie K. Currie, doing business as Atmore Milling & Elevator Co.;

H. R. 3787. An act for the relief of Robert D. Hutchinson;

H. R. 3911. An act for the relief of Sarah J. Hitchcock;

H. R. 5133. An act for the relief of Nellie Oliver;

H. R. 6084. An act to authorize the city of Ketchikan, Alaska, to issue bonds in any sum not to exceed $1,000,000 for the purpose of acquiring the electric light and power, water, and telephone properties of the Citizens' Light, Power & Water Co., and to finance and operate the same, and validating the preliminary proceedings with respect thereto, and for other purposes; and

H. R. 7132. An act to authorize the Secretary of the Navy and the Secretary of Commerce to exchange a portion of the naval station and a portion of the lighthouse reservation at Key West, Fla.

ADJOURNMENT

Mr. TAYLOR of Colorado. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 8 minutes p. m.) the House adjourned until tomorrow, Friday, May 3, 1935, at 12 o'clock noon.

COMMITTEE HEARINGS

COMMITTEE ON MERCHANT MARINE AND FISHERIES

(Friday, May 3, 10 a. m.)

Will continue hearings on the bill (H. R. 7521) pertaining to merchant marine subsidy.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

315. A communication from the President of the United States, transmitting a supplemental estimate of appropriation for District of Columbia for the fiscal year 1935, amounting to $54,000 (H. Doc. No. 169); to the Committee on Appropriations and ordered to be printed.

316. A letter from the Secretary of State, transmitting the report of the Chicago World's Fair Centennial Commission to the Congress; to the Committee on the Library.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. ROMJUE: Committee on the Post Office and Post Roads. H. R. 1993. A bill giving superintendents at classified post-office stations credit for substitutes serving under them; with amendment (Rept. No. 818). Referred to the Committee of the Whole House on the state of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. DEEN: Committee on War Claims. H. R. 237. A bill for the relief of the Rowesville Oil Co.; without amendment (Rept. No. 815). Referred to the Committee of the Whole House.

Mr. DEEN: Committee on War Claims. H. R. 254. A bill for the relief of the Farmers' Storage & Fertilizer Co., of Aiken, S. C.; with amendment (Rept. No. 816). Referred to the Committee of the Whole House.

Mr. DEEN: Committee on War Claims. H. R. 1437. A bill for the relief of August A. Carminati; with amendment (Rept. No. 817). Referred to the Committee of the Whole House.

CHANGE OF REFERENCE

Under clause 2 of rule XXII, the Committee on Military Affairs was dicharged from the consideration of the bill (H. R. 7649) for the relief of Pete E. Simon, and the same was referred to the Committee on Naval Affairs.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. HARTER: A bill (H. R. 7847) to amend section 100 of the Judicial Code as amended; to the Committee on the Judiciary.

By Mr. HOEPPEL: A bill (H. R. 7848) to amend the act of June 6, 1924, entitled "An act to amend in certain particulars the National Defense Act of June 3, 1916, as amended, and for other purposes"; to the Committee on Military Affairs.

By Mr. MURDOCK: A bill (H. R. 7849) for the relief of the confederated bands of Ute Indians located in Utah, Colorado, and New Mexico; to the Committee on Indian Affairs.

By Mr. ROBSION of Kentucky: A bill (H. R. 7850) granting pensions to veterans of the Spanish-American War, including the Boxer Rebellion and the Philippine Insurrection, their widows and dependents, nurses, and for other purposes; to the Committee on Pensions.

By Mr. TRUAX: A bill (H. R. 7851) providing for nonrecognition of certain persons to practice before the United States Patent Office and prohibiting certain forms of advertising; to the Committee on Patents.

By Mr. WALLGREN: A bill (H. R. 7852) to transfer control and jurisdiction over a building owned by the United States; to the Committee on Public Buildings and Grounds.

By Mr. HEALEY: A bill (H. R. 7853) to provide for dispensing with oath or affirmation as a method of verifying certain written instruments; to the Committee on the Judiciary.

By Mr. MORAN: A bill (H. R. 7854) to further the development and maintenance of an adequate and well-balanced American merchant marine, to provide for the separation of the regulatory functions of the Government over shipping from the Government business interests in ships and shipping, to repeal certain former legislation, and for other purposes; to the Committee on Merchant Marine and Fisheries.

By Mrs. GREENWAY: A bill (H. R. 7855) to amend section 5 of the act of March 2, 1919, generally known as the "War minerals relief statutes"; to the Committee on Mines and Mining.

By Mr. HILL of Alabama: A bill (H. R. 7856) to authorize exchange of lands at a military reservation, and for other purposes; to the Committee on Military Affairs.

