bills 169, 2022, 2749, 2870, and 2901; to the Committee on Interstate and Foreign Commerce.

8334. By Mr. TOLAN: Petition of the executive committee of the Newman Club of the University of California, headed by James J. O'Connor, president, and Geraldine Galliani, secretary, together with 150 signatures subscribed thereto, in the name of 400 members and 1,250 Catholic students of the University of California, requesting Congress to support any action designed to influence the Mexican Government to respect the religious rights of its citizens; to the Committee on Foreign Affairs.

8335. By Mr. TRUAX: Petition of the Youngstown Chamber of Commerce, of Youngstown, Ohio, by the chairman, D. E. Jenkins, opposing Senate bill 2573, because an amount of $300,000,000 annually now paid by railroads in taxes would be lost under Government ownership, and Government ownership operation costs would be higher than the private ownership and would destroy individual initiative of employees and management; to the Committee on Interstate Commerce.

8336. Also, petition of the Darke County Farm Bureau, of Greenville, Ohio, by their president, Fred Steffen, requesting the support of the Goldsborough amendment; to the Committee on Banking and Currency.

8337. Also, petition of Center Grange, No. 2428, of Woodsfield, Ohio, by their master, W. W. Willison, opposing such Federal regulation as is proposed by Senate bill no. 1629, because it is unfair, discriminatory, and unnecessary at this time, and is not for the real interests of either producer or consumer, whether rural or urban; to the Committee on Interstate Commerce.

8338. Also, petition of Painters, Decorators, and Paperhangers of America Local Union No. 7, of Toledo, Ohio, by their secretary, C. E. Thomas, requesting support of House bills 7172 and 6990; to the Committee on the Post Office and Post Roads.

8339. By Mr. WIGGLESWORTH: Petition of the General Court of Massachusetts, requesting the National Recovery Administration to grant to Massachusetts boot and shoe manufacturers and others relief from unfair competition; to the Committee on Appropriations.

8340. Also, petition of the General Court of Massachusetts, urging the enactment of national unemployment insurance legislation; to the Committee on Ways and Means.

SENATE

THURSDAY, MAY 9, 1935

(Legislative day of Tuesday, May 7, 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 the calendar day Wednesday, May 8, 1935, was dispensed with, and the Journal was approved.

TRIBUTES TO THE LATE SENATOR CUTTING

The VICE PRESIDENT laid before the Senate resolutions adopted by the Yankee Division Veterans Association, at Bridgeport, Conn., which were ordered to lie on the table and to be printed in the RECORD, as follows:

Resolution passed by the Yankee Division Veterans Association, of Bridgeport, Conn., at its May 6, 1935, meeting at Bridgeport, concerning the untimely death of Bronson M. Cutting, United States Senator from the State of New Mexico

In recognition of the long and untiring services of Senator Cutting to his State and country; his unselfish stand at all times in matters pertaining to veteran legislation, particularly his recent attitude and definite liberal stand taken on the more recent veteran legislation appearing before Congress; his devotion to the welfare of the disabled veterans of the World War, particularly his untiring efforts in bearing the brunt of the fight in favor of the disabled veterans and all veterans in the last Congress in connection with his stand on the economy bill, the Yankee Veterans Association at this meeting in Bridgeport, Conn., on May 6, 1935, wishes to express its sense of personal loss in his death, and its utmost appreciation of his service to the veteran.

Having served his country in war as well as in peace, and meeting his untimely death while en route to further the cause of the veteran, this association feels that it truly has lost a great friend, and he will be sadly and keenly missed by the people of the State of New Mexico—a truly great American, liberal and statesman, and the members of this association feel that his loss is a great one to the entire country at large: Therefore be it

Resolved, That this expression of appreciation and sympathy be sent to the bereaved mother and family, and also that these resolutions be spread upon the minutes of this meeting; and be it further

Resolved, That a copy of these resolutions be sent that august body, the Senate of these great United States.

YANKEE DIVISION VETERANS ASSOCIATION,
BRIDGEPORT, CONN.,
By GEORGE W. WEST, *President*.

Attest:

JOHN SCHULTZ, *Secretary*.

Mr. WHEELER presented a telegram from the Silver Bow County Trades and Labor Council, Butte, Mont., which was ordered to lie on the table and to be printed in the RECORD, as follows:

BUTTE, MONT., *May 9, 1935*.

Senator B. K. WHEELER,
Senate Office, Washington, D. C.:

The labor movement of Silver Bow County desire to have you express to the United States Senate our most profound grief of the untimely death of labor's friend, Senator Cutting.

HARRY J. GRIMES,
Secretary Silver Bow Trades and Labor Council.

MESSAGE FROM THE HOUSE—ENROLLED BILLS AND JOINT RESOLUTION SIGNED

A message from the House of Representatives, by Mr. Chaffee, one of its reading clerks, announced that the Speaker had affixed his signature to the following enrolled bills and joint resolution, and they were signed by the Vice President:

S. 51. An act for the relief of Frank Kroegel, alias Francis Kroegel;

S. 553. An act to authorize the settlement of individual claims for personal property lost or damaged, arising out of the activities of the Civilian Conservation Corps, which have been approved by the Secretary of War;

S. 559. An act to authorize settlement, allowance, and payment of certain claims;

S. 728. An act for the relief of Elton Firth;

S. 896. An act for the relief of Anna W. Ayer, widow of Capt. Asa G. Ayer, deceased;

S. 1037. An act authorizing adjustment of the claims of Sanford A. McAlister and Eliza L. McAlister;

S. 1039. An act authorizing adjustment of the claim of the West India Oil Co.;

S. 1053. An act authorizing adjustment of the claim of the Rio Grande Southern Railroad Co.;

S. 1055. An act authorizing adjustment of the claim of Frank Spector;

S. 1056. An act authorizing adjustment of the claim of Schutte & Koerting Co.;

S. 1057. An act authorizing adjustment of the claim of the Pennsylvania Railroad Co.;

S. 1302. An act for the relief of certain disbursing officers of the Army, and for other purposes;

S. 1414. An act for the relief of the rightful heir of Joseph Gayton;

S. 1502. An act for the relief of Charles L. Graves;

S. 2024. An act to give proper recognition to the distinguished services of Col. William L. Keller; and

S. J. Res. 94. Joint resolution establishing a commission for the participation of the United States in the observance of the three hundredth anniversary of the founding of the Colony of Connecticut, authorizing an appropriation to be utilized in connection with such observance, and for other purposes.

CALL OF THE ROLL

Mr. AUSTIN obtained the floor.

Mr. BARBOUR. Mr. President, 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:

AUTHENTICATED U.S. GOVERNMENT INFORMATION GPO

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

Mr. AUSTIN. I announce that the Senator from Pennsylvania [Mr. DAVIS] is absent because of illness, and that the Senator from Delaware [Mr. HASTINGS], the Senator from North Dakota [Mr. NYE], and the Senator from South Dakota [Mr. NORBECK] are necessarily detained from the Senate.

Mr. LEWIS. I announce the absence of the Senator from North Carolina [Mr. REYNOLDS], who is engaged on an official mission to the Virgin Islands.

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

HOUR OF MEETING TOMORROW

Mr. ROBINSON. I ask unanimous consent that when the Senate concludes its labors today it take a recess until 11 o'clock a. m. tomorrow.

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

Mr. ROBINSON subsequently said: Mr. President, I find that it will be inconvenient for the Senate to meet at 11 o'clock tomorrow morning. I therefore ask unanimous consent that the order heretofore entered that when the Senate concludes its business today it take a recess until 11 o'clock tomorrow be rescinded.

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

PAYMENT OF ADJUSTED-SERVICE CERTIFICATES—MOTION TO RECONSIDER

Mr. THOMAS of Oklahoma. Mr. President——

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

Mr. AUSTIN. I yield.

Mr. THOMAS of Oklahoma. Yesterday I entered a motion to reconsider the vote by which House bill 3896, being the so-called "bonus bill", was passed by the Senate. At this time I enter a motion to reconsider the vote by which House bill 3896 was ordered to a third reading.

The VICE PRESIDENT. The motion will be entered.

CITY OF BALTIMORE—WITHDRAWAL OF MOTION TO RECONSIDER

Mr. KING. Mr. President, several days ago I entered a motion to reconsider the vote by which the bill (S. 672) for the relief of the city of Baltimore was passed. I now desire to withdraw the motion.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate the petitions of Pleas Gammage, of Tunica, Miss., and Miss Alice Philips, of Kingsport, Tenn., 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 sundry citizens of the State of New York, 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 petitions of sundry citizens of Milton, Mass., Detroit, Mich., and Union City, N. J., praying for the enactment of legislation providing for the immediate cash payment of adjusted-service certificates of World War veterans, which were ordered to lie on the table.

Mr. FLETCHER presented the following memorial of the Legislature of the State of Florida, which was referred to the Committee on Military Affairs:

House Memorial No. 8

A memorial to the Congress and the President of the United States of America, requesting the establishment and location, at the earliest possible time, of an Army Air Service base as herein referred to

Whereas there is now pending in the Congress of the United States of America legislation seeking a large expansion of the Army Air Service; and

Whereas climatic and atmospheric conditions of the great State of Florida offer unsurpassed qualities for all-year training of aviators; and

Whereas at this time most of the Army air fields are located in the west and southwest portions of the United States; and

Whereas the great State of Florida is in close proximity to the large population centers of the United States; and

Whereas the Big Prairie is the most desirable location for an air base on our mainland closest to the Panama Canal, Puerto Rico, Guantanamo, and the Carribean; and

Whereas the Army Air Service, during the World War, with the advice and counsel of well-known experts of the Allied air forces, established Carlstrom and Dorr Fields, in De Soto County, Fla., for the training of aviators; and

Whereas statistics in the archives of the War Department show conclusively that these fields furnish a larger number of flying days than any other field in the United States; and

Whereas the great State of Florida has more coastline than any State in the Union, and in the event of war it is more exposed to attack from naval and air expeditions by the enemy than any other portion of this Union; and

Whereas the citizens of Arcadia, in De Soto County, Fla., have offered as a gift a tract of land composed of 10,000 acres, located on the Big Prairie of De Soto, Hardee, Highlands, Glades, and Charlotte Counties for the establishment of an Army air base; and

Whereas the location of this large tract is ideal for the purpose and strategical in the event of war, because it is situated almost half-way between the east and west coast of south Florida; and

Whereas the establishment of an air base near Arcadia would decrease very materially great unemployment resulting from the disaster of a freeze in December 1934: Now, therefore, be it

Resolved, That it is the sense of your memorialists, the members of the 1935 Legislative Assembly of the State of Florida, the senate and the house concurring, that the Government of the United States take such steps at the earliest possible time to establish and locate an Army Air Service base in De Soto County, Fla.; be it further

Resolved, That a copy of this memorial, duly authenticated, be sent to the President of the United States, President of the Senate, and Speaker of the House of Representatives of the Congress of the United States, and to each Senator and Representative in the Congress from this State, and to the Secretary of War.

Approved by the Governor May 3, 1935.

Mr. DUFFY presented the following joint resolution of the Legislature of the State of Wisconsin, which was referred to the Committee on Agriculture and Forestry:

STATE OF WISCONSIN.

Joint resolution memorializing the President and Congress of the United States and the Administrator of the Federal Emergency Relief Administration to provide for the continuance of aid in lime and marl production

Whereas on May 1, 1935, the Federal Government will discontinue its aid in the production of crushed limestone; and

Whereas it is of great importance to this State that crushed lime and marl production continue at this time for the following reasons:

1. Approximately 85 percent of the production soil of this State is in great need of acid-neutralizing elements and fertilizers which are essential to the successful production of crops, especially alfalfa.

2. There is now a serious shortage in cattle feed which seriously affects the cattle industry in this State, and which shortage can be largely overcome by creating a greater productive activity in the soil.

3. Such acid-neutralizing elements and fertilizers are abundant in crushed lime and marl.

4. A large number of otherwise unemployed could be engaged in a profitable undertaking.

5. Production of crushed lime and marl is more profitable to the producer during the warmer months and a greater production is possible, the reasons being obvious.

6. Lime crushed during the warmer months can be applied to the soil in the fall of the year and thereby be permitted to disintegrate and become thoroughly mixed with the soil during the winter months and be an effective productive agent the following spring: Therefore be it

Resolved by the assembly (the senate concurring), That the Wisconsin Legislature respectfully requests the Congress of the United States to provide for the immediate and further production of crushed lime and marl for farm application; be it further

Resolved, That properly attested copies of this resolution be sent to the President of the United States, to Harry L. Hopkins, Admin-

istrator of the Federal Emergency Relief Administration, to each Wisconsin Member of Congress, and to Bruce Uthus, director of the work division of the Wisconsin Emergency Relief Administration.

HARRY W. BOLENS,
President pro tempore of the Senate.
LAWRENCE R. LARSEN,
Chief Clerk of the Senate.
J. W. CAROW,
Speaker of the Assembly.
LESTER R. JOHNSON,
Chief Clerk of the Assembly.

Mr. DUFFY also presented the following joint resolution of the Legislature of the State of Wisconsin, which was referred to the Committee on Mines and Mining:

STATE OF WISCONSIN.

Joint resolution petitioning the National Emergency Council and the Works Allotment Board to create a mining works project in the dormant southwestern Wisconsin mineral area

Whereas $4,880,000,000 have been appropriated by the Congress of the United States to defray the cost of various types of practical wealth-producing, self-liquidating works projects by virtue of which unemployed men and women may be furnished self-respecting jobs in lieu of the demoralizing dole and the United States Government may be relieved of the direct relief business; and

Whereas extensive mineral fields in southwestern Wisconsin, rich in lead, zinc, and sulphur deposits, now lie practically dormant due to present abnormally low market prices for such minerals; and

Whereas this area has a stranded mining population of approximately 1,000 families, most of whom are now unemployed and many actually on relief rolls; and

Whereas operation of these mines would furnish employment to all these unemployed miners and several thousand other unemployed persons; and

Whereas by pegging the per ton price on raised ores to a level commensurate with adequate living wages for miners and on the basis of index prices in any normal pre-war period, and by purchasing the same at such prices for indefinite storage against time of war or other demand therefor, the National Emergency Council and the Works Allotment Board could devise for this stranded area and its unemployed population a practical wealth-producing and self-liquidating work project and thereby put these mines in operation and the unemployed miners to work: Now, therefore, be it

Resolved by the assembly (the senate concurring), That this legislature earnestly petitions the National Emergency Council and the Works Allotment Board to give serious consideration to creating an appropriate and practical lead, zinc, and sulphur mining works project in the southwestern mineral area of this State for the paramount purpose of creating wealth and employment; be it further

Resolved, That properly attested copies of this resolution be sent to the President of the United States, the National Emergency Council, and the Works Allotment Board, and to each Wisconsin Member of the Congress.

HARRY W. BOLENS,
President pro tempore of the Senate.
LAWRENCE R. LARSEN,
Chief Clerk of the Senate.
J. W. CAROW,
Speaker of the Assembly.
LESTER R. JOHNSON,
Chief Clerk of the Assembly.

Mr. COPELAND presented a resolution adopted by members of the Polish-American Citizens of the Triple Cities, at Binghamton, N. Y., favoring the enactment of legislation providing that October 11 in each year be designated as a legal holiday in commemoration of the death of Gen. Casimir Pulaski, which was referred to the Committee on the Judiciary.

He also presented a resolution adopted by the Department of Christian Social Service of the Diocese of Long Island, Brooklyn, N. Y., favoring the enactment of legislation modifying existing laws concerning the dissemination of birth-control information, which was referred to the Committee on the Judiciary.

He also presented a resolution adopted by the State Council of New York, Sons and Daughters of Liberty, protesting against the enactment of legislation that will weaken the existing Alien Deportation Law, which was referred to the Committee on Immigration.

THE TEXTILE INDUSTRY

Mr. GIBSON. Mr. President, the textile industry is the second largest of our country. It affects the homes and the living conditions of 9,000,000 people of New England, as well as millions throughout the South.

It is reported that closed hearings are now being held dealing with the situation, but it seems to me these hearings should be public, so that the people affected may know just what is taking place and may have an opportunity to offer their suggestions.

In that connection, I ask that unanimous consent be granted for the printing in the RECORD and appropriate reference of a telegram from the secretary of the Vermont Chamber of Commerce.

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

BURLINGTON, VT., *May 8, 1935.*

Senator E. W. GIBSON,
Washington, D. C.:

What appear to be star-chamber hearings on textile matters cause alarm in New England communities. Why not public hearings on questions which affect second largest industry in America and concern 9,000,000 New England people and other millions in other States? Please use your influence.

JAMES P. TAYLOR,
Secretary of the State Chamber of Commerce.

IMPORTATIONS FROM THE ORIENT

Mr. GIBSON. Mr. President, we still have millions out of employment. The American Federation of Labor has been giving thoughtful consideration to the relief of this condition. It appears to many that the importation of cheap oriental goods is one of the contributing causes for unemployment in this country.

To show the opinion of the labor unions, I ask unanimous consent to have printed in the RECORD and appropriately referred a letter from the Central Labor Union of Barre, Vt.

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

BARRE, VT., *May 2, 1935.*

Senator ERNEST W. GIBSON,
United States Senate, Washington, D. C.

DEAR SENATOR: The Central Labor Union of Barre and vicinity are making a protest through you to the Federal Government to prohibit the import of Japanese products in our country.

We feel that, indirectly, this is the cause of unemployment in this country.

We petition you to vote for a higher tariff on all imports from Japan and other countries which export products to this country; which endanger our industries by their use of cheap labor and material.

Yours very truly,

W. H. EAGER, *Secretary.*

GOVERNMENT OWNERSHIP OF RAILROADS

Mr. WHEELER presented a telegram from L. E. Bordwell, chairman of the board of directors, Mandan, N. Dak., which was referred to the Committee on Interstate Commerce and ordered to be printed in the RECORD, as follows:

MANDAN, N. DAK., *May 7, 1935.*

Hon. B. K. WHEELER,
Senate Building, Washington, D. C.:

Today's decision voiding Railroad Retirement Act should cement entire Congress and public sentiment back of your bill for Government ownership rail carriers. Rail workers under the Railroad Employees National Pension Association leadership stunned to the quick by Court's decision; look to you to make intensive drive for national ownership.

L. E. BORDWELL,
Chairman Board of Directors.

REPORTS OF COMMITTEES

Mr. BYRNES, from the Committee on Appropriations, to which was referred the bill (H. R. 7672) making appropriations for the Navy Department and the naval service for the fiscal year ending June 30, 1936, and for other purposes, reported it with amendments and submitted a report (No. 598) thereon.

Mr. WHITE, from the Committee on Territories and Insular Affairs, to which was referred the bill (S. 2278) authorizing the construction of buildings for the United States High Commissioner to the Government of the Commonwealth of the Philippine Islands, reported it with amendments and submitted a report (No. 599) thereon.

Mr. COPELAND, from the Committee on Commerce, to which was referred the bill (S. 2625) to extend the facilities

of the Public Health Service to seamen on Government vessels not in the Military or Naval Establishment, reported it with an amendment and submitted a report (No. 600) thereon.

Mr. SHEPPARD, from the Committee on Commerce, to which was referred the bill (S. 2681) to extend the times for commencing and completing the construction of a bridge across Lake Champlain at or near West Swanton, Vt., and for other purposes, reported it without amendment and submitted a report (No. 601) thereon.

Mr. NEELY, from the Committee on the Judiciary, to which was referred the bill (S. 2512) to define lobbyists, to require registration of lobbyists, and provide regulation thereof, reported it with amendments and submitted a report (No. 602) thereon.

Mr. BANKHEAD, from the Committee on Agriculture and Forestry, to which was referred the bill (S. 2367) to create the Farmers' Home Corporation, to promote more secure occupancy of farms and farm homes, to correct the economic instability resulting from some present forms of farm tenancy, to engage in rural rehabilitation, and for other purposes, reported it with an amendment and submitted a report (No. 603) thereon.

Mr. MINTON, from the Committee on Military Affairs, to which was referred the resolution (S. Res. 119) remanding the claim of W. K. Richardson, covered by Senate Joint Resolution 35, to the Court of Claims, reported it without amendment and submitted a report (No. 604) thereon.

BILLS AND JOINT RESOLUTION INTRODUCED

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

By Mr. CONNALLY:

A bill (S. 2781) for the relief of Gladys Nicholson; to the Committee on Finance.

A bill (S. 2782) for the relief of Walter Acker, Jr.; to the Committee on Military Affairs.

By Mr. MALONEY:

A bill (S. 2783) for the relief of James E. Breslin; to the Committee on Finance.

By Mr. LEWIS:

A bill (S. 2784) for the relief of Mildred Lane; to the Committee on Claims.

By Mr. MINTON:

A bill (S. 2785) granting a pension to John Crutchfield (with accompanying papers); to the Committee on Pensions.

By Mr. THOMAS of Oklahoma:

A bill (S. 2786) granting a pension to Maud Carrico (with accompanying papers); to the Committee on Pensions.

By Mr. COPELAND:

A bill (S. 2787) to prohibit the making, passing, or negotiation of spurious checks or other financial paper purporting to be payable by institutions in other States; to the Committee on the Judiciary.

By Mr. COPELAND, Mr. VANDENBERG, and Mr. MURPHY:

A bill (S. 2788) to aid the several States in the extradition of criminals;

A bill (S. 2789) to repeal section 420 (c) of the United States Criminal Code; and

A bill (S. 2790) to amend section 2 of the act of May 18, 1934 (ch. 304, 48 Stat. 783), to provide punishment for certain offenses committed against banks organized and operating under the laws of the United States or any member of the Federal Reserve System; to the Committee on the Judiciary.

By Mr. ASHURST (by request):

A bill (S. 2791) to amend the Longshoremen's and Harbor Workers' Compensation Act; and

A bill (S. 2792) to authorize the acquisition of land on McNeil Island; to the Committee on the Judiciary.

(Mr. WAGNER introduced Senate bill 2793, which was referred to the Committee on Interstate Commerce, and appears under a separate heading.)

By Mr. THOMAS of Oklahoma:

A bill (S. 2794) for the relief of Lt. Pomeroy Harned; to the Committee on Military Affairs.

By Mr. GORE:

A bill (S. 2795) to authorize the Secretary of the Interior to convey the lands and property formerly used for the United States Indian school at Colony, Okla., to the Union Graded School District No. 1, of Colony, Okla.; to the Committee on Indian Affairs.

By Mr. WHEELER:

A bill (S. 2796) to provide for the control and elimination of public-utility holding companies operating, or marketing securities, in interstate and foreign commerce and through the mails, to regulate the transmission and sale of electric energy in interstate commerce, to amend the Federal Water Power Act, and for other purposes; to the Committee on Interstate Commerce.

A bill (S. 2797) to authorize the issuance of a patent in fee to Erle E. Howe, Crow allottee no. 1555; to the Committee on Indian Affairs.

By Mr. STEIWER:

A bill (S. 2798) for the relief of Jane Alice Everson; to the Committee on Claims.

A bill (S. 2799) to provide for licensing the taking of water from the Government-owned main at Cascade Locks, Oreg.; and

A bill (S. 2800) authorizing the Secretary of War to lend certain Army equipment to the Mid-Columbia Legion Convention Commission for use at an American Legion convention at The Dalles, Oreg.; to the Committee on Military Affairs.

By Mr. BULOW:

A joint resolution (S. J. Res. 124) relating to the sale, reorganization, or dismemberment of the Minneapolis & St. Louis Railroad Co.; to the Committee on Interstate Commerce.

INTERSTATE WORKMEN'S COMPENSATION

Mr. WAGNER. I ask unanimous consent to introduce a bill and that it be referred to the Committee on Interstate Commerce, and I also ask that there be printed in the RECORD along with the bill a statement explanatory of the proposed legislation.

There being no objection, the bill (S. 2793) to provide compensation for disability or death resulting from injury to employees in interstate commerce, and for other purposes, was read twice by its title and referred to the Committee on Interstate Commerce.

The statement presented by Mr. WAGNER was ordered to be printed in the RECORD, as follows:

STATEMENT BY MR. WAGNER

This bill extends the principle of workmen's compensation for industrial accidents to interstate-commerce employees operating railroads, express- and sleeping-car companies, airplanes, and other vehicles moving along regular routes. It renovizes the antiquated system of employers' liability established by the Federal act of 1908. It is the logical supplement not only to similar laws already adopted in 44 States but also to acts of Congress protecting civilian employees of the Government, longshoremen and harbor workers, and private employees in the District of Columbia.

The bill provides exclusive and absolute liability for injury or death due to accidents in interstate transportation. It sets forth a carefully calculated scale of benefits, shifting to meet every standard type of injury, and in case of death not neglectful of the number of dependents in the decedent's family. In addition, the measure contemplates accident prevention work and the rehabilitation of disabled workers.

Major costs are assessed against the carriers in the form of insurance requirements, similar to the procedure in many States, including New York, Georgia, North Carolina, Texas, Virginia, Maryland, and New Jersey. A Federal appropriation of $250,000 is inserted in order to get the work started.

The proposed act is to be administered by a representative commission of three members, appointed by the President with the advice and consent of the Senate, and serving 6-year terms. Under its supervision deputy commissioners in the several States, or in other appropriate administrative areas, will hear claims and award compensation. All questions of law will be reviewable in the appropriate district courts.

It should be stated that the recent decision in the railway pension case in no way affects the authority of Congress to enact workmen's compensation laws covering interstate employees. In fact, the Court expressly distinguished this function. And the time is certainly at hand when 2,000,000 employees, who cannot be protected in any other way and who constitute the largest unitary group thus far neglected, should be brought under the protective arm of a comprehensive Federal statute.

THE COLONY OF CONNECTICUT

Mr. LONERGAN submitted the following resolution (S. Res. 133) which was referred to the Committee on Printing:

Resolved, That 19,000 additional copies of Senate Document 53, current session, entitled "The Colony of Connecticut and Its Beginning, Growth, and Characteristics to the Observance of Its Tercentenary Celebration in 1935", be printed for the use of the Senate document room.

AMENDMENT TO RIVER AND HARBOR BILL

Mr. BILBO submitted an amendment intended to be proposed by him to the bill (H. R. 6732) authorizing the construction, repair, and preservation of certain public works on rivers and harbors, and for other purposes, which was referred to the Committee on Commerce and ordered to be printed.

AMENDMENT OF SECURITIES ACT OF 1933—AMENDMENT

Mr. BORAH submitted an amendment intended to be proposed by him to the bill (S. 2461) to amend the Securities Act of 1933, which was referred to the Committee on Banking and Currency and ordered to be printed.

INVESTIGATION OF PHILIPPINE AFFAIRS—REPORT OF SENATOR GIBSON (S. DOC. NO. 57, PT. 2)

Mr. GIBSON. Mr. President, during the second session of the Seventy-third Congress the President of the Senate appointed a special committee to conduct an investigation and hold hearings in the Philippine Islands pursuant to a suggestion from the President of the United States, as contained in his communication of June 16, 1934. The committee so appointed has discharged its duty, and I now present my report to the Senate, and ask unanimous consent that it be printed in the CONGRESSIONAL RECORD, that the order heretofore made to print it in connection with a similar report of the Senator from Tennessee [Mr. MCKELLAR] be rescinded, and that it be printed as part 2 of Senate Document No. 57.

There being no objection, the report was ordered to be printed as a document, and to be printed in the RECORD, as follows:

REPORT AS MEMBER OF THE PHILIPPINE MISSION

INVESTIGATION OF CONDITIONS IN THE PHILIPPINES

To the PRESIDENT OF THE SENATE:

The special committee to conduct hearings and investigations in the Philippine Islands was appointed by the President of the Senate upon the suggestion of the President of the United States, contained in his communication of June 16, 1934. The committee arrived in Manila, December 9, 1934, having taken advantage of brief stops while en route to study economic conditions in Hawaii, Japan, and China.

The committee during the course of its Philippine investigation visited several of the more important islands, conducted hearings, talked with officials, received hundreds of memorials, interviewed peoples of all classes, and conferred at length with responsible members of the Philippine Legislature and the constitutional convention. Other outstanding leaders of the Filipino people were also consulted. The committee had the assistance of our able and efficient Governor General and his staff, as also that of the commanding general of the Department of the Philippines and of the commander of the Asiatic Fleet. The newspapers, trade organizations, civic groups, and those splendid American pioneers who have been powerful factors in building up the Philippines were also most cooperative and helpful.

The chairman of the committee addressed the people through the constitutional convention, setting forth clearly the political and economic problems of independence as viewed by the members of the committee and warning them of the dangers they must face and the problems they must solve upon assuming an independent status.

The author of this report traveled several hundred miles through the island of Luzon, visiting many Provinces and barrios, where he conferred with officials, came into contact with the common people, and observed economic conditions as they affect the great mass of the Filipino people, in order that he might form an opinion concerning the effect of independence, under the terms of the Tydings-McDuffie Act, upon the economic life of the Filipinos themselves.

It may not be amiss to call attention briefly to some outstanding facts concerning the Philippines.

The archipelago extends a thousand miles north and south off the coast of Asia. The most northerly island is less than 100 miles from Japan (Formosa) and the most southern, but a few miles from British Borneo and the Dutch East Indies. The geographical situation places the islands between great powers contending for the trade of the Orient and athwart the lanes of trade which supply the needs of more than half the peoples of the world. There are over 7,000 islands in the Philippine group, more than 6,000 of which have an area of less than a square mile each. Over a thousand of them are large enough to cultivate and to sustain human life. The largest of the islands is Luzon, with an area of 40,814 square miles. Mindanao comes second, with an area of 36,906 square miles. The total area of the archipelago is 114,400 square miles, larger than 15 countries of Europe and of 10 countries in the Americas. The coast line is twice as long as that of continental United States. The population is over 13,000,000, having nearly doubled since the American occupation. The population density is only 111 to the square mile as against 433.3 for Japan proper and 290 for the populous Provinces of China. It is estimated that the Philippines could support a population of 60,000,000.

The Filipino people are of Malayan stock; other peoples found in the islands are principally Chinese, American, and Japanese, the latter being scattered throughout the islands and also grouped in a settlement at Davao, which maintains direct commercial relations with Japan.

There are several major languages in use, with some 60 or 70 modifying dialects, each spoken by a fraction of the population. Spain failed to establish a common language which is so essential to national unity, and the United States has not been altogether successful in its efforts to do so, although the advance of the English language has been greater than that of Spanish during 300 years of the rule of Spain.

RESOURCES OF THE PHILIPPINE ISLANDS

The Philippine Islands is one of the richest dependencies in the world—a land of opportunity. It is one of the few sections that have been relatively free from the effects of the depression. The country is rich in natural resources. The Philippine forest reserve is enormous. It is estimated that at the present time it can produce 486,000,000,000 board-feet of timber of commercial importance, and, in addition, second growth offers an inestimable future supply. The Government owns 97.5 percent of the total forest area. and the annual net income from timber royalties is about $400,000. The industry produces large quantities of lumber of local consumption as well as for export. In 1933, over 172,000,000 board-feet of lumber were manufactured and more than 460,000,000 board-feet of logs were cut.

The Philippine Islands is also rich in minerals, containing deposits of gold, silver, copper, lead, zinc, iron, manganese, chromium, coal, salt, sulphur, and building and monumental stone.

Gold has been found in all sections. It is estimated that the value of gold produced in 1934, by methods not wholly up to date or efficient, was more than $12,000,000, and it is estimated further that the 1935 production will be $18,000,000. Prediction is made by experts that the Philippines will soon become one of the great gold-producing areas of the world. The capital invested in the mines is largely of American and foreign origin.

Copper is found in rich pockets running from 10 to 20 percent and in some cases as high as 40 percent.

There are several important deposits of iron. The Calambayunan and Larap deposits consist of almost pure massive or granular hematite with traces of magnetite and carries an average of 60 percent iron. The Surigao deposit runs about 52 percent iron and is estimated to contain 500,000,000 metric tons of ore.

The most extensive deposits of war material in the world in the form of chromium are found in the Philippine Islands, some of which carry approximately 40 percent of chromium oxide. Since the world's supply is limited, the great importance of the deposit cannot be overestimated. Millions of tons of high-grade, low-cost chrome ore are available. Coal is mined in a substantial quantity, as is asphalt, asbestos, gypsum, and sulphur.

The value of the 1,500 fish meat edibles obtained off the coast of the islands is enormous; local consumption is valued at about $50,000,000 annually. Fishing in insular waters is largely in control of the Japanese; of the 104 commercial fishing boats registered, 62 are of Japanese ownership. The value of Philippine farm products is more than $142,000,000 annually.

The islands are rich in everything that is naturally coveted by grasping nations, and the location of the Philippines places them in the center of the political and economic struggle of some of the great imperialistic countries of the world.

POLITICAL BACKGROUND

The people of the Philippine Islands have been under the control of many countries. They have been in turn subject to the Asiatic control of Hindu Malayan empires, to control by China and Japan, to European control by Portugal and Spain, and to American control. Spain gained ascendancy in 1565 and exercised administrative control for years through Mexico, then known as New Spain. Spain continued in power until 1898, although Portugal, the Netherlands, and England made attempts to overthrow her. Each of the nations ruling the Philippines has stamped its influence on customs, business, law, religion, language, and the life of the country. The Filipinos have been a dependent people for more than 500 years.

American control began upon the occupation of Manila August 14, 1898. Philippine Archipelago was ceded to us by Spain under the Treaty of Paris and the United States paid $20,000,000 for the transfer of sovereignty, for lands, and to remove claims by the Government of Spain.

The Supreme Court, in considering the situation created by the treaty, said, in 183 U. S. at 176, 180:

"By the third article of the treaty Spain ceded to the United States 'the archipelago known as the Philippine Islands.' * * * The Philippines thereby ceased, in the language of the treaty, 'to be Spanish.' Ceasing to be Spanish, they ceased to be foreign country. They came under the complete and absolute sovereignty and dominion of the United States, and so became territory of the

United States over which civil government could be established. * * * The Philippines were not simply occupied but acquired, and having been granted and delivered to the United States by their former master were no longer under the sovereignty of any foreign nation. * * * Spain granted the islands to the United States, and the grantee in accepting them took nothing less than the whole grant."

The situation of the Government with respect to the acquisition of territory added since the Republic was organized was set forth by the Supreme Court in 19 Howard (U. S. C. 393, 448).

"It (Louisiana Territory) was acquired by the General Government as the representative and trustee of the people of the United States, and it must therefore be held in that character for their common and equal benefit; for it was the people of the several States, acting through their agent and representative—the Federal Government—who in fact acquired the territory in question, and the Government holds it for their common use until it shall be associated with the other States as a member of the Union."

This decision makes it clear that, generally speaking, sovereignty rests with the United States Government as agent for the people. Chief Executives, however, have indicated that our control over the Philippines would be only temporary and that we would eventually establish a stable government and then withdraw. Congress, in the act of October 1916, declared this to be the purpose of the United States. The right of Congress to alienate the sovereignty of the United States over land and peoples to which it has become attached is, to the author of this report, extremely doubtful. It is a question which must eventually be determined by the highest court of the land.

THE WORK OF OUR COUNTRY

The United States established a stable government and proceeded to develop the island by building roads, schoolhouses, and hospitals, establishing a system of public education, teaching sanitation, educating nurses, physicians, and surgeons, and instructing in the art of practical agriculture. We reformed the judicial system; we provided towns with modern sewer system and with pure-water systems. We encouraged business and raised the standard of living in the islands over 200 percent above that of peoples of neighboring countries. Under our protection they were left undisturbed during the World War. In short, we did everything to make the government of the Philippines the helpful servant of its people. We built on the splendid foundations of the American Republic. The history of the world does not reveal another such example of unselfish work and sacrifice in behalf of a dependent people. In contrast with the world's colonial powers, we have never commercialized our rule nor encouraged private concerns to control and direct the business of the people. We have given to individual initiative the same opportunity that obtains on our mainland, and to the people we have offered as great a measure of freedom as we enjoy at home.

The Filipino people have insistently demanded the fulfillment of our promise of independence and have sent commissions to the United States to secure action. Congress, to carry out that promise, passed what is known as the "Hawes-Cutting bill." This met with opposition from a powerful political group of Filipinos and was eventually rejected by the Philippine Legislature. Another mission came, and as a result of conferences the so-called "Tydings-McDuffie Act" was passed. The act was signed by the President, approved by the Philippine Legislature, and is now the law that fixes our future relations.

The Independence Act provides, among other things, for the adoption of a constitution to be approved by vote of the Philippine people (which is the only plebiscite given them); this constitution has been duly certified by the President. It also provides for trade relations during the period of the Commonwealth government, and eventually for complete severance of control by the United States.

Such a severance means that the Philippines must support its own army, navy, diplomatic and consular services, finance its own government, and find markets for products grown and for goods manufactured, because the free-trade markets with the United States, which the islands have enjoyed for 25 years, will be closed except upon payment of the same duties now paid by other countries. In securing these markets the Filipinos must compete with other oriental countries, where the scale of living is much lower and the prices paid for labor only a fraction of that now paid in the Philippines.

TRADE

Our trade with the Philippines is an important factor to be considered in a survey and estimate of the situation and in determining our future relations. The story of its growth is a remarkable one. In 1900 our share in the combined export and import trade was 11 percent; in 1933, 78 percent; in 1901 the United States supplied 12 percent of Philippine imports; in 1930 to 1932, 64 percent. In 1901 we absorbed 18 percent of the total exports of the islands; 82 percent in 1930 to 1932; and 89 percent during the first 6 months of 1934.

The Philippines ranked ninth in importance as a market for our goods in 1933, taking more than Belgium, Mexico, Argentina, Spain, Brazil, Australia, or Cuba; more than our combined exports to Norway, Sweden, Denmark, and Switzerland; more than to Brazil and Colombia combined, or Switzerland, Colombia, Honduras, Haiti, Guatamala, Costa Rica, El Salvador, and Nicaragua. Of animal and vegetable products, which are composed largely of manufactured farm products, we sold more than to Cuba or the combined sales to Japan and Italy, or to Sweden and Denmark, or to Norway, Switzerland, Spain, New Zealand, and the Union of South Africa combined.

The Philippines were 60 percent more important as a market for American textiles than Cuba; 30 percent more important than Belgium, and more important than Argentina, Colombia, and Mexico combined.

As a consuming market for American goods the Philippines occupied the following ranks in 1933: Thirteenth for wood and paper products and for new metallic minerals; twelfth for machinery and vehicles (surpassing Italy, Germany, Australia, and China and equaling Switzerland and Soviet Russia combined); eighth for metals and manufactures except machinery and vehicles (exceeded the trade of Brazil and equaling that of Italy and Sweden combined); fifth for chemicals and related products (exceeded only by Canada, the United Kingdom, France, Germany, and Japan); second for wheat flour, canned fish, and cotton fabrics by the pound; first for milk and cream, both condensed and evaporated; for cotton cloth, colored, bleached, and unbleached; for galvanized iron and steel sheets; for ready-mixed paints.

The Philippines take 32 percent of our exports of colored cotton cloths, 52 percent of our bleached cotton cloth, 23 percent of our cotton fabrics by the pound, and 57 percent of our evaporated milk and cream.

In 1933, of the imports into the islands, the United States supplied 63 percent of the cotton goods; 74 percent of the iron and steel; nearly three-fourths of the wheat flour; half of the meat and dairy products; 80 percent of the automobiles; 88 percent of the mineral oils; and 69 percent of paper and its allied manufactures. Only eight countries purchased more of our products than the Philippine Islands, and no country purchased more of Philippine products than the United States.

All of the industries interested, especially producers of dairy products and the producers of cotton throughout the South and the manufacturers of cotton goods throughout the North, must be directly interested in the solution of the present-day Philippine problem.

And that is not all. The Philippine market must be considered in connection with other markets of the Pacific area; China and India are in a period of industrialization. While this will tend to supply some of their needs, yet industrialization has always raised buying power and increased demand. These countries will increase their demands for cotton, wheat, and foodstuffs. The United States should be in a position to claim its share in their markets. The Philippine Islands hold the key to our Pacific trade. The Far East is the world's greatest potential market today. America should be in the Far Eastern trade to stay, for its trade has attained considerable proportion, representing in value at present upward of $1,000,000,000 a year. This is nearly one-quarter of the total foreign trade of the United States and exceeds that of South America.

When we consider, however, the entire exports of the United States, we find that the Philippines take only about 3 percent of our entire exports, while the United States takes over 80 percent of exports from the islands. So it follows that we can get along without their market, but the Philippines cannot get along without ours.

THE TYDINGS-M'DUFFIE ACT

The Tydings-McDuffie Act, with which we must specifically deal, provides for changes in the trade relations that will materially affect the volume of imports from and exports to the islands. Quota restrictions and export taxes are to be applied during specific periods under the Commonwealth government. Full independence is provided for in 10 years and means a complete break of the economic and political bonds which have united us. The Philippine Islands will then assume the status of a foreign country and will be treated exactly as any other foreign country unless some new arrangement by way of a trade agreement is entered into.

Prior to the establishment of the Commonwealth Government, no change in trade relations is made by the independence act. The Jones-Costigan Act fixing the sugar quota does, however, work some change, and so does the imposition of an excise tax on the first processing of oils equivalent to 3 cents per pound on oil pressed from Philippine copra. This gives Philippine copra a 2-cent preference as compared with the 5-cent rate on coconut oil originating in other countries.

In the period of the Commonwealth Government two changes appear. During the first 5 years of that government, duty-free quotas are imposed upon the amounts of sugar, coconut oil, and cordage which may be imported into the United States. For sugar the limit is 50,000 long tons of refined sugar and 800,000 long tons of unrefined. The duty-free quota for coconut oil is 200,000 long tons and for cordage 3,000,000 pounds. Shipments in excess of the quotas will pay full duty after the inauguration of the Commonwealth Government. These are the only restrictions aside from the export taxes during the sixth and successive years of that government. Except for these restrictions, free trade will continue to prevail.

During the second 5 years of the Commonwealth Government, provision is made for a new type of restriction in the form of a progressive export tax to be collected by the Philippines on all shipments to the United States of insular products, provided such products cannot enter the United States free of duty when imported from other countries. Shipments of sugar, coconut oil, and cordage, under the quotas already mentioned, are included in this provision. These export taxes are fixed at 5 percent of the United States tariff rates for the sixth year of the Commonwealth Government and increase 5 percent each year until they reach 25 percent

in the tenth year. The principal commodities affected are sugar, coconut oil, desiccated coconut, cordage, cigars, embroideries, hats, and buttons.

The object of this tax is to afford the Filipino people an opportunity to adjust themselves to the new conditions they must face after independence, and to provide for the payment of the bonds of the Philippine Government and its subdivisions; bonds, which, though not guaranteed by this Government, yet were sold by us and, therefore, bear our implied approval.

After independence becomes a fact, then all Philippine goods must bear the full rate of duty. The act provides, however, that before the time fixed for independence a conference shall be held for the purpose of making recommendations as to future trade relations.

FILIPINO OBJECTIONS

Filipino leaders have never fully assented to the economic provisions of the Tydings-McDuffie Act. They take the position that they acquiesced only because of a reliance on statements made by the President that if imperfections and inequalities exist they could be adjusted through a conference. They believe, and rightly, that the provisions of the act jeopardize the success of any independent government they may set up, and will result in a collapse of their social and economic structure. They object to the quotas, to the export-tax provisions, and claim that the period within which economic adjustments are to take place is too short. They object to a discontinuance of the free-trade relations after independence is achieved and ask for full-trade and tariff autonomy during the commonwealth period. In the words of Manuel L. Quezon, president of the Philippine Senate, a most able leader and who, more than any other man, controls the situation, "In order that the government of the Commonwealth might be safe and assured of success, it is necessary that all economic provisions be amended." He called for elimination of the provisions of the Tydings-McDuffie Act, imposing the export tax, for higher quotas; and for a permanent agreement as to trade relations with the United States, which, of course, means continuance of free trade with the islands. He apparently accepts the theory that the closing of American markets strikes a death blow to the economic life of the Philippines.

The specific amendments to the Tydings-McDuffie Act to accomplish the Filipino demands may be enumerated as follows:

(1) Elimination of subsection (e) of section 6, providing for export taxes;

(2) Amendment of subsections (a) and (c) of section 6, raising the sugar and cordage quotas;

(3) Amendment of sections 2 (a), 5, 9, and 10 so as to give full autonomy in tariff and fiscal matters to the Philippine Commonwealth government;

(4) Amendment to section 13 changing the time for the conference to formulate policies for future commercial relations to 2 years before complete independence. These amendments cover practically all of the trade provisions of the Independence Act.

In other words, the claim is made that each and every trade provision of the Tydings-McDuffie Act is unjust and unfair both severally and in anticipated collective effect. All of these objections are based on the fear of a prospective collapse of their social and economic structure following a closing of American markets and a return of the great mass of Filipinos to oriental standards of living. To these objections may be added that the Tydings-McDuffie Act does not give the full measure of independence expected, and that no final plebiscite is given the Filipino people in which to voice their direct and free approval of independence itself.

POLITICAL QUESTIONS INVOLVED IN INDEPENDENCE

Thus far we have dealt with economic provisions and objections naturally arising thereunder. In addition there are certain political questions which must be considered. These are well stated in a recent study and are suggested here for the consideration of the Congress:

(1) Can an independent Philippine government maintain internal peace? Would internal political strife create international complications?

(2) What will be the responsibility of the United States, if any, in preserving Philippine neutrality?

(3) After independence, will the islands be forced into closer political and economic connections with any other country, and would such a situation become a disturbing factor to the peace of the Pacific?

(4) Will the infiltration of other races prove a serious political problem?

In connection with these political questions it is well to consider the rapidly changing conditions in the Pacific. The following matters deserve special attention: The rise of an ambitious power to commanding influence guided toward its assumed destiny by able statesmen; the so-called "Asiatic Monroe Doctrine"; the fight for trade; the infiltration of Japanese into the Philippines; the placing of Japanese merchants in all parts of the islands—picked men with special knowledge of the vernacular and customs of the people; the establishment of the Japanese colony of 15,000 at Davao; the fact that Japanese corporations have acquired control of land by various methods and title to thousands of acres of land, either in fee simple or by leasehold rights, apart from sublease rights acquired from Filipinos; and that Japan by subsidizing college professors is pursuing the old policy of our public utilities and is carrying on a propaganda program with the object of ingratiating herself into the good will of the Filipino people. Japan, in fact, is moving in as we are moving out.

Some Filipinos claim that the Philippines would be safer under independence in dealing with Japan than under American sovereignty. This is an untenable proposition.

In considering the whole situation in the Orient, it may be well to bear in mind the interest of Great Britain and what may be done to protect her position. England, in the event of our final withdrawal, will not suffer any other nation to block her lanes of trade or endanger her free passage to Australia and to her many bases in the East. England does not willingly surrender a right she has won or give up a foot of territory under the British flag. As a measure of protection, her budget for military purposes is being materially increased. The situation created by our withdrawal may bring Japan and Great Britain face to face in the Philippines with a common problem. English diplomacy is not wholly altruistic as to objectives. A solution may force a secret treaty to delimitate spheres of influence and control the trade of the Philippines. The only safe way to judge the future is by the past; we cannot forget the secret treaty which was uncovered in the negotiations leading up to the Treaty of Versailles.

The effect of Japanese influence on our trade is already becoming apparent. The figures show some losses in our exports to the Philippines, particularly of cotton goods. In this commodity the Japanese supplied 52 percent of the quantity of Philippine imports during the first 10 months of 1934, as contrasted with 23.5 percent in 1933. During the same period imports of cotton cloth from the United States fell from 67 percent to about 41 percent.

OTHER QUESTIONS RAISED BY THE TYDINGS-M'DUFFIE ACT

There are imperfections in the Tydings-McDuffie Act that directly affect our people. The justice of the act lies in the fact that it carries out any promise of independence that may bind us. The injustice lies in the fact that its provisions will cause us to lose a position of influence in the East and render it difficult to carry out any consistent far-eastern policy.

It will gain for us the reputation of deserting a problem before its solution.

It will help to turn back our race movement for the first time in its history.

It will make America, once the hope of Christendom, the leader in the retreat of the white man.

It will put us in a position of leaving a people we have promised to help at the mercy of grasping, imperialistic nations, unless and until a neutralization treaty can be negotiated—an idle dream.

It may operate to lose for us one of our best markets.

Under the terms of the act we are required, in effect, not only to give up the islands but to give them a bonus, coupled with their independence. We are required to make a tremendous financial sacrifice in the form of reservations, lands, hospitals, and other property involving many millions of dollars. It is true, however, that we will also be relieved of our annual expenditures in the islands.

There are certain fiscal problems brought to the Filipino by the independence act. The costs of government will be increased because of the necessity of performing services performed heretofore by the United States. Government income will be curtailed. Taxation must increase. Will the Filipino accept the additional burden? Will it be possible for the government to maintain present standards of service? If not, what will be the result in the present state of world relationship?

In dealing with the economic situation we can change the quotas, the export taxes, and the 10-year time limitation. We can amend the law so as to permit the negotiation of a trade agreement during the commonwealth period; or negotiate a trade agreement effective after full independence is achieved; or Congress can reduce duties, from whatever country imported, on certain articles which are of special interest to the Philippines. It must be borne in mind, however, that no trade agreement can become operative during the commonwealth period without further legislation, and that trade agreements, under existing law, can be entered into only with foreign countries. In any trade agreement we must meet the situations created by 30 recent treaties containing the most-favored-nation clause, and by the Cuban trade agreement.

It may be observed that, so far as the political situation is concerned, we have enacted the independence law. It is my opinion it should not have received the sanction of the Congress in its present form. I voted for it, and now tender my regrets for having done so. But it has been approved by the Philippine Legislature and constitutes an obligation which we cannot ignore. The economic provisions of the Tydings-McDuffie Act can be changed and the imperfections in inequalities adjusted. Even the political set-up can be changed, but this must be done upon the initiative of the Philippine people. We Americans are bound by what we have done. All of the Filipino leaders know the dangers that confront them, but, with the present political control, few will back a proposal for a change in the political part of the act. The situation affords an acid test of Filipino statesmanship of the present day.

Our course has been correct. The Filipino people have been warned of the direct effect of the independence act in clear and unmistakable language by the chairman of the committee in his address before the Philippine Constitutional Convention. This has already been set forth in the CONGRESSIONAL RECORD of February 12, 1935.

I have only the good of the Filipino people at heart. I cannot divest myself of the firm conviction that the Filipinos would be far better off if they had some form of independence under American sovereignty, but it is up to them to say whether or not they wish to go along with us. The decision is theirs to make.

Theodore Roosevelt once said:

"The time will come when it will be wise to take their own judgment as to whether they wish to continue their association with America or not. There is, however, one consideration upon which we should insist. Either we should retain complete control of the islands or absolve ourselves from all responsibility for them. Any half-and-half course would be both foolish and disastrous. We are governing and have been governing the islands in the interest of the Filipinos themselves. If, after due time, the Filipinos themselves decide that they do not wish to be thus governed, then I trust we will leave; but when we do leave it must be distinctly understood that we retain no protectorate over the islands and give them no guaranty of neutrality or otherwise; that, in short, we are absolutely quit with responsibility for them of every kind and description."

President Coolidge, in his letter to Governor General Wood of the Philippine Islands, well stated some of the necessary requisites for self-government by saying:

"The ability of a people to govern themselves is not easily attained. History is filled with failures of popular government; it cannot be learned from books; it is not a matter of eloquent phrases. Liberty, freedom, independence are not mere words the repetition of which brings fulfillment. They demand long, arduous, self-sacrificing preparation. Education, knowledge, experience, sound public opinion, intelligent participation by the great body of the people, high ideals, these things are essential. The degree in which they are possessed determines the capability of a people to govern themselves."

Expressing about the same thought, President Wilson, in appraising our relation with the Philippine people, said:

"But we cannot give them self-government. Self-government is not a thing that can be 'given' to any people, because it is a form of character and not a form of constitution. No people can be 'given' the self-control of maturity. Only a long apprenticeship of obedience can secure them the previous possession, a thing no more to be bought than given. They cannot be presented with the character of a community, but it may confidently be hoped that they will become a community under the wholesome and salutary influences of just laws and a sympathetic administration; that they will after a while understand and master themselves if, in the meantime, they are understood and served in good conscience by those set over them in authority."

It has seemed to me sufficient in the performance of my duty as a member of the special mission to set forth facts concerning the Philippine situation, and state what can be done, for the information and guidance of the Congress, and not attempt to make a recommendation as to what should be done.

It may be well for the Filipinos to consider the dominion form of government with complete independence as to internal affairs under the Commonwealth Government with their own selected chief executive.

They may also consider statehood in a modified form that would give them complete freedom and independence, admitting the Philippines to the Union with two Senators and a limited number of Representatives.

This last plan may involve an amendment to the Constitution.

If our 35 years of control and example has not been in vain, they are prepared for such a state; if prepared for independence, as we concede by the enactment of the Tydings-McDuffie Act they are, then they are prepared to be an integral part of the Union, surely better prepared than the Dutch East Indies to be an integral part of the Kingdom of the Netherlands.

Another plan worthy of consideration is for the Filipino people to go forward with the commonwealth government and within the 10-year adjustment period, if they find changes in the political set-up are needed, to apply for a change and cooperate with us in making out the problem to the mutual well-being of both peoples. Another solution worthy of serious consideration is for the Filipinos to proceed indefinitely under a commonwealth government set-up.

But these are only possible solutions, and suggested for what they may be worth.

However, if any recommendation is required in this report, then I suggest that the Filipino people, before the end of the commonwealth period, request a revision of the political as well as the economic features of the Tydings-McDuffie Act, and that America be requested to retain its sovereignty. Small states must rely for their security on a strong nation or enter into intrigues with other small nations, intrigues which endanger the peace of the world. It is increasingly difficult for them to sustain their civil governments against increasing costs.

There could well be a balance of trade by the use of the tariff power, both by this country and by the Philippines, and by nationalizing the shipping between the two markets. If the two people strike an agreement to share American sovereignty, and put off to a remote future the separation arranged for under the Tydings-McDuffie Act, it would, in my opinion, inure to the benefit of both nations. If the Tydings-McDuffie Act is carried out, the small Philippine state will be a disturbing factor in the Far East. In my opinion, it is vital for the Philippines and its resources that our liberal sovereignty should remain, and in this is our own security, for if we abandon them we may become involved in their struggle to survive, and in the struggle that will be precipitated in the Far East.

It is essential, too, it seems to me, that the free institutions set up by America in the Philippine Islands should be continued because the final influence of those institutions would be the general redemption of all Malaysia. This powerful buffet is very important in the future. It will develop slowly, still it will develop surely.

In other words, we should have a state policy in the Far East based on our own democracy, and pursued independently of any other state policy even with the friendliest nations. This is the only safe ground for America in that quarter of the world.

In the event that no political change is made then a trade agreement may be advantageous, both to the United States and to the Philippine Islands, but the road leading to such an agreement is not free from pitfalls.

As previously stated, we have given Cuba exclusive and preferential concessions shared by no other foreign country. Our trade relations with the Philippines are excluded from the Cuba trade agreement of 1934. But it may be argued that the assumption of independent status by the islands would bring the provisions of any trade agreement we may make into conflict with our Cuban agreement. It may be said, too, that any trade agreement, especially with respect to sugar and coconut products, would be unfair to the other sugar- and coconut-producing sections of the world. Then, too, the "most-favored-nation clause" in our 30 commercial treaties provides that the products from a foreign country will receive in the ports of the United States the same treatment as given to the most favored nation.

These difficulties indicate that there must be a full, minute, and complete study made of the whole trade situation; and we should see to it that such a commission is set up immediately to provide the necessary information if we proceed in our relations with the Philippine Islands on the basis of trade agreement alone.

This report should not be construed as a criticism of the Filipino people, or their leaders. They have struggled legitimately to actually realize that which is inherent in every human being, a desire for a greater measure of liberty and freedom and the right to govern themselves.

In addition to the well-being of my own country, my aim is the well-being of the Filipino people; that they may go forward through the years of the future to a safe and secure position among the nations of the world.

They are a gentle, home-loving, hard-working people, who are entitled to protection against the grasping imperialistic nations in the midst of which fate has placed them. America should see her duty clear not to desert them in an hour of danger. I am thinking of the Moros of the south, of the Bontocs and the Igorots of the north, of the man in the rice field, of the farmer and the laborer, and all those who toil long hours for a meager existence. And I join for them in a fervent prayer to God that He may save the Philippine Commonwealth and deliver these people from the fate of falling to the level of the living conditions of the Orient.

ERNEST W. GIBSON.

"CAN THE PARTIES LIVE WITHOUT PATRONAGE?"—ADDRESS BY SENATOR O'MAHONEY

Mr. ROBINSON. Mr. President, I ask leave to have printed in the RECORD an address entitled "Can the Parties Live Without Patronage?" delivered by the junior Senator from Wyoming [Mr. O'MAHONEY] at a dinner of the General Council of the National League of Women Voters in Washington, D. C., on Wednesday, May 8, 1935.

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

The question which has been propounded by your program committee as the subject matter for the discussion this evening admits of a categorical answer and I think it would be asking too much to expect a Democrat, even in a nonpartisan meeting such as this, to overlook the opportunity it affords. The answer is emphatically "yes"; and if you ask for proof, let me point to the fact that the Democratic Party, having elected only three Presidents since the Civil War, has managed to survive without benefit of patronage and to present the country, for good or ill, according to the point of view, with that far-reaching program which is called the "new deal."