By Mr. SUMNERS of Texas: A bill (H. R. 7857) to authorize the Attorney General to determine and pay certain claims against the Government for damage to person or property in sum not exceeding $500 in any one case; to the Committee on Claims.

Also, a bill (H. R. 7858) to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, and acts amendatory thereof and supplementary thereto; to the Committee on the Judiciary.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. ANDREWS of New York: A bill (H. R. 7859) granting an increase of pension to Jane McFarlane; to the Committee on Invalid Pensions.

By Mr. COLMER: A bill (H. R. 7860) for the relief of Capt. Henry T. Korner; to the Committee on Claims.

Also, a bill (H. R. 7861) for the relief of Mrs. J. A. Joullian; to the Committee on Claims.

Also, a bill (H. R. 7862) for the relief of Henry Hilbun; to the Committee on Military Affairs.

By Mr. GAMBRILL: A bill (H. R. 7863) authorizing the President to promote Charles T. S. Gladden to the grade of commander, United States Navy; to the Committee on Naval Affairs.

By Mrs. GREENWAY: A bill (H. R. 7864) for the relief of Edward P. Oldham, Jr.; to the Committee on Claims.

Also, a bill (H. R. 7865) for the relief of Henry P. Johnson; to the Committee on Military Affairs.

By Mr. HARTER: A bill (H. R. 7866) for the relief of James Adio; to the Committee on Military Affairs.

By Mr. HULL: A bill (H. R. 7867) for the relief of John Micek; to the Committee on Claims.

By Mr. LEA of California: A bill (H. R. 7868) for the relief of Blanche N. Puter; to the Committee on Claims.

By Mr. McCLELLAN: A bill (H. R. 7869) for the relief of Neeley C. Lucas; to the Committee on Claims.

By Mr. MARTIN of Colorado: A bill (H. R. 7870) to provide a preliminary examination of the Purgatoire (Picketwire) and Apishapa Rivers, in the State of Colorado, with a view to the control of their floods and the conservation of their waters; to the Committee on Flood Control.

By Mr. SANDLIN: A bill (H. R. 7871) for the relief of Edward W. Goetz; to the Committee on Military Affairs.

By Mr. STACK: A bill (H. R. 7872) for the relief of Blanche J. Sprague; to the Committee on Claims.

PETITIONS, ETC.

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

8208. By Mr. FULMER: Concurrent resolution of the South Carolina Legislature, endorsing the policies of the Democratic administration in Washington looking toward rehabilitating the condition of the cotton farmers of the South; to the Committee on Agriculture.

8209. Also, concurrent resolution of the South Carolina Legislature, memorializing the Congress of the United States to continue the cotton-control program of the Agricultural Adjustment Administration and, if need be, enact such legis-

lation as is necessary for that purpose; to the Committee on Agriculture.

8210. By Mr. HEALEY: Memorial of the City Council of Malden, Mass., favoring legislation relative to the placing of higher tariff on such foreign-made articles which are in competition with our home industries; to the Committee on Ways and Means.

8211. Also, memorial of the Board of Aldermen of Medford, Mass., opposing the existence of any processing tax in the cotton industry, which is vitally affecting the industry in Massachusetts; to the Committee on Ways and Means.

8212. By Mr. JOHNSON of Texas: Memorial of Mrs. C. A. Teeple, corresponding secretary Woman's Christian Temperance Union, Corsicana, Tex., favoring House Joint Resolution 159; to the Committee on the Judiciary.

8213. Also, memorial of Lt. Carl E. Green, Fort Randolph, Canal Zone, Panama, favoring House bill 5071; to the Committee on Military Affairs.

8214. By Mr. KING: Petition of the Eighteenth Legislature of the Territory of Hawaii, declaring that the Territory of Hawaii shall be made a State, and requesting and urging the Congress of the United States of America to pass an enabling act authorizing the people of the Territory of Hawaii to form a constitution and a State government to be admitted into the Union on an equal footing with the original States; to the Committee on the Territories.

8215. By Mr. MURDOCK: Resolution of the Kamas Valley National Farm Loan Association, of Kamas, Utah, urging the enactment of legislation designed to reduce interest rates on agricultural loans; to the Committee on Agriculture.

8216. By Mr. PFEIFER: Petition of the American Manufacturing Co., Brooklyn, N. Y., concerning House bill 7348; to the Committee on Insular Affairs.

8217. Also, resolution of the Holy Name Society District Committee, Twenty-fourth District, Brooklyn Diocesan Union, New York, protesting against the religious persecution in Mexico; to the Committee on Foreign Affairs.

8218. By Mrs. ROGERS of Massachusetts: Petition of the Senate and House of Representatives of the State of Massachusetts, relative to protection of American industry and employees from foreign competition; to the Committee on Ways and Means.