Except in the administrations of Grover Cleveland, Woodrow Wilson, and Franklin D. Roosevelt, the Democratic Party has been a stranger to Federal patronage. More than that, I may, perhaps, with propriety, allude to the fact that even though it was a stalwart supporter of Andrew Jackson, who announced that "to the victor belongs the spoils", it was Grover Cleveland who declared that "public office is a public trust", and who took the first steps to use the civil-service law in any measurable degree for the purpose of selecting governmental employees.

The question rather assumes as a major premise, that political parties really exist for the purpose of patronage. If I were to say nothing else tonight, I should want to say that the history of our country proves this to be an assumption without basis. Principles, not patronage, have always constituted the living force of our political system. Those parties which have been uncertain in their philosophy, even though they wielded the power of patronage without restraint, have never been able to preserve themselves from defeat when fundamental issues affecting the public welfare have had to be decided.

PRINCIPLE THE BASIS OF POLITICAL LIFE

Of course, we all recognize that patronage has been abused in all periods of our history; that appointments to office have been made by all parties for no better reason than that the aspirants have rendered, or were believed to have rendered, effective parti-

san service, and that the hope of reward in the form of public office has frequently been the motive which has prompted ambitious men to aline themselves with one party or another. Indeed, many of those who have been candidates for election at the hands of the voters have not been above shaping their course on public questions by what they conceived to be the expedient thing to do. We may admit all of these things. We may acknowledge all of the unlovely phases of political life, and yet it may be said with absolute accuracy that the great majority of our citizens are guided by principle in their political affiliations.

I know of no class of people more ready to depreciate one another than politicians. The other fellows are always rascals—for public consumption. But when you find them gathering around the committee tables, in the legislatures, or in Congress, or conferring on executive boards and commissions, they are never loathe to acknowledge one another's fundamental virtues. The actual truth of the matter is that most of those who hold public office in this country—local, State, or National—are guided by an actual desire to serve the public good. They do not intentionally degrade the offices they hold, nor do they, generally, speaking, pervert the public patronage. Indeed, if the truth were told, I think it would be acknowledged that the standard of ability and integrity in public life is at least as high as it is in private life, and this regardless of the part that patronage is supposed to play.

But the politician, because in his campaign he must needs use the methods of mass appeal, too frequently gives a wrong impression of his calling, and at the same time an exaggerated importance is given to the value of patronage as an instrumentality of politics. Indeed, every executive has found the office seeker the bane of his existence. The wise and effective party leader is not long in discovering that the merit system is not only the best manner in which to secure efficient Government employees, but also the easiest escape from the importunities of the undeserving and the unfit.

The soundness of the merit system as a method of selecting Government employees is, I think, everywhere acknowledged both from the point of view of value in public service and effectiveness of political leadership. Nevertheless, if the selection of all appointive officials were to be exempted from political control, results quite as bad in their effect as those which have been attributed to the spoils system could easily follow.

One thing we must always remember, the Government belongs to the people. It is instituted in their interest. It should be administered in their behalf and not in the interest or in the behalf of the officeholder.

In State or Nation there never yet has been established a bureau which voluntarily limited its own growth. Every board, every commission, that was ever created soon found many reasons, real, plausible, and imaginary, for the expansion of its activities and the perpetuation of its existence.

DANGER OF BUREAUCRACY

Any system that would completely free the civil establishment from the control of political authority would have the inevitable effect of establishing a permanent and oppressive bureaucracy. It is for this reason that I personally look with apprehension upon the movement that would extend the protection of the civil-service laws to all of those who have been given employment in the emergency branches of the present administration. The moment that thousands of employees who were hired for the purpose of doing a particular task which the administration and the country hoped could be accomplished in the briefest possible time, gain the right to feel that they are under the protection of the civil-service laws, in that moment they will begin to feel that they have a vested right to retain permanently the jobs they hold, and in that moment the great task of demobilization of the emergency establishments which should be undertaken just as soon as recovery and reform have been accomplished, will be made 100 times more difficult than it will necessarily be in any event.

One of the perils of a republic is the growth of an officeholding class. It was to escape this danger that some of the earliest American colonists established the principle of rotation in office. Of course, that principle was abused and was made an excuse by which executives in later years justified proscription of all political opponents. The fact that the principle was abused should not, however, close our eyes to its value, because it is one of the best possible means of keeping a government close to the people. In a republic we can afford to sacrifice a good deal of efficiency in order to be sure that we have a government which is responsive to the public will and which will serve the public interest.

It is for this reason that in all steps which we may take for the extension of the merit system in public life we must, above all things, be careful to preserve in the executive authority the right to appoint and remove at will all principal public officials who play a part in framing political policy. Only those officers whose duties are purely ministerial should be made secure in their tenure. If the people are to maintain control of their government, they must have leaders who may be appointed as well as elected to important public places.

When, as at the Presidential election of 1932, the voters of the Nation said in the most emphatic way in which it could be said, that they wanted a change in the management of the Government, they were entitled to have that change not only in the person of the President and the Vice President and of those Senators and Representatives who were elected in the several States, but they were entitled to have as thorough-going a change of supervision in all so-called "key positions" of the executive arm as might be necessary to bring about the altered point of view, without which the altered objectives for which they declared could not be obtained. This statement would remain just as true if at the next Presidential election there should be another reversal of opinion by the people. They are the sovereigns. Their will is the law of the land, and we should be very careful to do nothing which would set up an obstacle to prevent the effectuation of that will.

PEOPLE MUST CONTROL EXECUTIVE ARM OF GOVERNMENT

It is not only true that the man who takes the sword of political combat should be willing to perish by that sword if the tide of battle runs against him, but it is also true that the officeholder who desires to hold his place permanently in the public service must be willing to forego not only active participation in political campaigns, but he must also be willing to forego the exercise of directing influence in shaping the policies of his Government. Only the people have the right to do that through agents whom they may change at will.

When any new President is elected it becomes not only his right, but his duty, to make effective the public policies for which he stands. If he should be surrounded by a permanent officeholding class in every department of the Government, in every commission, in every board, in every bureau, it is not difficult to see that his efforts would be certain to be rendered futile.

The magnitude of the Government establishment exceeds by far anything that the average citizen has ever imagined. In single office buildings in Washington there are more clerks and Government employees than there are inhabitants in many a substantial town throughout the land. It is a common experience for a Senator or Representative receiving a call from some constituent who is visiting Washington for the first time to hear that constituent say, "Why when I wrote and asked you to see the Secretary of the Interior, to call upon the Collector of Internal Revenue, or to go to the Veterans' Bureau (or some other department chief as the case might be), I had a picture of you putting on your hat and walking across the street to another building. It never occurred to me that the city was filled with Government offices larger than factories."

In circumstances like these it is perfectly obvious that when the work of the various branches is necessarily delegated to subordinates who wield great power, though their names are never heard outside of their own departments, it is a physical impossibility for the President and his Cabinet officers to direct the policy of the departments without the active, responsible, and loyal cooperation of the men who hold the key places. The President and his Cabinet aides are necessarily dependent upon these officials. Place them in office permanently, subject to removal only for cause, and you shackle the hands of your President and deprive the people of their right to exert a direct control through their Chief Executive upon the Government.

Members of Congress are elected to represent the people and the States in the enactment of the laws. They hold no executive power. The President is the only official elected to represent all the people and to act for them in an executive capacity. All the vast multitude of appointees also represent all the people, but they are not elected. They are not responsive to the people. The people know nothing of what they are doing or how they are doing it. It becomes essential, therefore, if we are to preserve the fundamental theory that ours is a government of the people, that the President must be protected in exercising complete authority over every official who has the power and the duty to direct policy.

REFORMS NOW RIPE FOR ADOPTION

This can be accomplished without in any degree impeding the advance of the merit system. Indeed, one of the three major reforms which it seems to me are ripe for adoption in the civil-service system, is a practical plan for the transfer or reassignment of civil servants in the upper bracket to other duties in the same or in different departments without loss of rating. Under the present system if a department head desires to make a change among subordinate superintendents, it is ordinarily necessary to cause demotions of salary to an exent that does not seem to be justified in the absence of delinquency on the part of the official.

Another reform which would seem to be a natural development would be a prohibition against the covering into the civil service either by Executive order or by legislative enactment of either individual employees or classes of employees originally appointed without regard to the civil-service laws.

A third reform, which I venture to hope is almost at hand, is the extension of the system to the appointment of all postmasters. These are officials who clearly have no functions to perform in the delineation of policy. Moreover, they are not concentrated at the seat of government, but are scattered throughout the Nation where they are constantly under the observation of the people whom they serve. When it becomes clear that postmasters are actually selected and appointed because of their capacity to perform the particular task to which they are assigned, public faith in the civil-service system will be vastly increased.

All three of these reforms restricting partisanship in the selection of employees, but not impairing the essential political control of the executive arm of the Government, will be, in my opinion, just as beneficial to the political parties as they surely will be to the public service, for again let me say it is not by patronage but by principle that a political party prospers.

WOMEN IN INDUSTRY—ADDRESS BY SENATOR WAGNER

Mr. ROBINSON. Mr. President, I ask unanimous consent to have printed in the RECORD a very able address delivered

by the junior Senator from New York [Mr. WAGNER] on the occasion of the public-affairs dinner of the Institute of Women's Professional Relations at the Hotel Astor, New York City, on March 28, 1935.

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

An enduring civilization has been reared on this continent by the mutual endeavors of men and women working together. The white man began to take root in the New World, not when the earliest explorers crossed the ocean in search of gold or adventure, but when more solid folk brought their wives to the rocky New England coast and built their homes as adjuncts to their farms. Two hundred years later, when a growing population began to surge toward the Pacific, it was not the daring and unstable prospector who conquered the West. The West was captured by the covered wagon, bearing women as dauntless, as sturdy, and as industrious as their men. Throughout our history it has been the same. During the last century our agricultural wealth was due in large part to the woman at work in her home, spinning, sewing, preserving, caring for her children, and even assisting her husband in the more arduous tasks of the great outdoors. The tremendous role that the woman of today plays in our economic life is neither a new nor a passing phase. It is as old as America itself.

The emergency of women into industrial and professional work divorced from the home is novel only because the swelling tide of our industrial development is itself new. The woman's security today depends upon the job rather than upon the welfare of a tight little domestic economy, because we are passing from a Nation of farmers to a Nation of jobholders. In almost every nook and cranny explored by enterprise will be found a part of the 10,000,000 women who are working for pay. While those in the factories are concentrated largely in textiles and clothing, they are not absent even from the packing house or the automobile plant. Over half a million are saleswomen, in clerical occupations. They are as numerous as men, and they have established their preeminence as instructors of the young. The volume of women in professional life increased 48 percent between 1920 and 1930, and has now risen to about 1,400,000, placing them almost on a level with men in this respect. In quality as in quantity they do not suffer by comparison. Ranking in the top flight of authors, explorers, aviators, dramatists, lawyers, judges, professors, and college presidents, women are now distinguishing also the highest positions in our governmental life.

Caught in the whirl of industrialism, women are faced, as mothers, as job holders, or as both, with every acute economic problem now confronting the world. In addition, they are burdened with a long train of handicaps artificially imposed upon them because of their womanhood, and it is to these that I wish to devote a few remarks.

The discrimination confronting the job-holding woman today is the lineal descendant of the ugly prejudice which only a century ago forced Mary Ann Evans to write her extraordinary novel under the name of George Eliot, and which within our own memories was extending the ballot to the man alone. Happily these coarser and more obvious forms of stupidity and injustice have faded into the background.

But feeding upon prejudices more difficult to eradicate, more difficult even to see, have been the forces of economic exploitation, preying upon women in industry by classifying them as undeserving of equal treatment with men.

Because wages are at the center of business, relatively low pay is the signal badge of inequality that women have worn. One hundred years ago they received only one-fourth as much as men performing similar work. While such glaring disparities have vanished, the necessary leveling process is not yet completed, and discrimination is rife in many areas. Nor is this disfavor confined to wages. When the depression set in women lost their jobs first, and in short order over 2,000,000 of them were reduced to dependency. Stepchildren of industry in times of sunshine, they became the first orphans of the storm.

As all evils, the one to which I have referred has been prolific in self-justification. It has been said that the majority of women are unskilled workers. This is less true today than formerly, for women are entering every field of skilled and technical endeavor. And even where it is true, the apology falls to the ground because equally unskilled men receive better wages.

Another common misstatement is that women can afford to earn less because they are merely marginal workers for whom their jobs are a means of supplementing a family income. Of course, this neglects entirely the unmarried, independent women, who constitute over 70 percent of all those in industry at the present time. To these single people the job is life itself. Frequently they have parents or other dependents to care for. They are faced with the constant threat of insecurity in the future, of sickness and unemployment. In every respect their working problem is as large as that of the man.

Nor is the argument of the marginal producer validly applicable to the married women. When she enters the economic world the contribution of her family to the wealth of the Nation is approximately twice as great as when her husband alone was working. This means that the family income should be doubled, not that husband and wife should be forced to share the earnings which previously had accrued to him alone. Aside from the economic injustice of any other course, there is the paramount social interest to be weighed. In view of the low incomes of the vast majority of American families, the working woman is forced into industry to extend the opportunities, at times even to preserve the very health, of her children. Her stake in her job is not a trivial one.

We have tragic and cumulative evidence of the effect of low wages upon the health and welfare of women in industry. In 1932 their Nation-wide average weekly earnings were $11.72. It is conservatively estimated that of this meager sum $11.63 would be required for a decent level of board and lodging. This would leave practically nothing for clothes, for health, for insurance, for recreation, and for the other benefits which enter into a full life.

An equal stake in her job with men is necessary to give substance to the form of political and social emancipation which the woman now enjoys. We live in a great industrial civilization, where all of our habits and institutions are colored and shaped by the conditions prevailing in our economic life. So long as woman is discriminated against in industry, her political liberation will be an illusory blessing and her social equality a meaningless slogan.

Contrary to the impression of the short-sighted discrimination against women in industry is equally pernicious in its effect upon men who work. This is quite platitudinous in regard to the married woman who is bearing her share of the breadwinning task. And while only 15.9 percent of the women at work were married in 1890, the number rose to 28.9 percent in 1930.

Secondly, the existence of a vast army of underpaid women who are regarded as cheap material for the labor market exercises a depressive effect upon all wage rates. Nothing could be more mistaken than the notion that women would compete with men if they were treated on an equal footing. Hurtful competition exists just because they have not been put upon an equal footing, and because lower standards always tend to drag all down to their own level.

The most important reason why higher wages for women would benefit the entire industrial system, however, is that they would increase the total volume of purchasing power and thus maintain the consumer demand upon which stability and progress depend. The lag in wages that constituted the most powerful depression-producing force was in large measure assignable to the direct and indirect effects of discriminatory practices in industry.

Until the passage of the National Industrial Recovery Act, there was little legislative embodiment of a principle of equality against which no sound argument can be directed. But in over three-fourths of the 400 codes under that act the same basic wages are provided for women as for men. And, as clear thinking and education drive home the realization that the interests of men and women in industry are unified rather than in conflict, the pace of progress for both will be quickened.

Up to the present, most of the legislation designed to protect women at their jobs, instead of dealing with the problem of discrimination, has given women certain preferences based upon their special characteristics in strength and endurance. Thus, only five States have failed to pass laws regulating the hours of work for women in factories. Some sincere advocates of the cause of women in industry have looked with disfavor upon this special legislation upon the theory that it denies the principle of equal treatment. While I appreciate their sentiments, I do not share their views. There does not seem to me to be any inconsistency in holding on the one hand that women should receive equal treatment with men for the same kind of work, and on the other hand that women should receive special consideration based upon special circumstances. I am inclined to agree with the famous statement of Mr. Justice Holmes dissenting from a Supreme Court decision which declared unconstitutional a minimum-wage law for women in the District of Columbia. He said: "It will need more than the nineteenth amendment to convince me that there are no differences between men and women, or that legislation cannot take those differences into account."

The most important reason, however, for upholding and enlarging these special laws which advance women in industry, is that they are the entering wedge through which can be driven new and wider forms of social security laws for all groups. It was upon the experience established by regulating the work of women and children that the National Recovery Act was reared to guard the living standards of all groups. It is to the precedents of liberal courts sustaining special protective legislation that we look when we hope to sustain general protective legislation. Progress comes by slow degrees, and every assumption of social responsibility, however slight, is a step in the direction of that public enlightenment upon which full responsibility must rest.

While women have been most active in the advocacy of welfare legislation, they have, on the whole, not kept pace with men in self-organization, or in cooperative efforts based upon trade or industrial or professional unity. But our experiences during the past 2 years have confirmed my opinion that no government alone can do the entire job of recovery or reform. The minimum standards set by law are merely the base upon which individuals and groups must build by their own efforts. And even the basic adequacy or inadequacy of these minimum standards depends largely upon the alertness and articulateness of those to whom they apply. For these reasons I have been glad to observe recently the quickening impulse toward the association of women of similar interests in leagues, in unions, in welfare societies, and in other similar agencies. These smaller units of government and self-expression are the guardians of democracy in a machine age which threatens to impersonalize us all.

Job security and fair treatment upon the job must take precedence over any attempts to minister to those who are unemployed or destitute because of old age. The phenomenal must not be served at the expense of the commonplace. Therefore it might seem at first glance that the present plans for unemployment and

old-age insurance which are now being pushed to a conclusion in Washington are of secondary importance. But this is not so, because the essential feature of these plans is the salutary effect they will have upon job security through the stabilization of industry.

Old-age insurance, by removing from the labor market the older and less efficient workers, will create new openings for the young and the strong who are clamoring for employment. And to all those who are now at work it will add a sense of security deriving from an outlook into the future untouched by the fear of dependency. Unemployment insurance will intensify our efforts to remove the costly curse of unemployment itself. The payment of benefits to those who are old or jobless will spread purchasing power and thus modulate, if not remove, the downward drive of the business cycle. Thus while these different proposals for social security march along different avenues of approach, they are all converging upon the key citadel of job security itself.

Another important aspect of job security is the growing consciousness on the part of government that, while it must do everything possible to stimulate private industry, it must provide work insofar as it cannot be found elsewhere. In fact, it seems to me that the outstanding accomplishment of the past few years has been our recognition that the rockbottom responsibility for giving everyone an opportunity to earn a living rests not with charity or with private individuals but with the State as the embodiment of the public conscience and the public will.

In our public-works programs women present a special problem, because they do not fit as well as men into the more traditional types of governmental projects, such as road building, forestry, and harbor improvements. But under the civil works of last year a wide range of useful activities were explored that were adapted to the inclinations of women in general, as well as to the white-collared and professional classes at large. I am sure that with our growing knowledge these considerations will exercise an even greater influence in the future.

It is a shallow outlook that attributes women's increasing participation in government and reform solely to her new position in our industrial life. The guiding spirit of today is not the cold logic of economics, but the warm humanitarianism of social justice. And it is this latter quality which has always made women leading campaigners against the sweatshop and the slums, against the exploitation of the child and the degradation of the fully grown, against the whole train of miseries that poverty drags in its wake. As women rise in civil and political life, just so surely will the present dawn of a better day rise to the high noon of accomplishment.

"MISREPRESENTING THE BANKING BILL"—EDITORIAL BY RAYMOND MOLEY

Mr. FLETCHER. Mr. President, I ask unanimous consent to have printed in the RECORD an editorial by Raymond Moley, appearing in Today for May 11, 1935, entitled "Misrepresenting the Banking Bill."

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

There has been no shortage of loose talk by opponents of the banking bill commended by Mr. Roosevelt in his raido address on April 28. Twice during the past week I have been told by intelligent leaders of public opinion—great editors, both of them—that they were doubtful about the Eccles amendments, because, perforce, these amendments would set up 48 political members as a central bank board and thus subject the banking system of the country to the vagaries of a political body. The fact is that these men were not talking about title II of Governor Eccles' proposed amendments but of a totally different bill, the Nye-Sweeney bill. But they thought they were talking about the proposals of Governor Eccles. They had been completely confused by the outcries of many supposedly reputable leaders of public opinion to the effect that the Eccles amendments proposed to make the Federal Reserve Board wholly "political."

Let us look at the facts and see whether the inference is justified. Governor Eccles' proposals do not change the essential nature of the Federal Reserve Board. Under his proposals the Federal Reserve Board will still consist of 8 members, 6 of whom will be appointed by the President for 12-year terms, just as they have always been. The two others, the Secretary of the Treasury and the Comptroller of the Currency, will be ex officio. These officials now are and have been members of the Board. The amendments provide for an increase in the compensation of the appointed members to a sum equal to that of Cabinet officers. This provision is intended to give them more security and more financial independence, which everyone will grant is a necessary condition of such important srvice.

There are two changes in the conditions under which these offices will be held. The first provides for the retirement of members of the Board when they reach the age of 70, and gives them a pension. This certainly is not revolutionary. The other change provides that the Governor of the Federal Reserve Board shall be designated as such by the President, but that when the President terminates his designation of Governor, he shall cease to be a member of the Board. This gives the Governor of the Board the same basis of tenure as that of a Cabinet member, which makes him responsible to the President. But it does not give the President control of the Board. The other five members of the Board continue to hold office regardless of changes in the administration in Washington. They will serve out their terms of 12 years each. Present members will not be subject to the 70-year retirement rule. No President, under these conditions, can change the Board at his discretion.

The Eccles amendments, therefore, do not subordinate the Board to any President. It remains an independent public agency. To call an agency that is public by the term "political" is merely a means of confusing the real issue. The real issue is the power the amendments would give to the Federal Reserve Board to direct more effectively than it now can the credit policy of the United States. The opponents of the bill apparently would perpetuate a stalemate between private and public credit control.

The purpose of the Federal Reserve Board is and has always been the substitution of public for private control of credit in the United States. The people of this country have experienced the effects of private control and they have refused to tolerate its continuation. That matter is a closed issue. It was closed by the terms of the Federal Reserve Act itself and by President Wilson's repeated assurances to the people that the act was intended to put an end to private control.

The Eccles amendments are designed to make public control of credit more effective. If it is this purpose that the opponents of the bill are fighting, the people of this country have a right to know it. That issue can be fought on its merits. But it is unjust and unfair to attempt to obscure it by a false and alarming cry of "politics."

PAYMENT OF ADJUSTED-SERVICE CERTIFICATES

Mr. NEELY. Mr. President, I ask unanimous consent to have printed in the RECORD an editorial which appeared in yesterday's Washington Times entitled "Pay the Cash Bonus Now."

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

[From the Washington Times of Wednesday, May 8, 1935]

PAY CASH BONUS NOW

There can be no doubt that this country wants to pay the soldiers' bonus, and pay it now in cash.

The overwhelming vote for the Patman bill in the Senate yesterday expresses the feeling of the United States. After having had every sort of scare and argument thrown in its face, Congress has refused to be stampeded. Congress is determined that the veterans who fought the World War should be compensated.

The tremendous bonuses paid to some of the bomb-proof munitions makers have had deep influence in rallying this country to an appreciation of the fact that the boys in blue and olive drab have something coming to them.

Two attempts have been made in this Congress to pay the bonus without putting out any money. These hocus-pocus attempts at financial legerdemain have been thrown into the scrap heap.

One was the Vinson bill to pay the bonus now with Government I O U bonds that would have eventually overloaded the Treasury with interest debt; the other was the vague bill of Senator PAT HARRISON, which never had a chance.

Its quick defeat in the Senate simply accentuates the fact that the people are tired of temporizing with the situation and want the bonus paid now and are willing to pay it in money.

President Roosevelt's attitude indicates he will veto the Patman bill. He will bring every influence to bear on just a few Senators whose slender votes to uphold his veto would kill the bonus for another session, at least.

President Roosevelt's attitude will not represent the country at large. Congress, particularly the Senate, is to be congratulated on the passage of the Patman bonus bill.

We believe the House will override a veto; we trust sincerely that the Senate will take itself in hand and settle the bonus question once and for all time.

"COURT PROBLEMS"—ARTICLE BY JUSTICE FRANCIS MARTIN

Mr. COPELAND. Mr. President, I hold in my hand a very informative address by Mr. Justice Francis Martin, the presiding judge, appellate division, first department of the New York Supreme Court, which relates to the subject of Court Problems. I think the article is of general interest, and I ask unanimous consent to have it printed in the CONGRESSIONAL RECORD.

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

Every time we find an abuse we immediately try to correct it by new laws, very often not well considered and frequently suggested by people unfit to advise. That may be a proper solution in a few instances.

The real solution is in placing the right men in office, especially in judicial office. All the laws you can place on the statute books will not make a good judge out of a poor one. Competent judges do their work well in any court.

Our great difficulty is in the personnel of the judiciary. Appoint or elect good men to any court, and you will have no difficulty with that court. Take the magistrates' court, for example. You now have some very fine judges in the magistrates' court, and a

few very poor judges. The few poor ones bring criticism on the whole court.

Much of the criticism of the magistrates' court is very unjust and very unfair.

A short time ago we had several outbreaks in that court by lawyers who should know that such a course is certain to result in injury to the reputation of the court, and particularly to their own reputations. A bill was prepared and sent to Albany to permit the magistrates to immediately commit for contempt anyone guilty of a disorderly outbreak in the courtroom.

Some of our very learned legislators, who could never hope to be the equal of most of our magistrates in character, learning, and integrity, criticized the bill and defeated it in the face of the fact that all of the bar associations and courts favored giving the magistrates an opportunity to keep order in the courts.

Some of these legislators seem to think that they are sent to Albany to oppose any measure that is in the interest of the people.

The right to punish for contempt has been given to practically every other court in the State, even to justices of the peace, and yet it was refused to the magistrates' court because one or two of the magistrates were considered unworthy of such power.

The right to punish for contempt has been in most of the courts as long as the courts have existed in this country. It has never been abused. If abused, the action of the judge may be reviewed on appeal. Anyone held in contempt of court is fully protected under our system of laws. Of course, that may be information for some of our legislators.

We are constantly reminded of the fact that the calendars are crowded.

Every time we hear that subject somebody suggests more judges. Remember, the law's delay has been the subject of debate for generations. When you consider the number of tort cases commenced each year you will realize that if they were to be tried all the judges in the State of New York would not be able to dispose of these cases.

Many of them are never brought to trial. There never was any intention to ask for a trial. They have a nuisance value only. There are thousands of cases without any merit brought each year. If we had to deal only with meritorious cases we would have no difficulty in disposing of all the litigation.

I assure you this whole matter will be remedied. We have not been able to remedy all these abuses in a couple of months. We have been able in a few months to accomplish a number of important improvements in the courts and many more, we hope, will follow.

AIR BASES ALONG THE CANADIAN BORDER

Mr. CAPPER. Mr. President, the entire Nation was shocked and, to put it bluntly, indignant and disgusted, when it was divulged a short time ago that Army officers had planned "camouflaged air bases" along the Canadian border. These were to be camouflaged so as not to alarm the people of Canada.

It has been our proud boast for years that we have thousands of miles of border to the north on which it was not necessary to have forces and fortifications. Two great Nations in this New World have lived together in peace for more than a century. Preparedness for war between these two Nations was not necessary.

In fact, preparedness against Canada, or preparedness by Canada against the United States, would have been regarded as a species of jingoistic insanity. Frankly, the people of this continent did not even suspect that our own Army officers were guilty of that species of insanity.

Then we learn that our Army headquarters has been plotting to get around the treaty of 1818 with Canada, and making plans that could not result in anything else but the displeasure of a peaceful neighbor. Is it any wonder that nations engage in foolish and wicked wars?

Mr. President, I ask permission to have printed in the RECORD, at the conclusion of these brief remarks the following editorials from newspapers of different sections of the United States, showing the reaction of the public mind to these wild schemes:

The New York Herald Tribune, which calls it "a disgracefully stupid piece of business", and approves President Roosevelt's stinging rebuke.

The Kansas City Star, which notes that the plans—

Assumed that the United States has no regard for international law.

The Washington News, which comments that—

A permanent Canadian-American peace alliance is worth more in actual defense and safety of this Nation than the United States Army, Navy, and Air Corps combined, and all the billions of dollars spent on preparedness.

The Washington Post, which sees that—

If such scheming, academic though it may be, is consistent with being a good neighbor, then words have no meaning.

The Newark Evening News points out that—

Again the ranking generals of the Army are trying to run away with the country, and Congress is burning up with a fever.

The New York Post labels it a—

Vicious Army plan to build an air base near the Canadian border.

I find that these editorials are typical of hundreds of others printed by newspapers of all political faiths and published in every State in the Union. I know of no newspaper anywhere in this country that has expressed anything but disapproval.

I ask unanimous consent that the editorials be printed in the RECORD.

There being no objection, the editorials were ordered to be printed in the RECORD, as follows:

[From the New York Herald Tribune]

A WELL-MERITED REBUKE

The President, by the promptness and vigor with which he has repudiated the supposedly secret testimony of Generals Kilbourne and Andrews before the House Military Affairs Committee, has done what he can to minimize the harm that might flow from a disgracefully stupid piece of business. It was careless stupidity which allowed the testimony to become public, and the chairman of the committee deserves the Presidential rebuke administered to him. This is true because military committees in all nations are constantly dealing with hypothetical contingencies involving friendly powers; they are bound to hear testimony that would not look well in headlines and they cannot properly discharge their function unless they can guarantee that confidential matters will be kept in confidence. It is the duty of high Army officers to study every possible eventuality. Speculations like those of General Andrews concerning the British and French islands off our coasts are commonplaces in every war office in the world; they are of no particular consequence, but they are bound to crop up in discussions of military policy, and our military men are entitled to the protection of secrecy when they do.

But if the committee was stupid, General Kilbourne was considerably more so when he allowed himself to say, even in an executive session, that he had prepared a bill for a military air base on the Canadian border "camouflaged" as an "intermediate station for transcontinental flights." The undefended Canadian border is a fundamental and long-established element in American foreign policy, and when an Army officer sets out to circumvent it by preparing "camouflaged" bills—when he even permits himself to think in such terms—he is departing from his proper functions in a wholly inadmissible fashion. European, and more recently Japanese, history is studded with horrible examples of what happens when military men begin to govern foreign policy in accordance with narrow technical concepts of strategy. Fortunately, the United States, of all major powers, is probably least open to the charge of military domination of its civil policy, but this only makes more necessary the emphatic suppression of any nascent tendencies in that direction. If the United States ever decides to begin fortifying her northern border, she will not do it through measures "camouflaged" even from her own people. The President's letter is a stinging rebuke to General Kilbourne, but the general brought it on himself.

[From the Kansas City Star]

GENERALS OUT OF TURN

The President was thoroughly justified in the rebuke he administered to two high ranking officers of the United States Army for their testimony before the Military Affairs Committee of the House of Representatives concerning plans and policies for national defense. The suggestion of Brig. Gen. F. M. Andrews that this country might have to seize Newfoundland, Bermuda, and other British possessions off the Atlantic seaboard, to prevent their falling into the hands of some hypothetical enemy and being used as bases for attack, involved a gratuitous threat to a friendly power. Moreover, it was a threat which assumed that the United States has no regard for international law.

The testimony of Brig. Gen. C. E. Kilbourne was, if anything, even more outrageous. It disclosed that the War Department in a pending bill had inserted a "camouflaged" provision for a powerful air base near the Canadian border, thereby directly violating one of our fundamental defense traditions that the boundary between the United States and Canada should be completely unfortified.

Both of these propositions invade the realm of national policy, concerning which neither individual officers nor the War Department officials are qualified to speak, and it is useful that the President, in his capacity as commander in chief of all the armed forces of the United States, has repudiated them. The testimony, of course, should never have been published. But, what is more important, it should never have been given.

[From the Washington Post]

THE GOOD NEIGHBOR?

Hypocrisy is the one unpardonable blunder in the conduct of foreign policy. It is unpardonable, because always easy to detect, and because, when detected, hypocrisy invariably arouses legitimate suspicions in other nations. Thereafter foreign mistrust is only strengthened by soothing proclamations and further protestations of good will.

Unfortunately, hypocrisy is the only description applicable when it is revealed that while the President of the United States is emphasizing a "good neighbor" policy his military subordinates are working out plans to build air bases against Canada and to seize adjacent British and French territory "in time of emergency." If such scheming, academic though it may be, is consistent with being a good neighbor, then words have no meaning.

Because of their implicit contradiction of his reiterated pronouncements, and because of his direct responsibility as Commander in Chief of the Army and Navy, President Roosevelt could do nothing less than publicly disown statements made by General Andrews and General Kilbourne before executive sessions of the House Committee on Military Affairs. Chairman McSwain, of that committee, has taken personal responsibility for the blunder of making that testimony public. But this does not explain why national policy should encourage high officers of the United States to spend public funds in planning activities which would be in direct violation of the spirit and letter of treaty obligations solemnly and voluntarily undertaken by the Government of the United States.

Since the issue has been so sensationally raised, it may be hoped that the underlying moral will be seriously taken to heart. It is a matter of common knowledge that the Department of State now has less final authority in matters of foreign policy and that military spokesmen have more influence in this field than at any previous period of our peace-time history. For a country with the traditions of the United States, that is an unprecedented and highly disquieting trend. Representative McSwain has really done a national service by making it clear that our own militarists need the application of controls by the presumably supreme civil authority.

[From the Washington News]

AN APOLOGY TO CANADA

One of the most serious diplomatic blunders ever made in this or any other administration has just occurred. The testimony of high Army officers to a House committee regarding alleged United States war plans has frightened Canadians and caused official representations by the Ottawa Government to Washington. Although President Roosevelt has been quick to disavow the Army testimony, further friendly action will be required to repair the damage.

This is an exceedingly serious matter for many reasons. It arouses suspicion in the mind of our oldest and best friend—perhaps our only unqualified friend among all the large nations of the world. It appears to violate the spirit of our treaty with our neighbor. It reveals a dangerous trend of our military men to usurp the policy-making function of the civil government.

Brigadier General Kilbourne, until recently Assistant Chief of Staff in charge of war plans, explained to the committee how he camouflaged the Wilcox bill to provide a giant air base near the Canadian border. "I could not put it in the bill because of the Canadian situation", he said. "You will notice no. 7 in my bill is camouflaged. It is called 'intermediate stations for transcontinental flight', but it means the same thing."

Brigadier General Andrews, Chief of the new General Headquarters Air Force, added fuel by testifying that, even with Canada neutral, the United States in war might seize Newfoundland and British and French islands in the Atlantic and Caribbean: "If the situation is sufficiently vital to require it, we must be prepared to seize these outlying bases to prevent their development by the enemy as bases of operations against us."

The President, in stating that this Kilbourne and Andrews testimony on war plans "does not represent either the policy of this administration or that of the Commander in Chief", reaffirmed our traditional treaty policy with Canada as follows:

"I call your especial attention to the fact that this Government not only accepts as an accomplished fact the permanent peace conditions cemented by many generations of friendship between the Canadian and American people, but expects to live up to not only the letter but the spirit of our treaties relating to the permanent disarmament of our 3,000 miles of common boundary."

We trust our Canadian friends will accept this assurance by the President and Commander in Chief as representing not only the policy of the Washington Government but of the American people. The easy and often inaccurate phrase about war being "unthinkable" happens to be 100 percent true in the case of the United States and Canada.

As for our militarists, the Commander in Chief presumably will find occasion to teach them two very simple facts at least. The first is that attempted military usurpation of civil government power is one of the most heinous offenses in this Republic. The second is that a permanent Canadian-American peace alliance is worth more in the actual defense and safety of this Nation than the United States Army, Navy, and Air Corps combined and all the billions of dollars spent on preparedness.

No nation in the world is so blessed as ours with the natural protection of two oceans and a neighbor like Canada. We jeopardize Canadian friendship at our peril.

[From the Newark Evening News of Wednesday, May 1, 1935]

SHAMEFUL

Again the ranking generals of the Army are trying to run away with the country, and a Congress afflicted with investigationitis is burning up with a fever. President Roosevelt has hauled them both up with a round turn, and they deserved it.

Injudicious Army officers have talked too much and indiscreetly. The confusion in world affairs has given them an opportunity to talk strong, and they have said things to the House Military Affairs Committee that never should have been said. The House committee should have had sense enough to keep these things from publication. It has disturbed our closest neighbor by revealing the War Department planned an Army airplane base near the Canadian border, which has been unfortified for more than a century. It is shameful for us to be in a position where Canada has the right to call on us to explain.

The country should go sled length with the President in demanding that these indiscretions be stopped and in warning Army officers that if they can't use more discretion, they will not be allowed to talk until the President has O. K.'d their speeches.

[From the New York Post]

THE AMERICAN PEOPLE MUST RUN THEIR ARMY

The Nation's thanks go out to Franklin D. Roosevelt for his prompt action in scotching the vicious Army plan to build an air base near the Canadian border.

The marplots on the General Staff were quite ready to blow up the 100-year tradition of unguarded frontiers between the two Nations in order to have one more air base that they didn't need.

They would have started a mad arms race between two countries whose friendship is one of the very few glories of modern international relations. They would have brought the European border of steel and iron to the New World that neither wants nor needs such insanities.

Let the War Department take the rebuke to heart. Not only their President, but their Commander in Chief, has spoken to them. The Roosevelt administration will not be the one to destroy friendship with our neighbor on the north.

And let one important point be noted by the American people: It is the great blessing of our democratic system that the Commander in Chief of the American Army and Navy is elected directly by the people.

Our Army does not rule the people; the people rule the Army. Our military policy is framed by our elected President, responsive to the wishes of the citizens.

How important that is can be realized by a glance at almost any European country where a military caste indoctrinated with the peculiar notions of its trade leads its people on to periodic blood baths as its own sweet will determines.

Our Commander in Chief of the Army and Navy comes, as a civilian, from the people. He knows what they want. Such traditions as our unguarded Canadian frontier mean to him what they do to the rest of us—and not what they mean to swivel-chair generals, constantly seeking to expand their machine in order to increase their own importance.

The poison of militarism may affect our General Staff. General Kilbourne's asininities show that it does. But we shall be safe so long as we, as voters, elect the chief of our military—and keep a watchful eye on its activities.

An especially watchful eye since the Canadian air-base incident has revealed what is going on in the minds of the War College.

TENNESSEE VALLEY AUTHORITY

The Senate resumed the consideration of the motion of Mr. Norris to proceed to the consideration of the bill (S. 2357) to amend an act entitled "An act to improve the navigability and to provide for the flood control of the Tennessee River; to provide for reforestation and the proper use of marginal lands in the Tennessee Valley; to provide for the agricultural and industrial development of said valley; to provide for the national defense by the creation of a corporation for the operation of Government properties at and near Muscle Shoals in the State of Alabama; and for other purposes", approved May 18, 1933.

Mr. AUSTIN. Mr. President, the question before the Senate is the motion of the Senator from Nebraska [Mr. Norris] to proceed to the consideration of Senate bill 2357, proposing to amend what is commonly known as the "Tennessee Valley Authority Act of 1933."

When the Senate recessed last night we were undertaking to specify the various abuses of authority under the Tennessee Valley Authority Act as bearing upon the nature of the issue presented by the bill which it is now sought to have considered by the Senate, in an effort to show that it is important and not trivial, and that a bill of this character and

effect ought not to be considered by the Senate until after it shall have been considered by a standing committee of the Senate, hearings shall have been held, testimony taken, and an adequate report submitted to the Senate.

I now continue the recital of specifications by referring again to extracts from an audit of the Tennessee Valley Authority by the Comptroller General of the United States. It should be borne in mind that what is taking place here is a recounting of history, a statement of facts, a statement of experience, for the purpose of exciting an interest on the part of Senators in having the bill in question properly studied before it is considered on the floor of the Senate.

An extract from the audit at page 20 involves sundry items where contracts were awarded to others than the lowest bidder. In one group there were 26 items, totaling $15,487.91, the largest item being $4,050, Blaw-Knox Co. Of course, the audit is in detail, but it could not be included in an address to the Senate upon the subject; yet the Senate should have that detail. It should be before a committee of the Senate and carefully considered before the Senate enters upon the consideration of the bill.

In November 1933 a contract was awarded to the Bucyrus-Erie Shovel Co. for electric shovels at $35,990.50, whereas the lowest bidder was the Link Belt Co.

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

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

Mr. AUSTIN. I yield.

Mr. LONG. It is a little bit out of order, but something has just been told me that I want my friend the Senator from Tennessee [Mr. MCKELLAR] to know, because he has been compiling some statistics. I wish to state that a friend of mine from Texas, a legal opponent of mine in a good deal of litigation in rate matters, has told me that three shiploads of cottonseed oil, made in Germany, were sold in Houston, Tex., this past year. I thought my friend from Tennessee might be glad to have that news.

Mr. MCKELLAR. Made from German cotton?

Mr. LONG. Probably made from Russian cotton.

Mr. MCKELLAR. I wonder how much cotton the Senator from Louisiana raises in Germany.

Mr. LONG. I raise none in Germany. I never have raised any in Louisiana when I could help it. However, I know something about cotton.

Mr. AUSTIN. In November 1933 a contract was awarded the Marion Steam Shovel Co. for a rebuilt gasoline-driven shovel at $8,000, whereas the Thew Shovel Co. was the low bidder at $6,000 and $7,000. Taking the evidence in the light most favorable to the Authority, there was an excess paid over the low bid of $1,000 for that shovel.

December 1933, contract with Marion Steam Shovel Co. for a rebuilt shovel at $9,000; low bidder, Equipment Corporation, at $3,500. In that case there was an excess over the low bid paid for this shovel of $5,000.

At this point it seems appropriate to put in the RECORD the statute on this subject. It is brief, and I shall read it. I now read section 5 of title 41, public contracts:

Advertisements for proposals for purchases and contracts for supplies of service departments of Government: Except as otherwise provided by law, all purchases and contracts for supplies or services in any of the departments of the Government and purchases of Indian supplies, except for personal services, shall be made by advertising a sufficient time previously for proposals respecting the same, when the public exigencies do not require immediate delivery of the articles or performance of the service. When immediate delivery or performance is required by the public exigency, the articles or service required may be procured by open purchase or contract, at the places and in the manner in which such articles are usually bought and sold, or such services engaged, between individuals.

I now read section 529 of title 31 of the United States Code, which is applicable to the same subject:

Advances of public moneys; prohibition against: Except as otherwise provided by law, no advance of public money shall be made in any case. And in all cases of contracts for the performance of any service, or the delivery of articles of any description, for the use of the United States, payment shall not exceed the value of the service rendered, or of the articles delivered previously to such payments. It shall, however, be lawful, under the special direction of the President, to make such advances to the disbursing officers of the Government as may be necessary to the faithful and prompt discharge of their respective duties, and to the fulfillment of the public engagements. The President may also direct such advances as he may deem necessary and proper to persons in the military and naval service employed on distant stations where the discharge of the pay and emoluments to which they may be entitled cannot be regularly effected.

Mr. President, Congress enacted these statutes in order to safeguard the Treasury of the United States. Congress enacted these statutes to protect the taxes gathered from the American people against overpayment, against excess payment, against the awarding of contracts at a higher price or consideration than an open competitive bid established by determining the lowest price at which a responsible bidder would either perform the service or transfer the property.

That is the law of the land; and these specifications being now set forth of acts by the Tennessee Valley Authority in respect to purchases and contracts are presented at this time for the purpose of showing the importance of the Senate acting only after deliberation upon this bill, which extends the power and the Tennessee Valley Authority and increases the amount of money which it shall have in the future.

In December 1933 a contract was awarded to the Marion Steam Shovel Co. for an electric shovel at $37,240, notwithstanding there were three lower bids, as follows:

Bucyrus-Erie Co.
Harnespharger Co.
Link Belt Co.

In January 1935 the Bucyrus-Erie Co. was awarded a contract for an electric shovel at $35,745.50, whereas the low bidder was the Link Belt Co.

In April and May 1934 orders for 13 items of transformers were placed with others than low bidders, and these items totaled $25,293.34. The audit gives the specific items. They are not reproduced here in the interest of saving the time of the Senate.

Another example: A contract was given to the White Motor Co. for a White truck at $8,155.90, there being 6 bids for the truck, of which 5 were lower than the White Co.'s bid.

In March 1934 a contract was placed for 6 dump trucks at $8,155.90 each, 4 lower bids being as follows:

LeBlonde-Schact, $7,081.
Dempster Bros., $7,275.
General Motors Co., $7,710.20.
The Hug Co., $7,711.20.

In May 1934 a contract was placed for a White truck at $2,435.96, the low bidder being the International Co.

June 1, 1934, a contract was placed with the Fargo Co. for three Dodge trucks at $1,095 each, whereas the bids of the low bidders on similar trucks ran from $773.50 to $996.91. In this case the contract was awarded to the seventh high bidder.

Twenty-two items of purchases, aggregating $24,312.66, were awarded on the basis of "superior quality and personal opinion", the largest item being the General Cable Co., $8,676.77.

Mr. President, by what authority does any corporation or person representing the United States purchase property for the United States with the taxpayers' money on "superior quality and personal opinion"?

In the audit on page 10 appear 12 items purchased on faulty specifications, amounting to $21,751.18.

On page 212 of the audit there are recorded details of 35 purchases made without competition, aggregating $29,841, the largest purchase being from the H. H. Robertson Co., $14,959.35.

Now we come to one of the contracts by negotiation, a contract not made according to the statute.

On page 213 of the audit there is a reference to a payment to Research Corporation under contract of October 10, 1933, on cost-plus-5-percent basis, in connection with blast-furnace and phosphoric-acid equipment work. This, according to the Comptroller General, lacks supporting papers, the payments to June 30, 1934, being $71,350.51. I have already referred to a contract of this character let to Stone & Webster Engineering Corporation, under which excessive

payments were made in violation of the statute to which I have referred. I shall not repeat it.

On page 269 of the audit there is a reference to a contract made with the International Geophysics Co. for investigations at Norris Dam, amounting to $2,613.50, which was awarded without competition.

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

Mr. AUSTIN. I yield to the Senator from Oregon.

Mr. STEIWER. The Senator refers to the statute requiring competitive bids and making other requirements in respect to the acquisition of supplies and services. I have not had the privilege of hearing all the remarks made by the Senator from Vermont. I ask him now whether he contends that the statute which he has read into the RECORD is applicable to an institution such as the Tennessee Valley Authority.

Mr. AUSTIN. Mr. President, I claim that it is applicable, and that there was nothing in the charter of the Tennessee Valley Authority which placed it without the scope of section 3709 of the Revised Statutes.

Mr. STEIWER. Is it contended by the Comptroller General that section 3709 is applicable?

Mr. AUSTIN. The best answer I can make to that question is to quote from what the Comptroller General says upon that subject; and, with the Senator's permission, I shall now do so.

Mr. STEIWER. If I may interrupt, I shall be glad if the Senator will do that. I think the questions are of very broad importance aside from the Tennessee Valley Authority. I am constantly thinking of many other corporations which have been set up for the purpose of carrying on some of the functions of the Government of the United States. There has been in my mind for a considerable time the question of the extent to which such corporations are permitted to go without restraint, and permitted to spend money without restraint. I shall be glad if the Senator will read the Comptroller General's remarks upon that subject.

Mr. AUSTIN. Mr. President, I read from the audit at page 343, as follows:

The purpose of section 3709, Revised Statutes, is to enable the Government, through competition, to secure the lowest obtainable prices and to prevent discrimination in awarding the business of the Government to private enterprise. Many purchases made by the Authority did not comply with the requirements of the statutes, and in many other cases the procedure followed tended to preclude entirely or greatly diminish the advantages intended to be obtained.

In numerous cases the vouchers show that bids were solicited, but upon examination of the files the bids could not be found. In a number of cases where bids were solicited the lowest bid was not accepted. There were also noted instances of acceptance when the specifications did not fully cover the article or material needed; where, after receipt of bids, there were negotiations with one of the bidders on quantity and quality other than as stated in the specifications; and where bids were changed after the opening, the reason or basis for such change not appearing of record.

It appears that award was made to the Pennsylvania Transformer Co. (A-56174) for certain electrical equipment and the Kennedy Van Saun Manufacturing Corporation (A-53191) for the construction of a crusher and conveyor system, when lower bids had been received and rejected.

A large number of purchases of hardware were made locally from C. M. McClung, of Knoxville, Tenn. In many instances such purchases were made without advertising or other method of soliciting bids. Frequently bids from other agencies were requested either by phone or by circularizing, but it appears that awards were almost invariably made to the McClung Co. because of alleged exigency of the service, limited source of supply, etc. Purchases from the McClung Co. ranged from $4.16 to over $11,000 per month between August 1933 and June 1934.

Mr. President, I apprehend that that answers the question propounded by the Senator from Oregon better than if I should undertake to state what the position of the Comptroller General was and is.

My own view of the statute is that it requires every contract and every sale or purchase to be made through the method of competitive bidding unless some other statute creates an exception to that statute, and in this instance I fail to find anything in the charter, in the act of 1933 creating the Tennessee Valley Authority, which constitutes an exception to the statute. Nevertheless, we see that those who have administered the business of the corporation have seen fit to construe the statute differently, and to act as if they were not under the command of the Congress of the United States.

As a matter of observation, it seems to us, looking upon the 2 years of activity of this private corporation, that it has regarded itself superior to the law, above statutes, above any necessity of adhering to a Budget, above any check upon its expenditure of the taxpayers' money, derived either through the various eleemosynary activities of the Government, or by means of the statute by which it was given the breath of life.

At this point I quote the Comptroller General as follows:

Exceptions were taken to the total amount paid—

Meaning to the total amount paid to Stone & Webster under the contract to which I referred yesterday:

Exceptions were taken to the total amount paid for many reasons, because of objection to the indefinite cost-plus contracts, violation of section 3648 Revised Statutes prohibiting advance payments, salaries paid unauthorized consultants, travel expenses and many other forms of expense items presumed to be covered by the fee, lack of performance bond, and a number of other irregular items.

I now refer to another contract made by the Tennessee Valley Authority which I think tends to show the caution which ought to be exercised by the Congress in respect to any proposed increase of its authority or amplification of its funds.

On October 20, 1933, sealed bids were opened on approximately 700 miles of cable and accessories for Norris-Wilson Dam transmission line. Nine manufacturers of copper cable submitted equal bids of $678,289.08. One bid was received from the Aluminum Co. of America, for aluminum cable, in the amount of $400,149.39.

The award was made to the Aluminum Co. of America on November 17, 1933. The original contract called for 73 miles of cable with 26 aluminum strands and 7 steel strands, the remainder to be of 36 aluminum strands and one steel. The contract contained a clause permitting the Authority within 30 days to change the number of strands.

After 318 miles of cable had been fabricated, the Authority decided to change the remainder to 26 strands of aluminum and 7 of steel. A supplemental contract for an increased price was dated November 17, 1933. The auditor reports that the impression was prevalent that the strength and conductivity of the cable was not satisfactory and that a further reenforcing process was necessary. At the close of the audit period on June 30, 1934, nothing further had developed on the subject.

In other words, with the whole range of interests involved in a great contract under the advertisements of which there were bids which rose as high as $678,000, the Authority made an entirely open contract by which it could and by which it did change the terms and the price from time to time, thereby completely nullifying that competition for which the statute calls.

Mr. President, during the consideration of this matter yesterday I alluded to the employment by the T. V. A. of certain special efforts to mold and shape the yardstick so that it would be utterly impossible for private enterprise to fit itself to the yardstick. I think I did not clearly enough state one of the methods employed in that process, namely, the special rule adopted by the Authority for the cancelation of depreciation and setting aside a reserve for it. Therefore, I now call attention to what appears in the extracts from the auditor's report, to be found at page 84 of the audit, as follows:

Despite the apparently excessive depreciated value at which the Muscle Shoals property was taken up on the books, the Authority is not using the valuation basis for depreciation, but instead is basing depreciation on the earnings from the sale of power by charging 10 percent of the gross revenue to operations as depreciation and accumulating the amount of such charges as a reserve for depreciation.

On such basis there has been husbanded to June 30, 1934, $82,618.74.

Such reserve appears to be entirely inadequate. The properties in question are depreciating in value, and if the return from operations is to be properly determined, the reasonable value of

all things concerned, including depreciation of original investment, must be taken into consideration.

Assuming a very conservative rate of valuation consumption for example, 2 percent, the amount of depreciation, based upon the value at which the properties in question were capitalized by the Authority, would be approximately $1,000,000 per annum.

A larger revenue will proportionately increase the reserve for depreciation at the present 10-percent method of amortization, but to accumulate a reserve on the 10-percent plan equivalent to the amount that would be charged to depreciation on a valuation basis at 2 percent, the gross revenues would have to be more than 10 times the present amount, or about $10,000,000 per annum.

There is very little basis for assuming that revenues will ever reach such a figure.

As bearing on the pending question, I now call attention to the subject of purchases beyond the scope of the authority of T. V. A. I venture to say that no legislator who considered the original act had any idea from anything contained in the act, from the President's message, from any discussion on the floor of either House, that the act could enable this corporation to extend itself so as to increase the production of electrical energy, and to reach out and consume by purchase and merger, consolidation and otherwise, private enterprises not connected with the development of the Tennessee River. Nevertheless, there appears at page 112 of the audit material showing the following:

Purchases from Mississippi Power Co. to June 30, 1934, $850,000 which represents 52.04 percent of replacement value which was estimated to be $1,628,495 as of December 31, 1933.

I will not take the time of the Senate to read all the details, but I will call attention to the items in order that Senators may see the character of deviation from the original authority that was entered upon by this corporation with respect to this one transaction.

Generating plants, price paid, $285,133.60. The only authority granted by the original act was for this corporation to dispose of the surplus power on those enterprises which had to do with the improvement of the river for the purposes specified in the act, but now they go out and add to their productivity and purchase a generating plant which will increase the surplus and create more surplus for the future.

Transmission and distribution lines	$219,011.38
Substations	70,040.12
City distributing and rural systems	241,874.11
Rural distributing systems	14,720.00
Auto trucks	3,887.39
Inventory, nonoperating property	2,211.70
Office equipment	1,488.86
Tools	1,386.33
Materials and supplies	10,246.46
Total	850,000.00
Corinth steam plant	204,246.00
Tupelo steam plant	308,263.00
Blue Mountain oil-engine plant	21,168.00
Myrtle oil plant	14,224.00
Substations	134,589.00

Mr. President, bearing upon the question of whether the Senate should proceed to the consideration of this bill it is important to know that there is evidence, unavailable to the Senate, but which will be available later—and I have been assured that it may be available within a week—tending to show improper payments on account of expenditures for travel, and so forth, including among other things, for Dr. Arthur E. Morgan, $156.92, $122.71, $42.35, $930.57, $75.99, $132.80.

A brief sketch of exceptions by the Comptroller, which appears in the audit on page 134, is as follows:

Travel and subsistence	$29,371.29
Purchase utility properties	850,743.00
Contracts—formal, less formal, and miscellaneous	1,001,928.87
Newspapers, magazines, and books	10,078.00
Disbursements other Government departments	71,045.39
Repairing and reconditioning steam plant	50,156.96
Total	2,013,326.51

I now quote what the Comptroller General says respecting these disbursement exceptions. This is a quotation from the audit, page 134:

The nature of exceptions established consist of purchases without competition in violation of section 3709, Revised Statutes; emergency purchases unsupported by showing of emergency; modifications of specifications—

And so forth.

Mr. President, I now recall that I read this extract yesterday. I will not continue reading it. I refer Senators to the RECORD of yesterday for the completion of what the Comptroller General said was the reason why he took exception to those expenditures.

Another specification of a different character, which bears upon the care the Senate ought to exercise with respect to this proposed legislation, is found in the audit on page 293. There are listed on that page of the audit land purchases made without evidence of clear title which aggregate $215,743.71.

At page 297 of the audit appears a reference to purchases of books, and so forth, $8,615.49, and subscriptions to newspapers of $1,462.51, in violation of statutes covering such expenditures.

I now refer to that part of the audit, page 354, which deals with unauthorized disbursements made by this corporation on account of other governmental departments and agencies as of June 30, 1934: Advances to E. H. F. A., $28,167.72; advances to T. V. A. C., $7,577.62; advances to National Park Service, $747.61; advances to regional development (F. E. R. A.), $4,852.64; advances to subsistence homestead (F. E. R. A.), $831.61; advances to Civilian Conservation Corps, $1,718.37; advances to Civil Works Administration, $22,649.72; advances to War Department, $4,500; total, $71,045.39.

The Comptroller's comment thereon is as follows:

There being specific appropriations for each of the above agencies, expenditures from Tennessee Valley Authority funds are unauthorized and should be recovered, along with other similar disbursements.

Now, as bearing upon whether we should proceed to consider this amendment designed to implement this private corporation with greater power and more ability to do that thing which they call "making a yardstick", I think the Senate should consider the uneconomic, unbusinesslike way in which that corporation has, in its brief experience, dealt with a certain other item of its business. I refer to the construction of houses at an expenditure of approximately $5,000 each, some of them less, some of them more, which will house people who work on the construction for the period of the construction but which will constitute, in a few years, a deserted village, for we are informed that the operation of the plant will not require more than 20 men after it shall have been completed.

At page 365 of the audit the Comptroller General states:

No permanent record was kept of accrued rentals and other charges for houses at Norris and Wheeler town sites, nor was there any properly authorized schedule of rates. The following tabulation shows incomplete costs of several houses and charges for rent, water, heat, and light in effect as of July 1, 1934:

No. 1—

That is no. 1 house, used for an example—

cost to June 30, 1934, $7,433.49.

How much rent do they charge for the use of that house?

Twenty dollars. Water rent is $1; light and heat, $5; total, $26.

Example no. 2: House cost to June 30, 1934, $7,111.16; rent, $16; water, $1; light and heat, $4; total, $21.