8219. By Mr. RUDD: Petition of American Manufacturing Co., Brooklyn, N. Y., concerning House bill 7348; to the Committee on Insular Affairs.

8220. By Mr. SNELL: Petition of the Chamber of Commerce of Port Henry, N. Y., favoring enactment of legislation seeking readjustment of import duties on pig iron and iron ores; to the Committee on Ways and Means.

8221. By Mr. TRUAX: Petition of the Amalgamated Association of Iron, Steel, and Tin Workers of North America, Mansfield, Ohio, by David H. Creps, corresponding representative, urging whole-hearted support of the Wagner-Connery labor-disputes bill; to the Committee on Labor.

8222. Also, petition of the Athens County Association for Protection for the Aged, Nelsonville, Ohio, by their secretary, William McCall, urging adoption of the Townsend plan as the American people do not want doles and paupers' pensions, and the plan will materially help to stop the worries of elderly people; to the Committee on Ways and Means.

8223. Also, petition of the National Brotherhood of Operative Potters, Tiffin, Ohio, by their secretary, Edison Foght, urging support of the Wagner-Connery labor relations bill; to the Committee on Labor.

8224. Also, petition of the Tobacco Workers' International Union, Toledo, Ohio, by their secretary, John O'Hare, favoring the Mead substitute bills (H. R. 7172 and H. R. 6990), which call for a 40-hour week for all postal employees; to the Committee on the Post Office and Post Roads.

8225. Also, petition of the Bakery Drivers Local 28, Springfield, Mo., by their secretary, Harold Roper, urging support of the Wagner-Connery labor relations bill and the Black-Connery 30-hour-week bill; to the Committee on Labor.

SENATE

FRIDAY, MAY 3, 1935

(Legislative day of Wednesday, May 1, 1935)

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

THE JOURNAL

On request of Mr. ROBINSON, and by unanimous consent, the reading of the Journal of the calendar day Thursday, May 2, 1935, was dispensed with, and the Journal was approved.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States were communicated to the Senate by Mr. Latta, one of his secretaries.

CALL OF THE ROLL

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

The VICE PRESIDENT. The clerk will call the roll.

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

Adams	Copeland	Lewis	Robinson
Ashurst	Costigan	Logan	Russell
Austin	Couzens	Lonergan	Schall
Bachman	Dickinson	Long	Schwellenbach
Bankhead	Dieterich	McAdoo	Sheppard
Barkley	Donahey	McCarran	Shipstead
Bilbo	Duffy	McGill	Smith
Black	Fletcher	McKellar	Steiwer
Bone	Frazier	McNary	Thomas, Okla.
Borah	Gerry	Metcalf	Thomas, Utah
Brown	Gibson	Minton	Townsend
Bulkley	Glass	Moore	Trammell
Bulow	Gore	Murphy	Truman
Burke	Hale	Murray	Tydings
Byrd	Harrison	Neely	Vandenberg
Byrnes	Hastings	Norris	Van Nuys
Capper	Hatch	Nye	Wagner
Caraway	Hayden	O'Mahoney	Walsh
Carey	Johnson	Overton	White
Clark	Keyes	Pittman	
Connally	King	Pope	
Coolidge	La Follette	Radcliffe	

Mr. LEWIS. I announce the absence of the Senator from Connecticut [Mr. MALONEY], caused by illness, the absence of the Senator from North Carolina [Mr. BAILEY], caused by illness in his family, the absence of the Senator from Georgia [Mr. GEORGE], the Senator from Pennsylvania [Mr. GUFFEY], and the Senator from Montana [Mr. WHEELER], necessarily detained from the Senate, and the absence of the Senator from North Carolina [Mr. REYNOLDS] on official business.

Mr. AUSTIN. I wish to announce that the Senator from New Jersey [Mr. BARBOUR] and the Senator from South Dakota [Mr. NORBECK] are necessarily absent.

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

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Haltigan, one of its reading clerks, announced that the House insisted upon its disagreement to all Senate amendments except Senate amendments numbered 8, 58, and 60 to the bill (H. R. 6718) making appropriations for the Department of Agriculture and for the Farm Credit Administration for the fiscal year ending June 30, 1936, and for other purposes; that the House insisted upon its amendment to Senate amendment numbered 29 to the bill; that the House requested a further conference with the Senate on the disagreeing votes of the two Houses thereon, and that Mr. SANDLIN, Mr. CANNON of Missouri, Mr. TARVER, Mr. BUCHANAN, Mr. THURSTON, and Mr. BUCKBEE were appointed managers on the part of the House at the further conference.

ENROLLED BILLS SIGNED

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

H. R. 1488. An act for the relief of Rose Burke;

H. R. 1565. An act for the relief of Frank R. Carpenter, alias Frank R. Carvin;