Example 3: House cost to June 30, 1934, $7,579.95; rent, $20; water, $1; light and heat, $5; total, $26.

Example 4: House cost to June 30, 1934, $15,589.13; rent, $30; water, $1; light and heat, $7; total, $38.

Example 5: House cost to June 30, 1934, $12,623.37; rent, $30; water, $1; light and heat, $7; total, $38.

The Comptroller General's comment about this matter is as follows:

The above costs do not include incomplete grading, landscaping, and so forth, nor proportions of the general administrative overhead.

It will be noted that while the cost of house no. 4 is twice that of 1, 2, and 3, the rent, and so forth, are not in the same propor-

tion. The income from rentals is only between 2 and 3 percent of the cost, exclusive of maintenance and depreciation charges.

Similar data were not available at Norris, where distribution of incomplete costs was kept by group and types of houses.

Mr. President, how did they deal with the rental of personal property? I call attention to the subject of passenger automobiles and light trucks, referred to in the audit on page 366.

There is invested in passenger automobiles and light trucks $161,795.87, classified as follows: Buicks 4, Chevrolets 122, Chryslers 1, Plymouths 88, Dodges 1, Fords 4, Studebakers 1; ambulances 2; total 223.

Operating cost of cars and pick-up trucks was 4.89 cents per mile, a total of $79,811.61. The charges to various projects and activities aggregated $126,434.90, or an overdistribution of $46,623.29.

At page 367 of the audit appear facts showing the abuse of the use of rented cars.

The abuse of rented car use is shown by an example where, January 15–17, 1934, E. E. Neukom drove a hired car to Muscle Shoals from Knoxville, and returned, a distance of 694 miles, the hire being $34.70, which, with gas and oil, made the cost to the Government about $45. The round-trip fare by train would have been but $11.10 plus $5 for Pullman space.

In one period—this is not a quotation—in one period checked by the auditor for the Comptroller General it appeared that while 53 T. V. A.-owned cars were driven less than 1,000 miles, rented cars in the same period were operated a distance of 114,007 miles at a cost of an average around 7 cents per mile; but there is this quoted from the audit, as follows:

A number of cases were noted where the employee used rented cars continuously for periods of 6 months and longer.

Mr. President, one almost laughs when he reads what was the current belief respecting the T. V. A. legislation at the time when it was under consideration. After considering the authority assumed and exercised by the corporation, it is a matter of absurdity to look back upon those days not so far distant when the Committee on Military Affairs of the House were telling the House in their report, and through it all the world, that the "Congress holds reins upon the Authority." I read one brief paragraph from that report, being House Document No. 15, Seventy-third Congress, first session, as follows:

The Authority cannot proceed upon a visionary and impractical program of construction. In addition to the limitations of law there will be limitations of fact. The $50,000,000 to be derived from the sale of bonds will hardly go further than build Cove Creek Dam and Dam No. 3, and make the necessary alterations to modernize the nitrate plant, to install the necessary fertilizer equipment, and to provide adequate working capital. For every other dollar that Authority may use for constructing dams it must come to Congress for appropriations. Thus Congress holds the reins upon the Authority.

Is it not a mockery to read that statement in the report in the light of the assumption of authority and power by which this private corporation extended itself in the amount of money it expended and extended itself in the scope and character of the power which it exercised? I claim, Mr. President, that this should cause legislators to pause before they proceed to the consideration of the bill in question and to make that thorough investigation a desire for which these facts which I have brought to the attention of the Senate would naturally excite in the mind of any rational person.

Mr. President, there is no doubt that the Authority at that time understood the limitations in the law and realized that it did not have power to expand its activities and increase its capital without coming back to Congress. I prove that by reading from an article by Dr. A. E. Morgan, as follows:

When in June the Congress and the President set up the Tennessee Valley Authority the general purpose of the act comprehended such a social goal, but it was generally defined and slightly provided for. Most of the present appropriation is for specific work to build dams, transmission lines, and fertilizer plants. The law provided that the President may from time to time "outline his plans to Congress and request further funds."

Bureaucracy has a wonderful capacity for expansion. There is the germ of growth in its very nature. When we take from the normal and orderly agency of the Government authority given to it by the people and transfer that authority to a bureaucracy, what happens? Unless the activity of the bureaucracy is absolutely curbed and is held really within the reins held by Congress, it does what this bureaucracy has done. It has visions; it enters upon experiments; it reaches out into all sorts of collateral enterprises outside of and beyond the purposes of its creation. Thus we find this bureaucracy speaking of itself later, on page 2 of its report to Congress on January 3, 1934, as follows:

In carrying out its statutory duties with respect to the development of the Tennessee River for navigation and flood control, and to promote the national defense, the Authority is constructing additional dams. As a byproduct of these dams, additional hydroelectricity will be produced. The duty of the board to dispose of this additional surplus power is of the same character as the duty above described with respect to the existing surplus power now being developed at Wilson Dam.

Thus from one step they proceed to another step. To how many dams will this project be extended? If the Senate should refuse to adopt the pending motion and should consider the activities of this agency and bureaucracy, I believe it would find in the program a number out of all proportion to that which was considered, to that which was represented when the original Authority was created. I believe I shall be able to show that to be so before I take my seat.

At this point it seems relevant to call attention to the sections of the original act which limited the authority and power of this corporation.

Section 22 of the original act is as follows:

* * * The President is hereby authorized, by such means or methods as he may deem proper within the limits of appropriations made therefor by Congress, to make such surveys of and general plans for said Tennessee Basin and adjoining territory as may be useful to the Congress and to the several States in guiding and controlling the extent, sequence, and nature of development that may be equitably and economically advanced through the expenditure of public funds, or through the guidance or control of public authority, all for the general purpose of fostering an orderly and proper physical, economic, and social development of said areas. * * *

Section 23 is as follows:

The President shall, from time to time, as the work provided for in the preceding section progresses, recommend to Congress such legislation as he deems proper to carry out the general purposes stated in said section, and for the especial purpose of bringing about in said Tennessee drainage basin and adjoining territory in conformity with said general purposes (1) the maximum amount of flood control; (2) the maximum development of said Tennessee River for navigation purposes; (3) the maximum generation of electric power consistent with flood control and navigation; (4) the proper use of marginal lands; (5) the proper method of reforestation of all lands in said drainage basin suitable for reforestation; and (6) the economic and social well-being of the people living in said river basin.

Mr. President, does that statute authorize the President of the United States to construct additional dams? Does it authorize the President of the United States to adopt additional plans? Not so. It authorizes the President to submit to the Congress such plans, and to give the representatives of the people of the United States a fair opportunity to consider them before they shall be adopted. Now, when we are about to consider whether we shall proceed to act upon an amendment of the original statute, which will extend the power and increase the appropriation, should we not carry out the original intent of Congress, as well as the obvious interest of the people, and insist upon a consideration of the plan? If the amendment suggested by the Senator from Nebraska represents a plan suggested by the President of the United States, should we take it without consideration and rush it through, or should we pause and carefully study it, and know what it involves in cost to the people in all ways—in direct taxation, and in indirect taxation, and in loss, and in lowering the standard of living, and in obstructing the recovery of the United States of America from the depression?

What is the program? The country is entitled to know. What is the purpose of this amendment? The people of the United States are entitled to know. Certainly those who devote their time here to attempting to protect the interests and promote the general welfare of the people are entitled to know what is the program. There is no hearing—there is no report—from which we can learn that.

Yesterday I made the statement that the cost thus far had equaled approximately $159,000,000, and that the program as

nearly as it can be calculated from the sums of money involved thus far would equal five times that originally contemplated, or approximately $250,000,000. That is seen by reference to the fact that the first appropriation made by Congress, outside of the $50,000,000 authorized to be obtained by bonds, was $50,000,000. There was allotted, out of F. E. R. A. funds, $25,000,000. Then came the bond issue of $50,000,000. Now comes the Budget estimate of $57,000,000. There is the authorized credit of $10,000,000 from the Reconstruction Finance Corporation. There is the subsidizing of an auxiliary corporation to the extent of a million dollars. There is the subsidy to another corporation of $300,000. Now comes this amendment, which would add another $50,000,000. Thus, we see that, whatever this program may be, it involves approximately five times as much money as the original program; and yet we are asked to adopt it, not knowing what it is, not considering what it is, not having anyone speak who can speak with knowledge of the facts regarding it before we act, and all under the representation that it is not a matter of very great importance.

At this point, Mr. President, I call attention to something which occurred in the committee of the House touching this program. Dr. Morgan, being on the witness stand, was interrogated by Representative BACON as follows:

Mr. BACON. Carrying out all the recommendations of the President and everybody else, what will the total cost be in the next 10 years—$400,000,000?

Dr. MORGAN. No.

Mr. BACON. Will it be $600,000,000? When you get through with everything, in 10 or 15 years, what will the total cost be?

Dr. MORGAN. That is a question that does not mean anything.

Dr. Morgan then read into the record the President's message to Congress asking the creation of the Tennessee Valley Authority.

Mr. BACON. Taking all that for granted, * * * what is the total cost going to be for the Federal Government?

Dr. MORGAN. In figuring on the total cost, it will depend upon the wish of Congress from year to year concerning that development. * * * There are a dozen other sites which, if in 15 years from now we run short of power, could be utilized and we could come back and ask, "What about these?" * * * There are possibilities of many water-power plants on the Tennessee River and its branches. Twenty or 30 dams would be required to completely develop the resources of the Tennessee River.

Mr. President, what is this legislation that we are asked to proceed to consider? Toward what is it a step? What does it impose as a burden upon the taxpayers of the United States of America? If it be but a step in a huge development intended to reach out from the Tennessee River to all other rivers in the United States, let us know. We desire to consider that aspect before we take this step. Are not the people of the United States entitled to such information? Is not the Senate of the United States bound to ascertain it before acting?

So far as we can ascertain, the program has already been expanded to the following extent: Norris Dam, one-third completed, $34,000,000; Wheeler Dam, one-half completed, $38,000,000; Pickwick Dam, just started, never authorized, $22,000,000; Hiwasee Dam, $13,000,000; French Broad Dam, $30,000,000; Aurora Dam, $42,000,000; total, $175,000,000.

Still we must have in our consciousness the statement of Dr. Morgan: "20 or 30 dams would be required to completely develop the resources of the Tennessee River."

Do they mean to develop 20 or 30 more dams? The people of the United States want that question answered. The Senate of the United States ought to have that question answered before it proceeds to the consideration of a bill which would increase the authorization by $50,000,000, and increase the power of this corporation to take property of the private citizen; to rule over municipal corporations, which would much prefer to operate their own electrical production according to their special knowledge of local circumstances, but which they cannot do if this amendment is adopted, for all of them would bow the knee to this giant Authority down there.

What is the amendment? Would it absolutely foreclose and bar out forever any group of citizens in the five States involved from developing a dam and a power plant on the Tennessee River? That is for a committee of the Senate to consider. It is a serious question. My opinion upon it is of little weight, but I gain from a reading of the bill that that is precisely what it would do—that it would drive private individuals off the river under the claim that is is done in the national defense; that its primary purpose is increasing the navigability of that river.

What do we see? Is the War Department consulted? Not at all. Is the Military Affairs Committee of the Senate consulted? Not at all.

Mr. President, I have taken more time of the Senate than I had intended to take, and yet I have not finished all that might be said regarding facts. I have done little arguing. I have stated on the record what appeared to be true as a matter of experience and of history, taken from the best authority I have available, namely, the audit of the Comptroller General. There is other authority which will be available if we do not act hastily here in the Senate and vote to proceed with this bill before we have access to the printed record of the hearings already had. Perhaps we may find it our duty to hold further hearings before we proceed to act upon this proposal.

Mr. NORRIS. Mr. President, I desire to proceed with an explanation of the bill which I am seeking to have taken up, but I want the Senate to hear me.

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

Mr. NORRIS. I yield.

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

The PRESIDING OFFICER (Mr. FRAZIER in the chair). The clerk will call the roll.

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

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

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

JAY STREET TERMINAL, NEW YORK

The PRESIDING OFFICER laid before the Senate the amendment of the House of Representatives to the bill (S. 563) for the relief of the Jay Street Terminal, New York, which was, on page 1, line 9, after the figures "1929", to insert a colon and the following proviso:

Provided, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

Mr. COPELAND. I move that the Senate concur in the amendment of the House.

The motion was agreed to.

AMENDMENT OF BANKRUPTCY LAW

The PRESIDING OFFICER laid before the Senate the amendment of the House of Representatives to the bill (S. 1616) 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 and supple-

mentary thereto, which was to strike out all after the enacting clause and in lieu thereof to insert:

That subsection (b), as amended and supplemented, of section 4 of the act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, is amended to read as follows:

"(b) Any natural person, except a wage earner or a farmer, any unincorporated company, and any moneyed business, or commercial corporation (except a municipal, railroad, insurance or banking corporation, or a building-and-loan association) owing debts to the amount of $1,000 or over, may be adjudged an involuntary bankrupt upon default or an impartial trial, and shall be subject to the provisions and entitled to the benefits of this act.

"The bankruptcy of a corporation or association shall not release its officers, directors, or stockholders, as such, from any liability under the laws of a State or Territory or of the United States."

SEC. 2. That subsection (1) of section 74 of the act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, as amended and supplemented, is amended to read as follows:

"(1) If (1) the debtor shall fail to comply with any of the terms required of him for the protection of and indemnity against loss by the estate; or (2) the debtor has failed to make the required deposit in case of a composition; or (3) the debtor's proposal has not been accepted by the creditors; or (4) confirmation has been denied; or (5) without sufficient reason the debtor defaults in any payment required to be made under the terms of an extension proposal when the court has retained jurisdiction of the debtor or his property, the court may appoint the trustee nominated by the creditors at the first meeting, and if the creditors shall have failed to so nominate may appoint any other qualified person as trustee to liquidate the estate. The court shall in addition adjudge the debtor a bankrupt if satisfied that he commenced or prolonged the proceeding for the purpose of delaying creditors and avoiding an adjudication in bankruptcy, or if the confirmation of his proposal has been denied. No order of liquidation or adjudication shall be entered in any proceeding under this section instituted by or against a wage earner or a farmer unless the wage earner or farmer consents.

SEC. 3. That subsection (r) of section 75 of the act entitled "An act to establish a uniform system of bankruptcy throughout the United States, approved July 1, 1898, as amended and supplemented, is amended to read as follows:

"(r) For the purposes of this section, section 4 (b), and section 74, the term 'farmer' includes not only an individual who is primarily bona fide personally engaged in producing products of the soil but also any individual who is primarily bona fide personally engaged in dairy farming, the production of poultry or livestock, or the production of poultry products or livestock products in their unmanufactured state, or the principal part of whose income is derived from any one or more of the foregoing operations, and includes the personal representative of a deceased farmer; and a farmer shall be deemed a resident of any county in which such operations occur."

Mr. HATCH. I move that the Senate concur in the amendment of the House.

Mr. KING. Mr. President, will the Senator from New Mexico indicate what the amendment is?

Mr. HATCH. I will gladly do so. This is the bill which amends the Bankruptcy Act to permit livestock raisers to take advantage of that act. In the House the act was amended so as to include, in addition to livestock raisers, poultry raisers, dairymen, and others engaged in similar lines. The amendment is immaterial, as I view it. The bill enlarges the definition of the word "farmer", which has been restricted by the courts in some instances.

Mr. KING. It simply puts certain categories of employment under the definition of "farmer."

Mr. HATCH. Yes, Mr. President; it puts under that term certain categories which should rightfully belong under the term "farmer", and we had all thought they were comprised under that term originally.

Mr. KING. I have no objection.

The PRESIDING OFFICER. The question is on concurring in the House amendment.

The amendment of the House was concurred in.

TENNESSEE VALLEY AUTHORITY

The Senate resumed the consideration of the motion of Mr. NORRIS to proceed to the consideration of the bill (S. 2357) to amend an act entitled "An act to improve the navigability and to provide for the flood control of the Tennessee River; to provide for reforestation and the proper use of marginal lands in the Tennessee Valley; to provide for the agricultural and industrial development of said valley; to provide for the national defense by the creation of a corporation for the operation of Government properties at and near Muscle Shoals in the State of Alabama; and for other purposes", approved May 18, 1933.

Mr. NORRIS. Mr. President, I hope Senators will remain long enough to give me an opportunity to explain the purposes of the bill. The debate which has taken place in the filibuster against the motion to take up the bill has not, in my judgment, touched the merits of the question involved in this particular proposed legislation. I venture the opinion that even though a Senator may be opposed to the T. V. A. Act and opposed to all T. V. A. activities, yet if he believes that the T. V. A. ought to be given a square deal, he will vote in favor of this bill. I have the greatest of respect for those who do not agree with the present law and who were opposed to its enactment, but it seems to me that any man who wishes to be fair, even though he is opposed to that law, should desire that the law and those enforcing it be given a fair and honest opportunity, and if we shall find a place in the law where there is an "i" which is not dotted, that even though Senators are opposed to the law, they would be in favor of dotting that "i" and let the law be given a fair trial. That is all this bill does. It does nothing else.

I shall read the bill, section by section, and let the Senate, in some instances, see just where the amended part comes into the law which is now on the statute books. This is the first section:

That subdivision (i) of section 4 of the act—

The beginning of section 4—and I am reading from the law—is as follows:

Except as otherwise specifically provided in this act, the Corporation (a) shall have succession in its corporate name.

Then follow provisions under (b), (c), (d), and so on, down to (i).

The first section of the bill amends subdivision (i) by adding the following proviso to it:

Provided, That nothing contained herein or elsewhere in this act shall be construed to deprive the corporation of the rights conferred by the act of February 26, 1931 (46 Stat. 1422, ch. 307, secs. 1 to 5, inclusive), as now compiled in section 258a to 258e, inclusive, of title 40 of the United States Code.

That act referred to is the general law of the United States applying to condemnation proceedings on the part of the United States or any of its instrumentalities. In the Tennessee Valley Act there is provision for a method of condemnation. In fact, subparagraph (i), to which this language is added, provides:

(i) Shall have power to acquire real estate for the construction of dams, reservoirs, transmission lines, power houses, and other structures, and navigation projects at any point along the Tennessee River, or any of its tributaries, and in the event that the owner or owners of such property shall fail and refuse to sell to the corporation at a price deemed fair and reasonable by the board, then the corporation may proceed to exercise the right of eminent domain, and to condemn all property that it deems necessary for carrying out the purposes of this act, and all such condemnation proceedings shall be had pursuant to the provisions and requirements hereinafter specified, with reference to any and all condemnation proceedings.

It simply permits this board to operate under the general law that applies to the United States and all corporations and all subdivisions of the United States. Is there anybody who can object to that? Is that a serious thing? Are Senators alarmed about that amendment? After they have listened for 2 days to the Senator from Vermont [Mr. AUSTIN], are they frightened at the idea that if this corporation is allowed to condemn property, which it has to take in the name of the United States, it is to have the right to rely upon the general condemnation statutes of the United States? Mr. President, to ask the question is to answer it. I cannot see how any man, with reason, can object to that amendment. It is one of the amendments which enlarge the authority; but is that going to engulf us into all the trouble and difficulty described by the Senator from Vermont? Now, that is section 1. Let us take up section 2 and read that. It provides:

That subdivision (j) of said section 4 of said act be, and the same is hereby, amended to read as follows:

Now that proposes to strike out subdivision (j), as it exists in the present law, and to write a new subdivision (j). Let us find subdivision (j) in the original act and see what it is proposed to strike out. Here is subdivision (j):

(j) Shall have power to construct dams, reservoirs, power houses, power structures, transmission lines, navigation projects, and incidental works in the Tennessee River and its tributaries, and to unite the various power installations into one or more systems by transmission lines.

That is the present law. We propose to strike that out by section 2 of this bill and to insert a new subdivision (j), and Senators will find that it is almost identical with the present law when I read it, which I shall now do:

Shall have power to construct such dams and reservoirs in the Tennessee River and its tributaries as, in conjunction—

This is new language—

as, in conjunction with Wilson Dam and Norris, Wheeler, and Pickwick Landing Dams, now under construction, will provide a 9-foot channel in the said river and maintain a water supply for the same from Knoxville to its mouth, and will best serve to promote navigation of the Tennessee River and its tributaries and control destructive flood waters in the Tennessee and Mississippi Rivers drainage basins; and shall have power—

This language is now in the law—

and shall have power to acquire or construct power houses, power structures, transmission lines, navigation projects, and incidental works in the Tennessee River and its tributaries, and to unite the various power installations into one or more systems by transmission lines.

Practically the only thing which is new, the only language which the bill puts into the law that is not now there, is that it shall be the aim of the Corporation to make the Tennessee River navigable from Knoxville to its mouth.

Queer as it may seem, Mr. President, while we debated the T. V. A. Act for about 12 years, off and on, it was never once suggested, so far as I remember, that we should provide in the proposed act the depth for navigation. We did provide for navigation; that is the principal object of the original act; we provided that the river should be made navigable, but nowhere did we say what its depth for navigation should be.

The T. V. A. officers, the two Drs. Morgan and Mr. Lilienthal, who have been denounced in, I think, almost shameful terms on the floor of the Senate, where they cannot be heard in their own defense, discovered at once that if they were going to have a system under which the Tennessee River should be made navigable, as the law provided, they should know how deep the channel to be provided should be. So this amendment is here.

The only thing, it seems to me, that is subject to a possible dispute in connection with this amendment is whether a depth of 9 feet is the proper depth or whether the depth should be 8 feet or whether it should be 10 feet. The amendment suggests 9 feet. I do not see how any other controversy can be involved in the amendment. Where is the man who wants to object to it? Can the Senator from Vermont, with his vast experience in trying power lawsuits, demonstrate that there is any particular danger to civilization and to the prosperity of the world if we adopt this amendment?

It may be said that the amendment proposes to enlarge their authority. I do not care whether it does or not. The authority ought to be conferred; it ought to have been in the original act; and the first men to point it out are these, in the mind of the Senator from Vermont, disreputable creatures who are robbing the Government of all its money. We ought to give them credit at least for making one good suggestion. How are they to build dams on this river if they do not have a plan and are not enabled to know how deep the navigable channel should be? Unless that question be decided, to start with, they are likely to encounter all kinds of difficulty when they undertake to build navigation dams. If this provision shall be put into effect, it will mean that the Tennessee River will be made navigable to a depth of 9 feet from Knoxville to its mouth. What is wrong about that? Who is kicking about it? Nobody but the Power Trust; that is all; nobody else. Everyone who wants to be constructive, it seems to me, must favor it. No one who wants to give the Tennessee Valley Authority a square deal can object to it.

The T. V. A. says to Congress, "Here is the Tennessee River; if we build a navigation dam here just below, it may be that navigation will only have a channel of 2 feet; it may not be deep enough. If the Congress has a policy to make the channel 9 feet deep, we will have to build that dam farther down." So in the general plan that is necessary to develop the Tennessee River according to the real intent and purpose of the law, this amendment ought to be agreed to, and I do not know of anyone who can possibly object to it.

Mr. KING. Mr. President——

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

Mr. NORRIS. Yes.

Mr. KING. I was wondering if the Senator does not construe section (j) in the original act to give the authority to construct dams and improve the navigability of the river even though a channel 9 feet deep should be called for? For instance, the original section reads:

Shall have power to construct dams, reservoirs, power houses, power structures, transmission lines, navigation projects, and incidental works in the Tennessee River and its tributaries.

It seems to me that a proper construction of that language, particularly taking into consideration the title of the bill, "to improve navigability and to provide for flood control, and so forth", would give the authority to improve the river to a depth of 8 feet or 9 feet or to whatever depth was required.

Mr. NORRIS. I thank the Senator and I agree with him. I think they have the authority now, but suppose they undertook to exercise it and holding companies should come along, through an astute attorney, from Vermont, perhaps, and get an injunction and say, "The authority is not in the law; you must make it plainer." That is what is happening now in the Tennessee Valley.

The Senator must realize, while it may be impossible—and I believe it will be impossible—to prevent injunction suits, that the enemies of this project have no regard for fairness or for anything else, and if they can make a case on paper, even though it will be reversed in the higher courts, they can get an injunction. I will speak of the damage that comes from that situation a little later on. So what is the objection to the amendment?

Mr. KING. Mr. President, it seems to me—and I propound the inquiry for information—that the amendment which the Senator is discussing must have some other purpose in view than that which is involved in the deepening of the channel to 9 feet.

Mr. NORRIS. Well, what, for instance?

Mr. KING. I was wondering what other provision is found in the amendment which the Senator regards as necessary?

Mr. NORRIS. The other language, or practically all of it, is now in the law; it is already embraced in the provision of the act which the Senator has read. The T. V. A. has authority "to construct dams, reservoirs, power houses, power structures, transmission lines, navigation projects, and incidental works", and so forth; but the act nowhere says how deep the navigable channel shall be.

Mr. KING. I agree with the Senator; at least as I interpret it, there could be no injunction and no objection to a development of the navigability of the stream even if the depth were made 9 feet or 10 feet. So I was just wondering if there was some other purpose sought by this amendment, because it seems to me that, if it deals only with the question of deepening the channel, the authority exists in the act itself.

Mr. NORRIS. I think so, I will say to the Senator, and I think so about some of the other amendments proposed by the pending bill. As I stated in my report on the bill, which has been condemned and criticized by the Senator from Vermont, none of these amendments were absolutely necessary, though they were all desirable; but the only reason why some of them were put in the bill is to satisfy some of the critical, power-minded men who were hunting courts all over the Tennessee Valley in which to obtain injunctions to restrain operations.

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

Mr. NORRIS. I yield.

Mr. McKELLAR. In any event, there cannot possibly be any objection to making these powers so specific and so plain that anybody may determine what they are.

Mr. NORRIS. Yes; even a judge.

Mr. KING. May I inquire of the Senator whether he regards the language I am about to read in the proposed amendment as an addition to the authority granted in the original act?

Mr. NORRIS. Let me have the language before me.

Mr. KING. It reads:

And shall have power to acquire or construct power houses, power structures, transmission lines—

And so forth. Does the Senator regard the original act as giving authority to carry out the provision to construct transmission lines?

Mr. NORRIS. Yes, I do; although one of the objections made in the great injunction suit now pending against the Authority is that the Authority have no authority to do that. Let me say to the Senator that the authority to build transmission lines was one of the most vital points in conference between the Senate and the House when the original bill was under consideration. We even went over from one session of Congress to another with the bill in conference because some of the conferees would not agree to give to the Authority the right to build transmission lines. I held then, as I hold now, that if we had not given the power to build transmission lines it would in effect have nullified the whole act, and I should not have cared for it at all if that authority had not been given.

Mr. KING. Was not the opinion of Judge Grubb grounded upon the proposition that the act, as it was being interpreted and carried into effect, made the United States the proprietor, in the sense in which that term is used, of certain proprietary interests, and therefore it was not within the constitutional authority of Congress to set up a corporation and engage in activities which were private in their character and belonged to private corporations and private industry rather than to the Federal Government.

Mr. NORRIS. I shall not now put that construction on Judge Grubb's decision, but I have no objection to that construction as he saw it, and the Senator may have stated it correctly. I would not want to state that that was the effect and the entire effect of his injunction, because if I did so, and there was anything wrong with it, the power companies would immediately have a fit, and I would be accused of doing something that was discourteous to the court and that was wrong in effect.

We are now finished with section 2, and I do not find anyone objecting to the language of the amendments proposed to that section. I do not see any danger so far. Let us take up section 3 and see what it provides:

SEC. 3. That said section 4 of said act be, and the same is hereby, further amended by adding a new subdivision, (k), at the end of said section as follows—

This is a new amendment. Senators will remember what that section provided. It enumerated the powers which the Corporation should have. The amendment proposes to add another power, as follows:

(k) At any time before the expiration of 5 years from the date when this section, as amended, becomes law (the Authority) may, in the name of and as agent for the United States and subject to the approval of the President, dispose of any of such real property as in the judgment of the Board may be no longer necessary in carrying out the purposes of this act.

The original act did not give this authority except in a limited way and as to certain property. It did not give to the Board the right to dispose of real estate. It did give the right to dispose of personal property. The Board has found that in buying land which will be flooded, for instance, at Norris Dam, they are sometimes obliged to buy a piece of land which will be partially overflowed and partially not affected. In the settlement of the question the Board sometimes acquires title to land outside of the reservoir or close to it for which it has no use. There is other real estate which it may acquire in the same way for which it has no use.

If they could get the consent of the President and the land were no longer useful in the operation of the property, then they could sell it. Should anybody object to that? Is there anything wrong about that? Is there any robbery in it? Are the poor fellows who work and toil and sweat to earn their living going to lose their jobs on account of that? It is simply a business proposition and nothing else. I cannot possibly see how the most critical power attorney can find fault with anything of that kind.

Let us go on to section 4 and see what crime that proposes to commit. It reads:

SEC. 4. That subdivision (c) of section 5 of said act be, and the same is hereby, amended to read as follows.

Now let us go to subdivision (c) of section 5 of the original act and see how it reads:

The board is hereby authorized—

Then it enumerates certain powers (a), (b), and (c), the latter being the one we are proposing to change by this amendment. Let me read it as it is in the present law.

(c) To cooperate with National, State, district, or county experimental stations or demonstration farms for the use of new forms of fertilizer or fertilizer practices during the initial or experimental period of their introduction.

That is amended by striking it out and inserting a new subsection (c) as follows—and I ask Senators to listen and notice the similarity:

(c) To cooperate with National, State, district, or county experimental stations or demonstration farms, with farmers, landowners, and associations of farmers or landowners—

That is new language; otherwise the provision is just the same. In other words, it is explicitly stated that the Board shall have the right to cooperate with associations of farmers. It is not so provided in the original act. I think they would have the power to do it under the general powers given them. I have no doubt whatever of it, but it must be remembered that we are not dealing with honest men. If there is anything corrupt in American life today, it is the Power Trust, and they will take advantage of everything which they think leaves a crevice for them to creep into. Therefore, we propose to specifically provide for it in the law.

I continue reading:

With farmers, landowners, and associations of farmers or landowners, for the use of new forms of fertilizer or fertilizer practices during the initial or experimental period of their introduction, and for promoting the prevention of soil erosion by the use of fertilizers and otherwise.

That latter phrase is new language. Do we want to give them that authority? They think they have it now. I think they have it under the several general provisions of the law. They are now doing that kind of work, but in view of their experiences with the enemies who are piling up injunction suits one after the other for the purpose of handicapping them, for the purpose of interfering with them, the Board thought that because the original act does not contain the language "for promoting the prevention of soil erosion by the use of fertilizers and otherwise", they might be led into another injunction suit. That is what they are afraid of. They are greatly alarmed over the possibility that they cannot turn over their hands without an injunction being issued against them; and a shrewd lawyer like the lawyer from Vermont, for instance, can draw a good case on paper for injunctions to prevent almost anything on earth.

There have been found in some places in the Tennessee Valley large acreages which have been eroded, where the timber was cut off years ago, where the slope is steep, and where, as a result of the rains and the drainage of hundreds of years, the soil has been washed away. I have seen pictures of such places. Some of them are still small. Some of them are as large as an ordinary creek. A man could not drive over them. Some of them a man could not climb over on foot without great difficulty. The soil that God put there has been washing away for 50 years or more, for a hundred years; and we in this generation are now learning that one of the things our civilization must do is to prevent erosion, or in the end our civilization will fail.

Go to China and see the thousands of acres there that have been devastated because the timber has been cut off, because of erosion on side hills that has destroyed the fertility of the soil. The officials of the Tennessee Valley Authority are now engaged in that kind of work down there, and they are spending a good deal of money to do it. We are engaged in doing similar work in Nebraska. It is being done in a great many other States throughout the Union. The country is becoming alive to the fact that one of the things which in years to come will destroy the civilization of those who come after us is erosion, and the officials of the Tennessee Valley Authority are trying to stop erosion. They will fail many times. They will fail in a good many cases. They will sometimes lose their money. We know that in advance. When they lose a dollar, we shall have some attorney standing up in the Senate who thinks more of a holding company than he does of his country, and saying, "We must not have that kind of civilization. We must not spend money to prevent erosion. We must let the soil wash into the sea, and see our grandchildren go from their homes of today, because they will be desolate, into other countries if they can reach them."

If we do not believe in trying to stop erosion, we ought not to have this provision in the bill; but there is no reason why we should try to stop erosion in Nebraska and not stop it in Tennessee, Alabama, North Carolina, or Mississippi. That is all this amendment does. Does anybody object to it? Is there anything sinful about it? Is there anything to be ashambed of? Is the Senator from Vermont justified in denouncing me because I said in the report that for the preservation of the T. V. A. none of these amendments is absolutely necessary, but they are all desirable?

The T. V. A. can continue to operate if we prevent them from remedying soil erosion; but the fear is that some Federal judge will issue an injunction preventing the use of Federal money to save the country by preventing erosion. Does any Senator wish to strike out this provision? Is any one opposed to it? Can any Senator rise on the floor of the Senate and say it is wrong?

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

Mr. NORRIS. I yield.

Mr. McKELLAR. I call the Senator's attention to the fact that just a few weeks ago, on April 8, 1935, the joint resolution providing money for relief and work relief became a law; and that joint resolution, among other things, provides a fund of $350,000,000 in part to do away with soil erosion.

Mr. NORRIS. I thank the Senator.

Mr. McKELLAR. The Senate, by act of Congress, is committed to the very activity for which provision is made in this bill.

Mr. NORRIS. Of course we are. If we had courts and attorneys and enemies who were fair, we should not need this amendment. I think any enlightened judge who lives in the present state of civilization and is not chained to a post that was driven into the Constitution 200 years ago would hold that the T. V. A. had this authority even without this bill; but for the purpose of meeting just that kind of a possible contingency the members of the Board thought there ought to be in the law a direct statement of their authority.

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

Mr. NORRIS. I yield.

Mr. TYDINGS. As I understand these amendments, there is really nothing new in any of them. The thought of the Senator so far as he has gone and so far as I have heard him is that these are simply clarifying amendments, so that the intention of the original act may be carried out?

Mr. NORRIS. Absolutely. I think the Senator states the matter correctly.

Mr. TYDINGS. Whether the proposition, in its inception, was a good thing or a bad thing is not the point here involved.

Mr. NORRIS. Absolutely not.

Mr. TYDINGS. We have a certain project, and as I understand, now that it is partly built, the Senator is asking that the project be completed.

Mr. NORRIS. Yes.

Mr. TYDINGS. There is no new authority in this bill, broadly speaking, to encompass any aim which the original act did not encompass. Is that correct?

Mr. NORRIS. The Senator from Maryland has stated the whole matter in a nutshell, much better than I could state it. If we favor this bill, it does not mean that we also favored the passage of the Tennessee Valley Act, as I said at the beginning; but if a Senator is fair-minded, even though he was opposed to the original Tennessee Valley Act, does he desire to say, "I wish to frustrate its activities indirectly by such things as narrow construction of some power that may be in the original act, that the Senate thought was lodged there, and that ought to be there"?

Mr. TYDINGS. Mr. President——

Mr. NORRIS. I yield again to the Senator.

Mr. TYDINGS. I am not very familiar with the proposed legislation, and perhaps my questions would be answered if I had studied the bill. With that apology, may I ask the Senator if the bill contains a provision that existing transmission lines, now owned by private companies, may be purchased by the Authority so as to extend the scope of its operations?

Mr. NORRIS. No; that is already in the act in almost direct language.

Mr. TYDINGS. The reason why I ask that question is that, as the Senator may recall, my original objection to the act was not based so much upon its idealism, or what it sought to accomplish; but I took the position that if the Government were to parallel private lines there perhaps might be a confiscation of a company where there had been an honest attempt to render a service at a fair price. Perhaps that day has gone by.

Mr. NORRIS. No; I do not think it has. The Tennessee Valley Authority can buy existing lines, and we put that into the law, although it is included in one of the amendments in order to make the power more explicit.

Mr. TYDINGS. I mention that only by way of explanation of the fact that the project in itself now being in a state of near completion, there really are no new rights given under these amendments. They are simply clarifying amendments to carry out the original intent.

Mr. NORRIS. I think so.

Now let us consider section 5 and see what crime is committed there.

That said act—

That means the Tennessee Valley Act—

be, and the same is hereby, further amended by adding a new section after section 9 of said act, as follows.

This is new. Let us read it, and see what terrible black crime is covered up beneath its dubious words:

SEC. 9a. The Board is hereby directed in the operation of any dam or reservoir in its possession and control, to regulate the stream flow primarily for the purposes of promoting navigation and controlling floods. So far as may be consistent with such purposes, the Board is authorized to provide and operate facilities for the generation of electric energy at any such dam, for the use of the corporation and for the use of the United States or any agency thereof, and the Board is further authorized, whenever an opportunity is afforded, to provide and operate facilities for the generation of electric energy in order to avoid the waste of water power, to market such power as in this act provided, and, thereby, so far as may be practicable, to assist in liquidating the cost or aid in the maintenance of the projects of the Authority.

Personally, I do not think that is necessary. I think that is all in the original act, every bit of it; but again come the injunctions. In the great injunction which was issued by Judge Grubb, I understand there was some reference to this subject. As I read that injunction, if it shall be sustained by the Supreme Court of the United States, we might just as well blow up every dam, not only in the Tennessee River but every dam in the United States. There was something said in the injunction, however, about its being constitutional, and yet that no legislative authority had been given to sell power. In effect, the judge held that if a dam were built under the navigation power given by the Constitution, and incidentally some water power could be developed there, the United States had a right to develop the water power for the Government's use, but if it developed any more than the

Government could use, it must let it run to waste and not sell it.

I do not believe that is in the act as it now stands. I cannot see any possibility of putting that kind of a construction on the act. I do not believe any reasonable man can put such a construction on it. When we have built a dam for navigation, and it is 100 feet high, if by putting in a wheel we may develop 100,000 horsepower, which is an immense amount of power, it is ridiculous to say that we dare not do it because there is no constitutional authority for the Government to go into the power business; its authority is confined to navigation.

If we take that view, we might just as well repeal the Tennessee Valley Act, we might just as well repeal the Boulder Dam Act, and every other water-power act we have ever passed, and blow up all the dams.

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

Mr. NORRIS. I yield.

Mr. LONG. Referring to Judge Grubb's decision, he held the whole thing unconstitutional, did he not?

Mr. NORRIS. I think that is the effect of the decision.

Mr. LONG. If his opinion is good, the proposed grant of water power would not be any better, would it?

Mr. NORRIS. I think that if his decision stands, there is no possibility of any of them surviving. But there was something, I think in the opinion itself—and I have not read the opinion for some time—to this effect, "Rather than go beyond your constitutional authority, let the power go to waste." No other conclusion can be drawn from it.

The section to which I am referring states in so many words that they shall have authority to sell the surplus power according to the terms laid down in the act.

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

Mr. NORRIS. I yield.

Mr. KING. I hastily read the opinion, the finding of facts, and the conclusions of law of Judge Grubb. I do not pretend that in that very hasty perusal I have accurately appraised the decision which he rendered, or the points which he attempted to cover, but as I read the decision, I was impressed with the thought that what he was driving at was that the Federal Government is one of enumerated powers, that among the powers granted to the Federal Government was not one which would authorize it to engage in the manufacture and sale of electricity, or power, particularly in competition with private enterprises, and destroy them, or to engage in an activity which would be confiscatory, of course, as to private interests and private property which had been acquired. Therefore, he held that the injunction should issue, for the reason that it appeared from the testimony that the primary purpose of T. V. A. was not so much the building of reservoirs for irrigation purposes, but was the establishing of industrial plants to generate power, to erect transmission lines, and to invade fields which had been occupied by private endeavor, where lines had been constructed, and where the public was being served by electrical energy. That was the point. As to whether he was right or wrong, I express no opinion.

Mr. NORRIS. I lay it down as a proposition which I do not believe any lawyer will dispute, that where the Constitution gives authority to Congress to do a certain thing and it does it, and in doing it necessarily there is produced something else which there is no constitutional authority to produce, it will have the right, nevertheless, to provide what shall be done with that byproduct, in the way of sale or other disposition.

The dissenting opinion written by Chief Justice Hughes in the railroad-insurance decision contains a very illuminating paragraph on that subject. He cites the report of a commission composed of Senators and others, of which Senator Sutherland, now Justice Sutherland, of the Supreme Court, was chairman; and Justice Sutherland was on the other side in the Supreme Court on this particular question. It was stated in the report of that commission in so many words that where authority is given to perform a certain act which is admitted to be constitutional, if, in the exercise of that authority, something is produced or made which had not been in contemplation, instead of throwing it away, there would be authority to save it.

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

Mr. NORRIS. In just a moment. I say here that certainly nobody will contend that Congress has not the right to legislate respecting the navigability of the Tennessee River, and we have authorized a corporation representing the Government of the United States to improve the navigability of the Tennessee River. The law provides that they shall bring about maximum navigability. In carrying out that provision they build dams, and when they build dams they produce power. The production of power naturally follows a constitutional activity, and it follows, therefore, that they can dispose of that power, and they can transmit it, if the power is in the form of electricity.

Suppose that in the building of this great dam, instead of producing power, by some operation of nature we produced bread. Would anybody hold that because the Constitution did not say anything about our producing bread we would have to throw that bread away, that we would have to guard it so that even dogs could not eat it, that we would have to be sure it went to waste? Is not a child in the eighth grade in school capable of coming to a better conclusion than that, even though a great lawyer, representing great holding companies, may hold that to be true?

It seems to me that in all reason such a foolish, narrow-minded construction sought to be put upon the Constitution of the United States is not tenable.

I now yield to the Senator from Louisiana.

Mr. LONG. My impression is that in its control of public land the Government has frequently entered into contracts not only for the cutting of timber, but for the sale of and royalties on turpentine extracted from timber.

Mr. NORRIS. The books are full of such instances.

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

Mr. NORRIS. I yield.

Mr. KING. In part I agree with what the Senator has said. Perhaps the action in the case of the Roosevelt Dam in Arizona will illustrate the point which I think Judge Grubb had in mind, and the one which I now have in mind.

A question arose when the Roosevelt Dam was constructed in Arizona by the Government for the reclamation largely of its own lands, and of course there is no question about the power of the Government, under the authority to dispose of the public domain granted by the Constitution, to utilize waters which have not been appropriated for the purpose of putting them out on lands which it owns for the purpose of selling them. Before the construction of the Roosevelt Dam the farmers in the vicinity and those who acquired lands made contracts with the Government to take the water as soon as the dam was constructed. It soon developed that power would be developed as a result of the construction of the dam, and the paramount purpose being to build the dam for irrigation purposes, the question arose as to whether or not the ancillary development, when the power was created, could be used by the Government.

I held, because the question was referred to me at that time by some persons who wanted suit instituted, that the Government had the right to develop the power and to sell it; but, in view of the fact that it had made a contract to sell the water to the people in the valley there, I insisted that when the power was developed and when the dam was turned over, all the rights originating from the manufactured power should also pass to the farmers. There is no question, however, of the right of the Government to utilize the power.

Mr. FLETCHER. Mr. President, will the Senator from Nebraska yield to me?

Mr. NORRIS. I yield.

Mr. FLETCHER. I understand the law authorizes the construction of a dam or dams for the purpose of promoting navigation. Unquestionably Congress has that power; it can take steps to promote navigation or to improve navigation by building dams. The production of power is merely incidental, not the original purpose of building the dam.

Now something is to be developed incidental to navigation, incidental to the construction of the dams, and the amendment provides that the T. V. A. will have authority to sell the power.

May I ask the Senator whether the authority to sell the power carries with it the authority to distribute the power?

Mr. NORRIS. Yes; the T. V. A. has explicit authority to build transmission lines.

Mr. FLETCHER. It is given that authority?

Mr. NORRIS. Yes; not by the proposed amendment, but there is that explicit authority in the present law.

Mr. FLETCHER. In the amendment there is mention of the sale of power. I was wondering whether the Government would be confined by that to the selling of the power itself without having any authority to transmit it. There might be a question there, because under the original Muscle Shoals legislation, as I remember, the Government did sell power. It did not transmit the power, but it sold the power.

Mr. NORRIS. Let me read the language of the amendment to the Senator. It reads: "To avoid waste of water power, to market such power as in this act provided."

The act provides in rather minute detail what shall be done. For instance, it gives preference to farmer organizations; it gives preference to States and counties to purchase the power; it provides for the transmission. It reads: "To market such power as in this act provided." Suppose we add, in line 12, after the word "market", the words "and transmit", so as to read: "to market and transmit such power as in this act provided."

When we get the bill before the Senate—if we ever do, and if the power companies will let us alone long enough to do so—such an amendment will be offered, if the Senator does not offer it, and I think it will improve the bill.

If some of those, such as the Senator from Utah [Mr. KING], for instance, think there may be some doubt about the authority to sell this power—and I think that doubt was in the mind of Judge Grubb when he said there was no direct authority contained in the act to dispose of the power which was purchased—do we want to give to the T. V. A. the authority to sell the surplus power? Is there any Senator who will say "nay" to that proposition? If Senators do not want to sell the surplus power, but want it to go to waste, then they should be opposed to this amendment. If they do want to give the Tennessee Valley Authority power to sell it, then this amendment ought to be adopted. In my own opinion, they have the authority now without the adoption of this amendment, although apparently Judge Grubb did not think so.

We will now pass on to section 6. I have not found anything bad as yet. I should be glad if any Senator thinks he has seen something sinful or wrong or criminal in any provision we have so far considered, to rise in his place and say so. I do not believe anyone can even assert that sort of a claim.

SEC. 6. That section 10 of said act be, and the same is hereby, amended by adding thereto a proviso as follows.

Let us now go to section 10 of the act and see where it comes into the picture. Section 10 authorizes the board to sell the surplus power not used in its operations, and so forth. It is unnecessary to read it. It is a rather long section. Section 6, the amendment which I will now read, adds a proviso to that section, as follows:

Provided further, That the Board is authorized to include in any contract for the sale of power such terms and conditions, including resale rate schedules, and to provide for such rules and regulations as in its judgment may be necessary or desirable for carrying out the purposes of this act, and in case the purchaser shall fail to comply with any such terms and conditions, or violate any such rules and regulations, said contract may provide that it shall be voidable at the election of the Board: *Provided further*, That in order to supply farms and small villages with electric power directly from its transmission lines as contemplated by this section, the Board in its discretion shall have power to acquire existing transmission lines and facilities: *And provided further*, That the terms "States", "counties", and "municipalities" as used in this act shall be construed to include the public agencies of any of them unless the context requires a different construction.

Let me tell the Senate what I believe to be the reason why that amendment is offered. In the first place, it is the theory of the Tennessee Valley Act to carry the benefits of cheaper electricity, so far as provision for electricity is made in the act, to the consumer of electricity, and not have it eaten up by middlemen. We have gone so far in that act as to provide that wherever a sale of electric energy is made to a person or a corporation which intends to resell it for a profit, the Board has a right to cancel the contract if the reasonable regulations of the Board as to the price which the consumer shall be charged are not complied with.

A certain condition was found early in the administration of the act. There was a town—I will not name it—which was going to take electricity from the T. V. A. The leaders of the town organized. They had a machine entirely set up to divide a number of fat offices among themselves at very large salaries. It was perfectly evident to the Board that one of the purposes these men had in mind was to feather their own nests, and the Board required of them before the contract sale was made that the price to the consumer should not exceed a certain amount; that in fixing the rate there should be taken into consideration a sum equal to the tax paid by a private concern engaged in the same business; that they should provide also for a reasonable percentage to be set aside to take care of wear and tear; and that there should be a provision against payment of fabulous salaries in the municipality for the handling of the business.

In connection with the contracts which the Board has made it has done just what the proposed bill gives specific authority to do. There was some question raised whether the Board had the right to do what it has done. The Senator from Vermont has raised one objection to this bill, and only one, in addition to the one just mentioned. He raised objection to the section under which he said municipalities were going to be controlled in the matter of the rates they would charge. He said that whatever they wanted to charge and whatever they wanted to pay was their own matter.

The Corporation took the position that the object of Congress in passing this law—and it is stated in the act—was to help the consumer, was to give preference even to the home owner over the manufacturer. It is provided in the law that if there should ever arise a case where both could not be supplied the home owner should have preference. The purpose of the law was that the T. V. A. should go into the homes and give the people cheaper electricity. The T. V. A. concluded that it had the authority to see that sales should be so made that there should be no abuse.

Do Senators desire to give the Board that authority? Is that a good thing? That is all this bill provides for. It provides for nothing else. I think the Board now has the authority. But, again, some bright holding-company lawyer may make use of the allegation that T. V. A. has no such authority as a loophole in order to obtain an injunction and destroy the benefits of the act for an entire community or city.

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

Mr. NORRIS. I yield.

Mr. COUZENS. If the Senator has answered the questions I intend to ask, I do not want to bother him to do so again. I will look at the RECORD. The Senator from Vermont in his speech yesterday and today mentioned the setting up of a number of Delaware corporations, one of them to engage in the regulation of diet, or the development of a proper diet.

Mr. NORRIS. I will say to the Senator that I have not answered that point. I will answer it, but I have not come to that point as yet. I should rather not take it up until I complete my presentation of the sections of the bill.

Mr. COUZENS. Then I will not press the question. The other question is what justification there is for setting up a company to sell electrical equipment on the installment plan. Does the Senator from Nebraska justify that?

Mr. NORRIS. I think that is a good thing, and I am going to discuss it. However, that matter is not involved in this bill. Neither is the other question which the Senator

has asked. This bill has nothing to do with that. The practice will not be prevented if the bill is passed. It will go on just the same if the bill is not passed.

Mr. COUZENS. If the theory is to continue along this line, the question arises in my mind whether that power should not be taken away from the T. V. A. by Congress, irrespective of whether it is contained in this particular bill or not.

Mr. NORRIS. That may be right. I will not argue that question now. Perhaps the President ought not to set up these various corporations. He has done so all over the United States. Perhaps he could have done it in some other way. Perhaps somebody else could have done it better. However, that is not involved in this bill. I wish to call to the attention of the Senator that this bill has nothing whatever to do with that question.

Let me now take up section 7. Sections 7, 8, and 9, I think, are the ones to which the Senator from Vermont referred so much.

Section 7 provides:

That said act be, and the same is hereby, further amended by adding a new section after section 12 of said act, as follows:
"SEC. 12a"—

This is a new section. Permit me to read it and see what sin, what dark crime, it covers up.

"SEC. 12a. In order (1) to make possible the disposition of the surplus power of the corporation according to the policies set forth in this act; (2) to give effect to the priority herein accorded to States, counties, municipalities, and nonprofit organizations in the purchase of such power by enabling them to acquire facilities for the distribution of such power; and (3) at the same time to preserve existing distribution facilities as going concerns and avoid duplication of such facilities, the Board is authorized to acquire, within transmission distance from any dam where such power is generated by the corporation (a) existing distribution facilities and incidental works, including generating plants, and (b) interconnecting transmission lines, or to acquire any interest in such facilities, incidental works, and lines, and to dispose of them to States, counties, municipalities, and nonprofit organizations. No such distribution facilities and incidental works, or interest therein, shall be acquired by the Board unless in its judgment it shall appear practicable so to dispose of the same. It shall be the duty of the Board to use all reasonable diligence to negotiate contracts upon such terms and conditions as in its judgment may be reasonable, just, and equitable, with States, counties, municipalities, and nonprofit organizations for the transfer to them of distribution facilities, incidental works, or any interest therein acquired by the Board, and for the sale of surplus power of the Corporation for distribution through such facilities. If at the expiration of 5 years from the date of the acquisition of any such distribution facilities, incidental works, or interest therein, the Board shall have found it impracticable or inadvisable to make the transfer herein contemplated, it shall make a full report of the facts to the Congress of the United States, together with such recommendations as it may deem appropriate. Pending such transfer, the Board is authorized to operate, maintain, and improve such facilities and incidental works for the sale and distribution of electricity and to make such contracts, rules, and regulations in connection with such sale and distribution as in its judgment may be reasonable, just, and equitable."

Mr. President, we ought to consider together that section and the section later on which provides for the issuance of $100,000,000 of bonds. However, first let me take up section 7 and state to the Senate what is its object and why it is in the bill.

Suppose a private corporation owns transmission and distributing lines to several municipalities, five or six of them, we will say, and one of those municipalities should desire to construct a municipal distributing system, and not to buy the existing one but to buy power from the T. V. A. The objection is immediately made—and I concede there might be such a possibility, though I think it is always exaggerated—that if there be taken out of the private system this municipality or that municipality, it would injure the entire system, that securities issued on the entire system would be affected, and that the investors might thereby lose something of their investment if the system were injured by acquiring one unit and not taking them all. One municipality could not take them all; no municipality could take more than would be necessary for the service of its own people. Municipality A could not buy a municipal system in town B, of course. So in such a case this section gives authority to the T. V. A. to buy the whole system, then to sell it to the municipality, and if the T. V. A. take the whole system and have an arrangement with town A to take one part of it and another arrangement with some other town to take another part of it, they can operate the system until they secure arrangement thus to sell the entire system, but if they fail to dispose of the entire system within 5 years they must report to Congress the facts and secure advice from Congress as to what it is proper to do.

That provision, let me say to the Senate, will never be put into effect unless the holding companies, which are so precious in the estimation of my friend, make that kind of contract of sale. There is no provision for condemnation proceedings in this section. The T. V. A. cannot take such a system by condemnation; they can only take it if the owners of the system wish to sell it and at a price that is agreeable to them. That is the object of that section.

It may be, though it shall be embodied in the law, that it will never become effective; if they all take the viewpoint that the Senator from Vermont does, it never will take effect.

However, the cry is made, the propaganda is sent out, that the dear "widows and orphans" will be losing their investment, and T. V. A. will be blamed for it. This is to save them if any of them are in danger; this is designed as much to protect the private-utility investor as it is anyone else, and it will never become effective unless the investor in the private utilities voluntarily makes the contract of sale.

Is there anything bad about that? Is anybody going to be hurt by it? Can the private-utility interests be hurt? They do not need to enter into that kind of contract; it is not provided that they shall; but here we are face to face with a national propaganda of unusual dimensions, trying to make the Senate, the House, and the people of the country believe that we are trying to rob the investor. If there is any danger in what they say is dangerous, this is to save them from it.

Mr. McKELLAR. Mr. President——

Mr. NORRIS. I yield to the Senator from Tennessee.

Mr. McKELLAR. The practical working of this section would mean that, for instance, if a private company has a lighting system in a certain city and has spent $12,000,000 on that system and there is that much value there, and, we will say, it is represented by $9,000,000 of bonds and $3,000,000 of stock, then those who have put their money in it may, if the property is there, get a return of their money?

Mr. NORRIS. Yes, sir.

Mr. McKELLAR. That is the purpose of it. It seems to me it is exceedingly fair; and I cannot imagine how anyone who wants to be fair can object to a just provision of that kind.

Mr. NORRIS. A little later I will refer to that again when I come to the bond provision.

Now, Mr. President, let us proceed to section 8. Senators, keep your ears open! The terrible crime of this bill has been pictured for 2 days by the Senator from Vermont; you have not found anything bad in it as yet; now see if you cannot find something wrong with section 8. That section reads as follows:

SEC. 8. That said act be, and the same is hereby, further amended by adding to section 14 of said act the following:

This is something new; it is not in the present law. Let us see what a terrible thing it is. Here it is:

For the purpose of accumulating data useful to the Congress in the formulation of legislative policy in matters relating to the generation, transmission, and distribution of electric energy and to the Federal Power Commission and other Federal and State agencies, and to the public, the Board shall keep complete accounts of its costs of generation, transmission, and distribution of electric energy and shall keep a complete account of the total cost of generating, transmission, and distribution facilities constructed or otherwise acquired by the corporation and a description of the major components of such costs according to a classification of accounts adopted by the Board, together with records of such other physical data and operating statistics as may be helpful in determining the actual cost and value of services, and the practices, methods, facilities, equipment, appliances, and standards and sizes, types, location, and geographical and economic integration of plants and systems best suited to promote the public interest, efficiency, and the wider and more economical use of electric energy. Such data shall be reported to the Congress by the Board from time to time with appropriate analyses

and recommendations, and, so far as practicable, shall be made available to the Federal Power Commission and other Federal and State agencies which may be concerned with the administration of legislation relating to the generation, transmission, or distribution of electric energy.

Where is the sin in that amendment? Where is the covered-up crime there? Do we want that information? It is something entirely new and not in the original act. Do we want this information transmitted to the Power Commission, to the Congress, to the municipalities, and to the public generally so that we may know all about the generation and the transmission of electricity, so that we may all know about the costs of appliances which now are often very fabulous?

Mr. COUZENS. Mr. President——

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

Mr. NORRIS. I yield.

Mr. COUZENS. Does not the Senator believe there ought to be a provision that they should be subject to the audit and control of the Comptroller General?

Mr. NORRIS. A general audit and control of the Comptroller General is now provided for in the act itself.

Mr. COUZENS. It does not apply apparently to that particular language.

Mr. NORRIS. I should think it would. If it does not, and the Senator wants to offer that kind of amendment, I should be glad to accept it. I have not anything to cover up here. I have not any more interest in this legislation than has any other Senator. I am not guilty of trying to deceive the Senate, as the Senator from Vermont [Mr. AUSTIN] tried to induce Senators to believe I am. I am just now engaged in going over the bill itself to see what is wrong; to see if anybody can find anything wrong with it. I welcome that kind of amendment, although I think it is entirely unnecessary.

Here is what the law now provides:

The Comptroller General of the United States shall audit the transaction of the corporation at such times as he shall determine.

I should think that would cover everything. There should be an audit, and I should be glad to have their accounts and transactions audited, but I think the authority is now amply sufficient. Who objects to that provision? What is wrong about it? Can the Senator from Vermont find some complaint with that language?

Mr. AUSTIN. Mr. President——

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

Mr. NORRIS. I yield.

Mr. AUSTIN. I had not intended to interrupt the Senator, but the point as to that particular amendment is that it empowers the Board to adopt the kind of bookkeeping it sees fit, and it does not require the Board to comply with the standard forms of bookkeeping required of ordinary public utilities. By means of that amendment this particular corporation has an escape from the standards of capitalization and other valuations upon which the supervisory commission, the Public Utilities Commission, is enabled to compare one with another and ascertain whether rates are too high, as well as other essential facts which bear upon the rights and privileges of individuals. That is what is the matter with the amendment. It is the element in the amendment which makes the Board the ultimate authority as to the type of accounting which shall be employed with respect to these matters.

Mr. NORRIS. I suppose it would suit the Senator from Vermont better if we should provide in the bill that these accounts should be kept by the New England Power Association and its subsidiaries. It would suit the Senator better to have some private company establish its methods of measuring than to have the Authority do it. The entire thing would be gone over by the Comptroller General's Office to see that there was not anything wrong about it. I do not know why I should not prefer the method of keeping books prescribed by the Authority to the method of bookkeeping followed by the holding companies.

If I am not mistaken, there is now in the general law—and I have not any objection to incorporating it in this bill—a provision that the General Accounting Office shall have the right to supervise and see that the books are kept according to rules and regulations laid down by the General Accounting Office.

Mr. COUZENS and Mr. AUSTIN addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Nebraska yield; and if so, to whom?

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

Mr. COUZENS. I was going to suggest, in order to have accounts uniform with the accounts kept by the Power Commission, that the section might be amended so the system of bookkeeping would have to be approved by the Federal Power Commission. That would bring about uniformity of accounts.

Mr. NORRIS. Very well. I have no objection to that. That is another suggestion that might be considered good. I do not want to give the power to some private company to establish the bookkeeping system, but I would rather have the books kept in accordance with the methods by which books are kept by the Federal Power Commission.

Mr. McKELLAR. Mr. President——

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

Mr. NORRIS. I yield.

Mr. McKELLAR. May I invite the attention of the Senator to the provision in the amendment that—

Analyses and recommendations, so far as practicable, shall be made available to the Federal Power Commission and other Federal and State agencies which may be concerned with the administration of legislation relating to the generation, transmission, or distribution of electric energy.

That provision of the amendment puts the analyses and recommendations in the hands of experts, certainly, and if there is anything wrong with them the Federal Power Commission and State agencies will discover it.

Mr. COUZENS. The trouble with what the Senator from Tennessee suggests is that there ought to be a uniform system of calculating depreciation, amortization, and obsolescence. If we are going to make this a yardstick, as I am in favor of making it, there should not be one percentage of depreciation and obsolescence for one plant and another percentage of depreciation and obsolescence for another plant. That does not make a yardstick for keeping the operations comparable.

Mr. NORRIS. I have never heard any complaint about the methods of keeping cost accounts by the T. V. A. If Senators would rather the Comptroller General should outline something of that kind, I do not know that I should object; but I would rather have the Power Commission do it than the Comptroller General. They know more about it. I would have no objection to the Power Commission doing it, because they are experts in that line. Certainly we ought to have the same system for all governmental activities. There is no doubt about that.

But suppose we do not have this section? Suppose we strike it out of the bill? Do Senators want to do that? Let me read it:

For the purpose of accumulating data useful to the Congress in the formulation of legislative policy in matters relating to the generation, transmission, and distribution of electric energy and to the Federal Power Commission and other Federal and State agencies, and to the public, the Board shall keep complete accounts of its costs of generation, transmission, and distribution of electric energy and shall keep a complete account of the total cost of generating, transmission, and distribution facilities constructed or otherwise acquired by the corporation—

And so forth. Do Senators object to securing that kind of information? Is that a bad thing to have? Who is better qualified to furnish it than is this board? No instrumentality on earth would have the facilities to give such information.

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

Mr. NORRIS. Certainly.

Mr. COUZENS. I should like to say that in listening to the Senator read the section I heard no reference to uniformity of calculating obsolescence, depreciation, and replacement, which are ordinarily a very great factor in arriving at cost of production. It does not make any particular difference what the percentage is. The important thing is

to have it uniform if we are going to create a yardstick. What I do not want is the authority in that section to be used by an agency that itself is interested in making a fine showing. I want some independent agency to fix the yardstick for depreciation, obsolescence, and replacement, so they shall all be treated on the same basis. There is not a word in the section relating thereto.

Mr. NORRIS. Very well. Let us strike out the whole section.

Mr. COUZENS. Oh, no I do not want to do that. I want the information, but I want it reliable when I get it.

Mr. NORRIS. What would the Senator suggest? Who should be given the authority to make the accounting? How would the Senator suggest we amend it?

Mr. COUZENS. I should say that the basis of creating the percentages of obsolescence, depreciation, and replacement, should be uniform throughout the industry.

Mr. NORRIS. How can we make it uniform?

Mr. COUZENS. By inquiry, investigation, and so on. In other words, I do not want to have one agency which is itself charged with the responsibility of creating a yardstick to be responsible for its own figures.

Mr. NORRIS. I understand that, but I do not understand what authority we have to fix the bookkeeping method for some other system unless the Government owns it. I was about to say that we cannot go out and tell a private company what method of bookkeeping it shall use; but I suppose we can do so in the case of a public utility, and we often do.

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

Mr. NORRIS. Yes.

Mr. COUZENS. I have just been spending hours and hours and days and days on the new holding-company bill, by which it is proposed to turn over certain prerogatives to the Securities Commission and to the Power Commission, and give them certain jurisdictions. In cooperation with those agencies, a uniformity of method can be arrived at, so that we may have a true yardstick, and not a false yardstick.

Mr. NORRIS. If this part of the bill is not right, I should like to have someone suggest an amendment to improve it and make it right.

Mr. McKELLAR. Mr. President, I was about to suggest to the Senator from Nebraska that if any Senator has a helpful amendment which will make this bill carry out its purpose in a more effective way, I am quite sure the Senator from Nebraska will be willing to accept such an amendment.

Mr. NORRIS. I shall be glad to get it. I am just as anxious as anybody can be to have a system that is as nearly perfect as we can make it. I have no other interest in the matter, and I shall welcome that kind of a suggestion. I confess I do not see at the moment just how I would go about preparing such an amendment unless I should say:

For the purpose of accumulating data useful to the Congress in the formulation of legislative policy in matters relating to the generation, transmission, and distribution of electrical energy—

Then strike out—

and to the Federal Power Commission and other Federal and State agencies, and to the public, the Board shall keep—

Instead of that, how would it do to say?—

The Federal Power Commission shall keep—

And so forth.

Mr. COUZENS. May I suggest that I have not had time to prepare an amendment, but I think some amendment ought to be made. As the Senator knows, the Internal Revenue Bureau fixes a uniform allowance for depreciation for all classes of industry. If this bill were amended so as to provide that the usual allowance of credits for depreciation and obsolescence permitted by the Bureau of Internal Revenue should be applied in computing those figures, that would insure uniformity.

Mr. NORRIS. The Internal Revenue Bureau now has such a system, has it?

Mr. COUZENS. Oh, yes.

Mr. NORRIS. I will ask the Senator from Michigan if he will not ascertain from the Bureau what that system is, or consult with their experts and bring in an amendment to that effect.

Mr. COUZENS. I shall try to do that.

Mr. NORRIS. I shall be glad to have it go into the bill.

Mr. President, we now come to section 9. That is the section which is bitterly assailed; and I will say to the Senate that we must consider that section in connection with the new section 12 (a), found in section 7 of the bill. They must both go together.

This is section 9:

That section 15 of said act be, and the same is hereby, amended to read as follows:

That strikes out a whole section that is in existing law. It will be found on page 10 of the existing law. In my judgment, this particular amendment is the only one which has been seriously attacked by the Senator from Vermont [Mr. AUSTIN]. Therefore, I shall now take the time to read the section in the law that will be amended by including section 15, as amended, in section 9 of the bill.

The law now reads as follows:

SEC. 15. In the construction of any future dam, steam plant, or other facility, to be used in whole or in part for the generation or transmission of electric power the Board is hereby authorized and empowered to issue on the credit of the United States and to sell serial bonds not exceeding $50,000,000 in amount, having a maturity not more than 50 years from the date of issue thereof, and bearing interest not exceeding 3½ percent per annum. Said bonds shall be issued and sold in amounts and prices approved by the Secretary of the Treasury, but all such bonds as may be so issued and sold shall have equal rank. None of said bonds shall be sold below par, and no fee, commission, or compensation whatever shall be paid to any person, firm, or corporation for handling, negotiating the sale, or selling the said bonds. All of such bonds so issued and sold shall have all the rights and privileges accorded by law to Panama Canal bonds, authorized by section 8 of the act of June 28, 1902 (ch. 1302), as amended by the act of December 21, 1905 (ch. 3, sec. 1, 34 Stat. 5), as now compiled in section 743 of title 31 of the United States Code. All funds derived from the sale of such bonds shall be paid over to the corporation.

That is the law now. Senators, please note: Those bonds can be issued only for specific purposes. See what they are:

In the construction of any future dam, steam plant, or other facility, to be used in whole or in part for the generation or transmission of electric power the Board is authorized—

To issue bonds. By this amendment that section is stricken out, and in place of it we have the amendment which I will now read. It is section 9 of the bill. While it is lengthy, it has been attacked, and I think I ought to read it all. I do so also in order that I may not be accused, as I have been, of not doing my duty in writing the report on this bill, of trying to deceive somebody, trying to fool somebody, trying to make them believe to be true something which is not true.

SEC. 15. With the approval of the Secretary of the Treasury, the corporation is authorized to issue bonds not to exceed in the aggregate $100,000,000 outstanding at any one time, which bonds may be sold by the corporation to obtain funds for acquiring any property which may be acquired under section 12 (a) of this act; or exchanged as hereinafter provided, in order to acquire any property which may be acquired under said section 12 (a). Such bonds shall be in such forms and denominations, shall mature within such periods not more than 50 years from the date of their issue, may be redeemable at the option of the corporation before maturity in such manner as may be stipulated therein, shall bear such rates of interest not exceeding 3½ percent per annum, shall be subject to such terms and conditions, shall be issued in such manner and amount, and sold at such prices, or exchanged for such property or such interest in property, including stocks, bonds, or other securities, as may be prescribed by the corporation, with the approval of the Secretary of the Treasury: *Provided*, That such bonds shall not be sold or exchanged at such prices or on such terms as to afford an investment yield to the holders in excess of 3½ percent per annum: *Provided further*, That such bonds shall be exchanged for property only at a price or on terms which in the judgment of the Board is fair and equitable. Such bonds shall be fully and unconditionally guaranteed, both as to interest and principal, by the United States, and such guaranty shall be expressed on the face thereof, and such bonds shall be lawful investments, and may be accepted as security, for all fiduciary, trust, and public funds, the investment or deposit of which shall be under the authority or control of the United States or any officer or officers thereof. In the event that the corporation should not pay upon demand, when due, the principal of, or interest on, such bonds, the Secretary of the Treas-

ury shall pay to the holder the amount thereof, which is hereby authorized to be appropriated out of any moneys in the Treasury not otherwise appropriated, and thereupon to the extent of the amount so paid the Secretary of the Treasury shall succeed to all the rights of the holders of such bonds. The Secretary of the Treasury, in his discretion, is authorized to purchase any bonds issued hereunder, and for such purpose the Secretary of the Treasury is authorized to use as a public-debt transaction the proceeds from the sale of any securities hereafter issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under such act, as amended, are extended to include any purchases of the corporation's bonds hereunder. The Secretary of the Treasury may, at any time, sell any of the bonds of the corporation acquired by him under this section. All redemptions, purchases, and sales by the Secretary of the Treasury of the bonds of the corporation shall be treated as public-debt transactions of the United States. With the approval of the Secretary of the Treasury, the corporation shall have power to purchase such bonds in the open market at any time and at any price. No bonds shall be issued hereunder to provide funds or bonds necessary for the performance of any proposed contract negotiated by the corporation under the authority of section 12 (a) of this act until the proposed contract shall have been submitted to the Federal Power Commission, and the said Commission shall have found that the consideration stipulated therein to be paid or exchanged by the corporation for any property or interest therein is not excessive. When any such proposed contract shall have been submitted to the said Commission, the matter shall be given precedence and shall be in every way expedited and the Commission's determination of the matter shall be final. The authority of the corporation to issue bonds hereunder shall expire at the end of 5 years from the date when this section as amended herein becomes law, except that such bonds may be issued at any time after the expiration of said period to provide bonds or funds necessary for the performance of any contract for the acquisition of property entered into by the corporation, prior to the expiration of said period, under the authority of section 12 (a) of this act.

There are the present act and the proposed amendment, one of them providing for $50,000,000 of bonds, the money to be used only for the purpose of the construction of dams, or similar things. That is the one purpose for which the money raised by the sale of bonds can now be used under the law. The proposed amendment takes that authority entirely away, and provides only one reason for which bonds may be issued; and that is, to carry out a contract made under section 12 (a), which I explained a few moments ago.

Mr. President, this power would disappear in 5 years. The power to issue bonds now granted in the law would not disappear in 5 years. The Senate did not get that idea from the discussion by the Senator from Vermont. He left the impression that there was no such thing as a 5-year limit. He used expressions which conveyed the idea that these bonds could be issued at any time so long as the law stood. Such is not the case. The Senator did not read the section, and did not convey the idea as to which Senators who were asking him questions about it desired to obtain information. He covered it up. He was not fair with the Senate. He did not give Senators a fair understanding of what the section provided, and those who heard him must know that they had a wrong impression after they had heard him.

While I have been opposed, and was opposed originally, to the section providing for the issuance of $50,000,000 of bonds, and was opposed to the whole bond proposal, this is a great improvement to the provision of existing law. I doubt very much whether there ever will be a bond issued under this proposed law, if it shall be enacted. There never will be unless under section 12 (a) the Tennessee Valley Authority shall make a contract with some holding company which owns a rather large system for generating and transmitting electricity. If they do not want to make that kind of a contract, then there never will be a bond issued. That is all the bonds can be issued for.

While the Board would have a hundred million instead of fifty million, the limitation would be 5 years; and the bonds could not be issued for the building of dams, or the building of transmission lines, or anything of that kind.

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

Mr. NORRIS. I yield.

Mr. COUZENS. Is it contemplated that these bonds will be paid out of the earnings of the properties purchased?

Mr. NORRIS. The contemplation is, I will say to the Senator, that the properties purchased will not be held by the Authority. They will sell them, and they will not make a deal under section 12 (a) unless they have good reason to believe that they can sell a good portion of the power.

Mr. COUZENS. As I heard the Senator read the section, there is no requirement that the moneys which are to be used for the purpose there mentioned will be used, when returned, for the retirement of the bonds. Is there such a provision?

Mr. NORRIS. I do not think there is such a provision in express terms. Does the Senator refer to the income from the properties?

Mr. COUZENS. Does not the Senator think that the law itself ought to require that, if the T. V. A. continues the operation of the property or sells the property acquired under the sale of these bonds, the revenue should be used to retire the bonds?

Mr. NORRIS. Yes, I do; I have no doubt of it.

Mr. COUZENS. There is no provision in the bill to that effect.

Mr. NORRIS. I think that is pretty nearly what they would have to do. If there is any doubt about it, I would like to have an amendment offered to cover that point.

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

Mr. NORRIS. I yield.

Mr. AUSTIN. I should like to ask the Senator whether he would interpret the language at the bottom of page 11, in section 10, as excluding the use of money for that purpose, namely, where it says "shall be paid into the Treasury of the United States at the end of each calendar year." That is, all the income shall be used for the purpose of maintenance, operation, depreciation, amortization, interest on bonds; all in the discretion of the Board; but, if there is any left, then it must be paid into the Treasury of the United States at the end of each calendar year, and it may not be paid to retire the capital of the bonds.

Mr. NORRIS. I did not follow the Senator in his reading.

Mr. AUSTIN. I was reading at the bottom of page 11.

Mr. NORRIS. I thought the Senator said page 10. That is in section 26, is it not?

Mr. AUSTIN. Yes.

Mr. NORRIS. I have not gotten to that as yet.

Mr. AUSTIN. I understand; but it is pertinent to the inquiry made by the Senator from Michigan as to whether the money could be used or would be used to retire the bonds.

Mr. NORRIS. If there is no further question about section 10, I wish to discuss it a little further.

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

Mr. NORRIS. I yield.

Mr. McKELLAR. As I understand, the sole purpose of section 10 and of section 12 (a) is to provide a fund so that a power company can sell its properties to the T. V. A. and the T. V. A. may have the money to pay for them. They cannot do it now. Quite a hue and cry has been raised about damage to stockholders, should the bill remain in its present form. This would prevent damage to stockholders to the extent of the value of their property. Is not that the sole purpose of the amendment?

Mr. NORRIS. Yes; it provides for the acquisition of property under section 12 (a), and the issuance of bonds under section 15 of the law. They cannot be issued for any other purpose. If property is not so acquired, then no bonds will ever be issued. If no such contract is made, section 12 (a) will never become operative, and so far as issuing bonds is concerned, the power will expire in 5 years, anyway.

When we put into a bill something which we thought would be satisfactory to the holding companies, which we thought would meet one of their objections, although we did not admit the objection was good, and are confronted with such a violent assault as has been made in the last 2 days on this section, even without a reading of the whole section, it makes me rather discouraged in trying to do anything toward getting on better terms with the holding companies than have existed in the past. When we try to do something they assault us immediately, as we have been assaulted in the Senate, charged with trying to do something that is wicked and sinful. None of the activities under section 12 (a) or under sec-

tion 15, the bond-issue section, will ever be called into life unless it is with the consent of privately owned companies who want to sell their business. Is there anything wrong about that? Is that sinful; is that wrong? Who is going to be hurt by it?

Again, I say, it is not necessary for the continuation of the Tennessee Valley Authority that this bill be passed. It is just as much for the private companies that this proposal is made as for any of the activities of the T. V. A., and more so.

Now, let us go to section 10. I read:

SEC. 10. That section 26 of said act be, and the same is hereby, amended to read as follows.

Let us see what section 26 is. It is found on page 15 of the original law. I read:

The net proceeds derived by the Board from the sale of power and any of the products manufactured by the Corporation, after deducting the cost of operation, maintenance, depreciation, amortization, and an amount deemed by the Board as necessary to withhold as operating capital, or devoted by the Board to new construction, shall be paid into the Treasury of the United States at the end of each calendar year.

By section 10 we strike that out, and in lieu insert a provision which is almost a copy of the present law. Very little change is made in it.

Section 10 provides that section 26 shall read as follows:

SEC. 26. The net proceeds for each fiscal year derived by the Board from the sale of power and any of the products manufactured by the Corporation, and from any other activities of the Corporation, including the disposition of any real or personal property—

That is new language, "including the disposition of any real or personal property." This bill would give the Board authority, with the approval of the President, which they never had before, to sell real estate which is not useful in their operations. All this does is to compel them to account for the sale, for the money received in the sale of the property. It proceeds:

After deducting the cost of operation, maintenance, depreciation, amortization, interest on bonds.

Under section 129, they may get some bonds on their hands, and they must account for the interest they receive on them. I continue reading:

And an amount deemed by the Board as necessary to withhold as operating capital, or to be devoted by the Board to new construction.

Then this new language is inserted:

Improvements, betterments, or the acquisition of facilities to carry out the purposes of this act.

Then there follows the language of the present law:

Shall be paid into the Treasury of the United States at the end of each calendar year.

Who is going to object to that? Is there anything wrong with that? It simply adds a new duty to the Board. It requires it to account for more than the present law requires it to account for. I do not see how anyone can find fault with that.

Let us now go on to the next section, section 11.

That said act be, and the same is hereby, further amended by adding after section 26 of said act a new section, as follows.

This is something new. It is not in the original act. Let me read it and see what is awfully bad about it.

SEC. 26a. The unified development of the Tennessee River system requires that no dam, appurtenant works, or other obstruction, affecting navigation, flood control, or public lands or reservations shall be constructed, and thereafter operated or maintained across, along, or in the said river or any of its tributaries until plans for such construction, operation, and maintenance shall have been submitted to and approved by the Board, and the construction, commencement of construction, operation, or maintenance of such structures without such approval is hereby prohibited. When such plans shall have been approved, deviation therefrom either before or after completion of such structures is prohibited unless the modification of such plans has previously been submitted to and approved by the Board.

Such construction, commencement of construction, maintenance, or operation of any structures or parts thereof in violation of the provisions of this section may be prevented, and the removal thereof enforced by the injunction of any district court exercising jurisdiction in any district in which such structures or parts thereof may be situated, and the corporation is hereby authorized to bring appropriate proceedings to this end.

The requirements of this section shall not be construed to be a substitute for the requirements of any other law of the United States or of any State, now in effect or hereafter enacted, but shall be in addition thereto, and any approval, license, permit, or other sanction now or hereafter required by the provision of any such law for the construction, operation, or maintenance of any structures whatever, except such as may be constructed, operated, or maintained by the corporation shall be required notwithstanding the provisions of this section.

What is wrong about that? Authority is granted by the Tennessee Valley Act to embark upon the improvement of an entire basin, the Tennessee River Valley Basin, for certain legitimate constitutional purposes. Among them is the construction of dams for the improvement of navigation and the control of flood waters, not only of the Tennessee River Basin, but of the Mississippi River Basin, and this section provides that no improvement shall be made, and no dam or structure shall be constructed which will interfere with the plan laid down by the law necessary to carry out the instructions of Congress, and that when such an improvement is attempted to be made, or when it is proposed to build a dam or any other structure, the specifications must be approved by the Board. When we pass a law to provide for the building of a dam or a bridge across a navigable stream we require that the plans therefor shall be approved by the Secretary of War. In other words, this section is provided in order to make the system complete. It seems to me it should appeal to any man that such power ought to exist, and it ought to be emphasized that if we are going to go into the Tennessee River Valley to insure the maximum amount of navigation and flood control, and the maximum amount of power consistent with flood control and navigation, then we ought to adopt this kind of amendment. I cannot see how there can possibly be any legitimate objection to it.

The next section is section 12—

That said act be, and the same is hereby, further amended by adding at the end of said act a new section, as follows.

Now, see how much evil can be found in this one. It reads:

SEC. 31. This act shall be liberally construed to carry out the purposes of Congress to provide for the disposition of and make needful rules and regulations respecting Government properties, provide for the national defense, improve navigation, control destructive floods, and promote interstate commerce and the general welfare.

I do not see how any man with any Christianity in his heart can object to that section. It is the last section of the bill.

When this bill comes up for consideration, if we can overcome the opposition of the holding companies and the Power Trust and have it considered, I shall offer two amendments, and I had better mention them now so there may be no doubt that I will not be guilty of some heinous crime by getting put through in the darkness some amendments which I had given no notice of and about which I had not told anybody. I did tell someone about one of the amendments I propose to offer. I told the Senator from Georgia [Mr. RUSSELL] about it. I consulted with him several times before its preparation, and he gave me some ideas about it.

At the end of line 22, on page 3, I propose to add the following:

The Board is also authorized to experiment in the production of chemicals and other modes and methods for the extermination of noxious weeds and the destruction of plants injurious to agriculture.

Then there is another amendment I shall offer, which I shall offer at the request of this Board, and I shall read that to the Senate now so Senators may know all the deviltry this Board has in its mind and that the Senate may be ready to fight it when it comes up. Here is the amendment, which is drawn by the Board itself and sent to me by mail:

That section 4 of said act of May 18, 1933 (48 Stat. 58), be amended by adding a new subsection (1) as follows:

(1) Shall have power—

That means the Board—

to advise and cooperate in the readjustment of the population displaced by the construction of dams, the acquisition of reservoir areas, the protection of watersheds, the acquisition of rights-of-way, and other necessary acquisitions of land, in order to effectuate the purposes of the act; and may cooperate with Federal, State, and local agencies to that end.

Here is the letter which the chairman of the Board sent me:

The attached amendment to the Tennessee Valley Authority Act has been agreed to by the directors. If it could be added to the bill without complicating its passage, we should appreciate it.

In explanation, I would say that in moving people from the reservoirs we find many landowners and tenants who have always lived in the neighborhood and who are quite unequipped to shift for themselves without some assistance. Much hardship has resulted from the purchase of park and forest lands in this region. The small farmers selling the lands have, in a good many cases, lost their entire selling price before they could relocate. The T. V. A. is now advising and cooperating with these people who must move from the Norris Reservoir, in helping them to select suitable homes.

In a few cases where elderly tenants, who have no resources, are actually driven from their homes by high water, it may be necessary to shelter and care for them temporarily until readjustment can be made. In this progress, we desire to cooperate with the Federal relief agencies.

When the time comes, if we ever reach that time, when the filibuster shall end, and the bill be taken up for consideration, I will offer that amendment. The other amendment, which I read to the Senate, simply provides that in addition to making fertilizer and producing fertilizer ingredients, the Board shall also have power to experiment in the production of chemicals which can be used in the destruction of noxious weeds and other plants injurious to agriculture.

Mr. President, I have gone through the bill. I am now going to take up some of the charges made by the Senator from Vermont [Mr. AUSTIN]. I think I shall be able to show that the Senator from Vermont was not fair with the Senate. He left impressions by what he read and what he said that the bill provides some things that it does not provide. He did not go over the bill and find fault with it except as to one section, and that was the bonding section. As I have said, the bonding section was inserted in the bill for the benefit of the Senator's clients.

Mr. AUSTIN. Mr. President, I resent that insult! I rise to a question of personal privilege.

I have observed throughout the remarks of the Senator from Nebraska aspersions cast against me for which he no doubt thinks he has some justification in Martindale's Directory, which I observed him to obtain and which he now has on his desk.

I desire to say to the Senate that I am not counsel for any public utility whatever. I was counsel for various public utilities before qualifying as a United States Senator. As soon as I knew that I was likely to be a United States Senator I withdrew from that employment wholly, absolutely, and entirely. I am not counsel for any such client at the present time.

One statement made by the Senator from Nebraska I have caused to be transcribed by the official reporters because it carries the same imputation that has just been made directly:

They will sometimes lose their money. We know that in advance. When they lose a dollar we shall have some attorney standing up in the Senate, who thinks more of a holding company than he does of his country, and saying, "We must not have that kind of civilization."

Mr. President, that record in Martindale's shows that Austin & Edmunds is a firm which represents the New England Associates, or some such corporation, called by the Senator from Nebraska a "holding company", and that I am of counsel for them. I am not a member of that firm. I have never represented that firm or associated with that firm in any litigation whatever in favor of a public utility since I became a United States Senator. That is all there is to that. These statements are wholly false. These insinuations are wholly false. I want that to be known at this time.

Mr. NORRIS. Mr. President, I had not intended to read what the Senator has called attention to, but I shall have to do it now. Martindale's Directory, which I hold in my hand, is for 1935. The Senator has been a Member of the Senate for 6 or 8 years. It is queer that if he is not an attorney for these corporations which are inserted in Martindale's Directory, the directory was not corrected long ago. The directory for 1935 says:

Austin & Edmunds, 215 College Street, Burlington, Vt. WARREN R. AUSTIN, of counsel.

WARREN R. AUSTIN, of counsel! It tells where he was born, and so forth, the various offices he has held, and gives the other partners' names. Warren R. Austin, Jr., is also in the firm. Then it gives the names of the clients. This is in 1935. The Senator came to the Senate 6 years ago, as I remember.

Attorneys for New England Power Association and its subsidiaries in Vermont.

That is known to everybody who knows about power associations to be one of the large holding companies. It is not at the top or the peak, but it owns subsidiaries all over the State of Vermont. It is one of the holding companies which constitutes in the United States the Power Trust. I would not have read another thing if the Senator had not interrupted and referred to this. This gives other clients of the firm, a string of corporations, 15 or 20 of them, insurance companies, railroad companies, almost all the other kinds of corporations that one could think of, which I shall not stop now to read; but the first client of all is one of the big holding companies of the United States, the Power Trust, the New England Power Association and its subsidiaries in Vermont.

Mr. AUSTIN. Mr. President, will the Senator yield for a moment?

Mr. NORRIS. I yield.

Mr. AUSTIN. Will the Senator be fair enough actually to read what is stated there, instead of giving the impression that the record states that I am a member of that firm?

Mr. NORRIS. Very well; I will read the whole thing—everything. It is fine type and difficult for me to read it. I read:

Austin & Edmunds, 215 College Street, Burlington, Vt. Telephone 1307. General practice. Corporation, international law, insurance claims.

Members of firm: WARREN R. AUSTIN, of counsel, born Highgate Center, Vt., November 12, 1877; admitted to bar, 1902, Vermont. Preparatory education, University of Vermont, Ph. D.; legal education, law office of C. G. Austin, St. Albans, Vt. Fraternity, Kappa Sigma. State's attorney, Franklin County, Vt., 1904–6; mayor city of St. Albans, 1908; present United States Senator; United States commissioner, 1909–18. Member Chittenden County, Franklin County, Vermont State (president 1923), Far Eastern American, and American Bar Associations.

William H. Edmunds—

Does the Senator want me to read what it says about the other partners?

Mr. AUSTIN. Has the Senator read that statement correctly?

Mr. NORRIS. I think I have.

Mr. AUSTIN. I think the Senator is giving it an entire misinterpretation.

Mr. NORRIS. Would the Senator like to read it and see if he can give a different impression?

Mr. AUSTIN. Does the Senator say that the statement names me as a member of the firm, as a partner in the firm, or does it state that I am of counsel?

Mr. NORRIS. It says, and I read it that way, "WARREN R. AUSTIN, of counsel", and then states where the Senator was born and states that he is now a Member of the United States Senate; and this was published in 1935.

It is embarrassing to go into this matter, but the Senator has taken it up. It seems to me it is rather peculiar that when we get into the discussion here of something pertaining to power companies, to the Power Trust, we have always run against the opposition of the Senator from Vermont; and, assuming that he is conscientious and honest in it, it is proper to look back and see what his associations were, how he grew up. His associations have become part of the man.

I have no doubt he is conscientious in his opposition to anything which would regulate a private power utility.

There took place in the State of New York an investigation of a legislator who had been charged with working with the Power Trust while he was a member of the legislature. You remember that a year or so ago the newspapers were filled with accounts of the investigation, and the evidence was taken here also by the Federal Trade Commission. The Legislature of New York made an investigation in the city of New York, and when they made that investigation they found among the files of a power magnate the letter which I am about to read. It is taken from the Washington Herald of December 19, 1934. The headline reads:

MOVE TO ALTER POWER CURB REVEALED IN AUSTIN LETTER—SENATOR URGED CHANGE IN BILL, DESPAIRING OF ITS DEFEAT

NEW YORK, December 18 (1934).—A letter written by Senator WARREN R. AUSTIN (R.), of Vermont, to the head of the New England Power Association proposing to alter the bill restricting power companies' right of appeal to Federal courts in rate cases, was revealed today in the joint legislative investigation of public utilities here.

The letter, addressed to Frank D. Comerford, president of the Association, expressed the Senator's opinion that it would be impossible to defeat the bill and that it would be "better strategy to try to amend the bill" rather than to try to kill it.

"NEUTRALIZED BILL"

"Bad effects" of the bill would be "neutralized" by his amendment, in the belief of Senator AUSTIN. His amendment proposed to throw the question of Congress' power to enact this legislation in the courts, meanwhile staying the rate order until final adjudication.

The letter was written on stationery of the Senate Judiciary Committee.

Senator AUSTIN's letter was addressed to Frank D. Comerford, president of the New England Power Association, and its contents were offered to show that as a member of the Senate Judiciary Committee he had expressed his interest in modifying legislation opposed by the association.

Earlier the investigation revealed today that by means of a "stock-jobbing manipulation", the book and market values of three public utilities were increased by $82,766,357 without the addition of a single physical asset.

The letter written by Senator AUSTIN, of Vermont, follows:

UNITED STATES SENATE,
COMMITTEE ON THE JUDICIARY,
April 14, 1933.

FRANK D. COMERFORD, Esq.,
President New England Power Association,
Boston, Mass.

DEAR PRESIDENT COMERFORD: Answering yours of the 13th, re S. 752:

(1) The subcommittee to which this is referred consists of Senators NORRIS, STEPHENS, BLACK, VAN NUYS, and AUSTIN.

(2) The chairman of this committee—

That refers to me—

The chairman of this committee is the same person who was chairman of the committee which reported favorably S. 3234 in the Seventy-first Congress, second session, May 9, calendar day May 18, 1932.

Therefore, consideration of this matter carries the burden of that report, copy of which is enclosed herewith.

That was a report made by me, and it was good reading, too. I am glad the Senator sent it.

(3) Since the date of that report, to wit, December 28, 1932, the United States District Court for the Western District of Wisconsin, *Mondovi Telephone Co.* v. *Public Service Commission of Wisconsin,* issued a stay of proceedings designed to restrain the execution of an order of the Public Service Commission of Wisconsin, dated November 10, 1932, pending final determination in the courts of the State of Wisconsin, in which a suit had been brought and a stay order granted by the State court. This action was founded upon section 266 of the Judicial Code as amended.

And then he quotes it:

"It is further provided that if before the final hearing of such application a suit shall be brought in a court of the State having jurisdiction thereof under the laws of such State, to enforce such statute or order, accompanied by a stay in such State court of proceedings under such statute or order pending the determination of such suit by such State court, all proceedings in any court of the United States to restrain the execution of such statute or order shall be stayed pending the final determination of such suit in the courts of the State * * *."

(4) It is my intention to offer an amendment to the bill which will harmonize it with section 266, and which in my opinion will neutralize the bad effect of the proposed bill, to wit:

On page 2, line 9, strike out the period and the quotation marks and insert after the word "State": "which remedy includes the right of such public utility to a stay of such order pending final adjudication as to the repugnance of such order to the Constitution of the United States."

(5) It is my opinion that it will be impossible to defeat in the subcommittee this measure. It may be impossible to get this amendment, but it seems to me better strategy to try to amend the bill than to try to kill it.

I would appreciate your opinion regarding this matter and any facts that may be applicable to the hearing.

(6) The question of time of action on the bill is largely determined by the chairman, and, even if it were submitted to the committee, there is little likelihood of a delay until the regular session being obtained without the cooperation of a majority.

With personal regards, I am,

Very truly yours,

WARREN R. AUSTIN.

The Senator from Vermont did offer the amendment that is outlined in this letter. It was defeated. He was a member of the Judiciary Committee when the bill came up. He fought it there. He offered the amendment again, as I remember, on the floor of the Senate.

I desire to say that I was then of the opinion, and I still am, and the senior Senator from California [Mr. JOHNSON], the author of the bill, also was of the opinion, that if that amendment had been agreed to it would have been a strategical killing of the bill, just as the Senator from Vermont said in this letter. It was better strategy to amend it. The amendment would have had the effect of making the bill dead. So in the committee, not only on that bill but on the other bill to which the Senator refers here, which he says the chairman reported, the Senator from Vermont—as he had a perfect right to be—was every time against any bill which regulated a public utility. He fought it in the Senate. He is fighting this bill now. That has been his record, and since he has gone into the subject, it seems to me that it is only right that that record should be known.

The Senator says he is not a member of this firm, but this book, published in 1935, gives him as "of counsel" and tells that he is a United States Senator. It is still published. I could, if it was not a violation, probably, of a confidence, which I am not going to violate, state that evidence came to me today of something else, which I will not mention unless the Senator who gave it to me volunteers the information to the Senate. That shows the tendency.

When a man has been attorney and is advertised now as of counsel for the attorneys of one of these holding companies, it does not seem to me to be ethical for him to be on the floor of the Senate arguing against the regulation of any of those corporations, or those holding companies, or those public utilities. I may be entirely wrong; I may have just old-fashioned, foolish notions, but I think it is unethical. I do not criticize him for being an attorney for these companies. He has a perfect right to be. But it ought to be outside of the Chamber, not in the Senate. It is just peculiar that it follows what he did before he came to the Senate, but every time there has been any attempt at regulation of any of these former clients he has been opposed to the regulation.

I am going to review some of the things the Senator said yesterday. Here is the reference he made to this bill, practically the only one, and he did not read the entire section. What I am going to show now is that he left an impression here that was untrue. If followed by the Senators who listened to him, they would not have had a correct idea of what the bill provided. He did not tell. He said:

Consider for just one moment that section 9 of the bill reads in part as follows:

"That section 15 of said act be, and the same is hereby, amended to read as follows:

"'SEC. 15. With the approval of the Secretary of the Treasury, the corporation is authorized to issue bonds not to exceed in the aggregate $100,000,000 outstanding at any one time.

That is as far as he read. I read you that section today, and you know that the impression you get from reading those few lines which the Senator read is entirely erroneous. He left the impression that it was a permanent statute. He left the impression that they could issue these bonds for any purpose. He left the impression that it would run on forever, as long as the act remained on the statute books. You know now that that is not true. When you have read

the section and heard it read, you have found that these bonds could be issued for only one specific purpose.

The Senator did not tell the Senate that in order to get these bonds issued there was required the consent of the private-power company itself. Yet that is true, as you now know, but you did not know it then. The Senator did not leave that impression with you. He left an erroneous impression against regulation of power companies of the power trust.

Let us read on. Now he is referring to me, and my sin is that I wrote a report on this bill which he did not think was full enough. I had said, in effect, that there were none of these amendments—I have not the report before me—that were absolutely necessary to enable the T. V. A. corporation to continue, but that all the amendments were desirable.

I think I have shown today that that is absolutely true. This bill may be defeated, it may be killed by the filibuster led by the Senator from Vermont in behalf of the holding companies, it may be killed, but the T. V. A. will go on. As I said in the report, the amendments are not absolutely necessary, but they are all desirable, and I have read them to the Senate today, and Senators have had an opportunity to see that there is not a wrong or a sin or any suggestion of evil in any of them.

Now the Senator is speaking of me:

"Upon what meat doth this our Caesar feed", that he has grown so great that he will take into his roomy maw—

I suppose that means my mouth. [Laughter.] The Senator is better educated than I am, and if it does not mean that, he will probably tell us what it does mean—

that he will take into his roomy maw $100,000,000 and regard it as a matter of no very great importance.

What is the idea he wants to convey? He wants to convey to his fellow Senators the idea that this bill provides for the issue of $100,000,000 in bonds, and that there is no limitation on it, that it can go on like the brook, forever, which he knew was not true and which you know now was not true.

Have we a right to consider that attitude in connection with the Senator's services for the Power Trust, which relationship he says he severed when he came to the Senate, although the Martindale Directory did not find it out and have not found it out yet? Whether he did or not, it seems to me his attitude in the committee and in the Senate on every one of these bills shows that as a matter of professional ethics he is disbarred from voting on or discussing any of these bills.

Let us read on. He said:

However, that is only one of the features of the bill. Let me call the Senate's attention to the fact that the whole plan of the T. V. A. comes to the Congress with a view of a limited power in the corporation to do certain definite things and then stop, unless upon an examination and report to the Congress the corporation were further authorized to proceed.

That is all he said then. He dropped that quotation. This bill provides, as he read, in the first few lines, for the issuing of a hundred million dollars of bonds. I will refer to his language further on. He said, as appears on page 7400:

Mr. President, I understand it is not correct, and that the total amount would be $100,000,000; but if the Senator will observe the language of the bill, that is an open-end mortgage. It runs to $100,000,000 at any time in the future.

What idea would you get from that—that is, to stop in 5 years, as it in fact would? No. He left you the impression that it went on through all time.

The Senator from Maryland [Mr. TYDINGS] interrupted and asked a question, and the Senator from Vermont [Mr. AUSTIN] then said:

In answer to the question, I will say graphically and briefly that advantage has never yet been taken of the $50,000,000 authorization for a bond issue. On the contrary, the Tennessee Valley Authority—this private corporation, consisting of three persons—saw fit to take out of the Treasury of the United States, by other and devious and unauthorized means—

"Devious and unauthorized means"—which, I submit, is not true. There was not a dollar taken out by unauthorized means. The Senator continued—

saw fit to take out of the Treasury of the United States, by other and devious and unauthorized means, treble the amount authorized in the T. V. A. Act, and never touched the $50,000,000 really authorized by the act.

As a matter of fact, I think it was known by everyone who had given the subject any attention that the T. V. A. had never issued a dollar in bonds. It has no bonds now outstanding, although it has had authority all the time to issue bonds to the amount of $50,000,000 for the purpose of building dams, and so forth. The Senator, in several allusions, referred sarcastically to this board because it did not issue bonds, and then, in the next breath, complained that the bill authorizes it to issue bonds; so it is pretty hard to satisfy him. It is pretty hard to satisfy any holding company to the point where it will want to see this bill passed. They kick because the Board does not issue bonds under the existing law, and kick because the proposed amendment will authorize it to issue bonds.

I ask Senators to harmonize those positions if they can. I do not think they can.

The Senator from Vermont further says:

We have already seen that by means of the various experiments upon which the Government of the United States has entered it has become possible, and is therefore taken advantage of, for a private business corporation which represents the United States of America to exceed its authorization five times over in the course of 2 years. So what is the significance of the limitation in the proposed act of $100,000,000?

That is another statement absolutely not borne out by any evidence or by any facts.

I call the attention of the Senate to another very unfair argument made by the Senator from Vermont. He is complaining of the T. V. A., of this wicked board. He says they have, without authority, taken millions of dollars out of the Treasury of the United States. I do not know how they got it. I do not know how they could do it. As a matter of fact, they have not done it. They could not do it if they wanted to.

The Senator argued against using the T. V. A. service as a yardstick, and he took up nitrate plant no. 1 and nitrate plant no. 2 and complained that in arriving at a basis upon which they could figure rates the T. V. A. did not put in those plants at what they cost the Government. Here is what he said:

Cost of nitrate plant no. 1, $13,757,807.58.

That plant has been a failure, and everyone knows it. I said so a hundred times on the floor of the Senate before the Tennessee Valley Act ever was passed. The plant never made a pound of nitrate or produced a pound from the atmosphere. The plant was constructed with the best of intentions. I am not criticizing the men who did it. They thought they knew how to produce nitrogen from the atmosphere by means of an improvement over the cyanamide process, and our chemical engineers under the Wilson administration built nitrate plant no. 2 with the idea of getting nitrogen from the air by the Haber process. Plant no. 1 cost $13,757,807.58. It is not worth, and never has been worth, anything but its scrap value; and no one ever claimed it was worth anything else. Everyone who has had anything to do with it knows that statement to be true. Many Senators have been there and have seen the plant. It was an absolute failure because our men did not know what they thought they knew about the production of nitrogen from the atmosphere.

Again let me say, I charge no one with bad faith. I think those who constructed the plant acted in good faith, but the experiment was a complete failure. That plant, however, is part of the Government property down there; and under the law the Government property was turned over to T. V. A.; and the question is, when we come to figure rates, What shall be the basis? The Senator objects because they do not figure in the cost of the nitrate plant in arriving at the basis of rates.

Mr. MINTON. Mr. President, that property would not be used and useful in the production of energy there, would it?

Mr. NORRIS. Oh, no; it had nothing whatever to do with the production of energy. The Senator says it is wrong to take that out of the capitalization when we come to figure rates.

Here is nitrate plant no. 2, another one, which cost a little over $71,000,000. Under the T. V. A. Act the Board is required to keep that plant in good stand-by condition. It is considered in our military plans, so that in case of war we could put it to use; but we know, and the Board knows, and every qualified chemist knows, that it is completely out of date for the production of nitrogen from the atmosphere.

However, if we had a war tomorrow we should probably utilize it the next day, because the expense of recommissioning the plant would be only a small item.

The Senator from Vermont kicks because plant no. 2 is not put in at $71,181,526.57 in order to have a base upon which to figure rates on electricity. It seems to me it is perfectly foolish, it is perfectly silly, to say that. However, that is a Power Trust argument, and it fits in with the Senator's arguments during 6 years of service here any time any measure has come up providing for regulating a public utility.

The total cost of those two plants was $84,939,334.15. No one who wants to be fair would provide that the users of electricity from any dams constructed by the T. V. A. should be required to pay any interest and any income on that nitrate-plant property. The same thing is true of the other property referred to by the Senator from Vermont. He says on this point:

> Oh, but this is just the beginning—"only the beginning." I proceed:
>
> Wilson Dam, power plant and equipment, not including the locks, $46,971,955 and some cents.

That is what it cost. The Senator wants the Board to put that in at cost and to make the electric-light users pay an income on it. Everyone knew that it was never worth what it cost. Constructed in war times at peak of prices no one supposed it was worth what we paid for it, because at that time we had to pay fabulous war prices for everything. Again, I am not criticizing the men who did that. They did the best they could. We knew we were paying too much for the dam, but now to charge us what that dam cost and make us pay interest on it if we take electricity from the T. V. A. would be an economic sin.

The Senator further says:

> Warrior-Sheffield transmission line, including Gorgas steam plant, $5,012,643 and some odd cents.

Mr. President, the Warrior steam plant was sold by the Government of the United States before the T. V. A. Act was passed. The T. V. A. Board never had anything to do with it. Is the Senator treating the Senate fairly if he leaves the impression that that was one of the properties which ought to be included in fixing a base for electric-light rates?

Mr. President, the Gorgas steam plant was built during the war. It was practically a duplication of the Alabama steam plant on the Warrior River. The Government of the United States furnished the money with which to build it. They made a contract with the Alabama Power Co. that at the conclusion of the war the Alabama Power Co. should have a right to buy it on a certain basis of valuation. The Government built the plant and built a lot of houses there. I have been there. I have been all over the property. Gorgas is located on a bend of the Warrior River. A small village sprang up there. The Government owned about half the houses. They built a number of houses there. They were all ordinary houses. There would be a Government house and then next to the Government house would be an Alabama Power Co. house, and then another Government house. It was all war-made, all war-built, all hurried.

The Government doubled the capacity of that plant and built houses in which the employees could live. That was done under a contract with the Alabama Power Co. It was done upon land owned by the Alabama Power Co. No one could unscramble that mixture afterward by any manner of means. There were the two plants. It was really all in the same building. They practically duplicated the buildings.

The land on which the houses were built was all owned by the Alabama Power Co., but the Government went in there as a war measure and made a contract with the Alabama Power Co., by which they agreed to spend the money and make this improvement. The T. V. A. had no more to do with it than the flowers that bloom in the springtime. The contract provided that at the close of the war the Alabama Power Co. could buy the Government interest, and they did buy it.

That was done while Mr. Weeks was Secretary of War. I remember he was criticized by some who said he did not get enough money out of it. In my weak way I went to his relief. I said that Weeks was bound to do it under a contract made with the Alabama Power Co. by the Government, and therefore he was right in doing it, and that I thought he had received for the Government a fair price for the property. It was much less than it cost, it is true. But what has that to do with the determination of a basis on which we shall fix rates in the Tennessee Valley? All this was done before the Tennessee Valley Authority was dreamed of. Yet the Senator has it all here in his speech. If Senators were not familiar with the facts they would think the T. V. A. had the Warrior plant down there and that it was turned over to them. I do not know that they ever heard of it or that they know anything about it.

Adding all these costs together, the Senator from Vermont makes a total of $136,000,000, and says that the amount of the balance upon which the basis is figured was reduced to $51,000,000. Let me tell how that came about.

In the first place, the Wilson Dam was not worth what it cost. The nitrate plant was not worth much of anything. In the next place, there is the law which Congress enacted, and I shall read it so Senators may see how the valuations were made. I tell Senators and the law tells Senators, but the Senator from Vermont did not tell Senators how these valuations were made. The T. V. A. is not to blame for it. If anybody is to blame we are, and Senators will see in a moment that there is no blame anywhere. Here is what the law provides, the original Tennessee Valley Act now on the statute books, section 14:

> The Board shall make a thorough investigation as to the present value of Dam No. 2 and the steam plants at nitrate plant no. 1 and nitrate plant no. 2, and as to the cost of Cove Creek Dam.

Notice the difference. They shall make an investigation of the present value—not what it cost. Everybody knew it was not worth what it cost. The steam plant, for instance, was several years out-of-date. It had been a fine steam plant and up-to-date when it was built; but we cannot build a steam plant now and expect 10 years from now to get what it cost. Accordingly the law said:

> They shall make a thorough investigation as to the present value * * * and as to the cost of Cove Creek Dam.

There the cost was taken into consideration, but the steam plant at nitrate plant no. 2 and the steam plant at nitrate plant no. 1 were taken at their value and Wilson Dam was taken at its present value. The Board has done that. Let us read on :

> The Board shall make a thorough investigation as to the present value of Dam No. 2 and the steam plants at nitrate plant no. 1 and nitrate plant no. 2, and as to the cost of Cove Creek Dam—

There is a difference between cost and value—

> for the purpose of ascertaining how much of the value or the cost of such property shall be allocated and charged up (1) to flood control, (2) to navigation, (3) to fertilizer, (4) to national defense, (5) to development of power.

There they were using them for all those purposes. We directed just how it should be done, and we did right when we did it. We directed them to find out how much should be charged to navigation, how much should be charged to flood control, how much should be charged to power, how much should be charged to fertilizer. That is the reason why we can produce power down there, where it only pays its own legitimate charge, cheaper than any private com-

pany anywhere in the South can produce it. That is what they were instructed to do.

The findings thus made by the Board, when approved by the President of the United States, shall be final, and such findings shall thereafter be used in all allocations of value for the purpose of keeping the book value of said property.

That is what they did, and yet the great Senator from Vermont makes a great splurge about their committing a grievous sin, threw out all these values, and did not take the cost, when they ought not to have done it anyway and when the law, which he did not cite, provided that they should do just what they did.

Further on the law says:

In like manner the cost and book value of any dams, steam plants, or other similar improvements hereafter constructed and turned over to said Board for the purpose of control and management shall be ascertained and allocated.

First, the T. V. A. took the cost of all these dams. The properties which were already built were 10 or 15 years old at the time they took them. They took them on the basis of what they were worth. They made the appraisal. With the approval of the President, that became the book value of these properties. So what is the meaning of all this splurge of the Senator from Vermont to try to make us believe that the T. V. A. Board are trying to cut down the rates of electricity there because they are taking away the basis upon which rates should be based, and that they have no right to do so? Under the Senator's figuring, he estimates that instead of that $51,000,000 they ought to have had $132,000,000, I think. I have explained what the T. V. A. Board did, however, and I have read you what the law says; and I submit again that if we should follow the Senator from Vermont we would get an erroneous idea of what was true. We would get an erroneous idea of what was done. We would get an erroneous idea of what ought to have been done.

The Senator says:

It is safe to assume, is it not, that this was a transaction between a willing vendor and a willing purchaser, and that that valuation probably was correct? What did they do, however, in order to carry out the objective of having a yardstick? Of course, they were confronted with the question of whether they could ever make a return on that amount of money invested in their capital structure that would show in the black. So what do they do? They write it down, and they account for it all on their books with a set-up of 38 percent of the cost of the property transferred; that is to say, $51,000,000. Now, they are almost down to the authority granted by the act.

I submit, Senators, that the presentation made by the Senator from Vermont had no fairness in it, no justification in it. It only carries out what I have said before—that since he has been in the United States Senate, on every occasion and every time, he has been found on the side of the interests that used to be his clients, even if they are not now.

The Senator says, at another place:

Third. By allotment to Electric Home and Farm Authority, incorporated under the laws of the State of Delaware, for invested capital, allotment from the N. I. R. A. fund, $1,000,000.

He goes into the subject of the Electric Home and Farm Authority. Let me tell the Senate what the facts were, and what all of us know if we will think about the matter.

It is not enough to give the people of the country cheap electricity. They must also be given cheap appliances. For instance, if $200 is charged for a refrigerator, that ought to be sold for $50, or if $150 is charged for a stove that ought to be sold for $50, the price is so high that the poor man cannot buy these appliances. If he cannot buy them, he cannot use electricity, even if it is given to him. So the officials of the T. V. A. were confronted with the fact that we desired to give the people cheap electricity, and in order to do so it was necessary to enable them to buy appliances that would use the electricity, and buy them at a fair price; but the T. V. A. had no authority under the law to take such action.

The Senator from Vermont charges up to the T. V. A. what he claims to be the evils of this other corporation. The T. V. A. had not a thing in the world to do with it. The T. V. A. did not handle the money of the other corporation. The T. V. A. did not give them any money. They never got a cent from the T. V. A. The President, as he had a right to do under the authority given him by law, allocated some of the special funds which had been appropriated to him, and he organized a corporation with a capital stock of a million dollars, and he put in as the officers of the corporation the members of the T. V. A. Board.

That was done as a matter of economy. These men never got any salaries as such officers. They never got any pay from the President. They drew only their original salaries.

This corporation was organized in the way I have stated. Mr. Lilienthal went to see the electrical-appliance manufacturers all over the United States, and he said to them:

You have always been against the people. You have always stood with the power companies. They charge a high price for electricity. You charge a high price for the means by which electricity can be used. It is to your interest to make something that is cheaper, that the poor people can buy. They are going to have cheap electricity down in the Tennessee Valley. There will be a great demand for refrigerators, for stoves, for water-heating arrangements, for fans, for ironing machines, for washing machines. You wish to get some of that business, and it is to your interest to make these things cheaper.

So Mr. Lilienthal made arrangements with the manufacturing concerns to manufacture a lot of those appliances cheaper, and make them just as good as the standard ones, but not quite so beautiful to look at, perhaps; and this new corporation sold them to the people. When the people bought the appliances they became consumers of electricity, getting their appliances at practically half what they used to cost, and getting their electricity at one-third of what it used to cost. That is not very agreeable to the holding companies; that is not very agreeable to the Power Trust, and they find fault with it.

However, that has not anything to do with this bill. This bill does not enlarge the power of the Electric Home and Farm Authority. It does not take anything away from its power. It has not a thing on earth to do with it. Let us see, though. While I am not going to discuss it in detail, I think this corporation, the Electric Home and Farm Authority, has done a wonderful thing.

I have in my hand a report from the Banking and Currency Committee of the House of Representatives, and I desire to quote from that report. It was made in reporting a certain bill to the House of Representatives. The committee says:

It is felt that an unusual benefit should result from each dollar spent toward aiding in financing the sale of electrical, plumbing, and air-conditioning appliances and equipment. The Electric Home and Farm Authority, an agency of the Tennessee Valley Authority, to which the Reconstruction Finance Corporation agreed to make available the sum of $10,000,000 to aid in financing the sale of electrical appliances and equipment in the immediate Tennessee Valley States, has proved eminently successful in reducing both the cost to the consumer of his electrical appliances and equipment and the rates he has to pay for electricity. Before the advent of the Electric Home and Farm Authority a vicious circle existed in the Tennessee Valley region, i. e., power rates were high because of the scarcity of consumers and the low consumption, and users were few and consumption low because of the high rates. The Electric Home and Farm Authority provided the lever by which this circle was completely broken.

It is not part of my province to go into a defense of this corporation. They need no defense; but it seemed to me that in passing I ought to read something of that kind. That is a report from a standing committee of the House of Representatives.

Much of the objection which is made has been because the corporation has done this and that. It has been the means—outside of the Tennessee Valley Authority, the greatest one of all—that has enabled the people of the Tennessee Valley to get cheap appliances and low rates.

Mr. President, I desire now to refer to another deception which I think was practiced on the Senate. Let us see just what it was. I read from the CONGRESSIONAL RECORD what the Senator said in his speech yesterday:

Thus we find donations appropriated by it to various activities like the C. W. A. I find a record of a donation of $58,338.91 made by this corporation, which now comes in and asks us to proceed to

the consideration of a bill to permit it to borrow $100,000,000, to be payable by the people of the United States if this corporation fails to earn money enough to pay the debt.

That is a statement one cannot have any difficulty in construing. It says, in effect, that the T. V. A. made donations amounting to over $58,000 to the C. W. A. The Senator had said before that:

Although we were led to believe, when we enacted the T. V. A. Act, that the corporation would have definite and specific powers and limited purposes, curiously enough the corporation has become an eleemosynary corporation, a social organization, and it has entered upon all kinds of activities outside those named in its authority.

Then follows what I read, and I repeat it:

Thus we find donations appropriated by it to various activities like the C. W. A. I find a record of a donation of $58,338.91 made by this corporation, which now comes in and asks us to proceed to the consideration of a bill to permit it to borrow $100,000,000.

Senators, you have heard me read twice the language which the Senator used yesterday, and I call attention to the fact that there is not a word of truth in what he said on that subject—not a word. The T. V. A. never made a donation to the C. W. A. or to anybody else of that amount. There is no foundation of fact for that. What impression did you get yesterday when that assertion was made? That is just one of the many illusionary things he proclaimed, and by which he led every honest Senator who was following him into error.

He said in another place:

Apparently those in charge believe that because the original act did not enable them to engage in the business of selling refrigerators, curling machines, household aids of various kinds operated by electrical energy, nevertheless they had the power to go up into Delaware and form another corporation which would have that authority. So we find them spreading out, the shadow of their great hand falling over a large part of the United States of America, with a threat that they not only intend to have this a yardstick but a model and a form for all communities in this great land of ours.

Leaving the impression that the T. V. A. was selling refrigerators, when the T. V. A. never bought a refrigerator and never sold one. I do not mean to criticize the corporation which did. I think it has done a wonderful work, as the House committee report says.

Here is another reference to the section providing for bonds, which I have shown is a limitation, and under which the bonds can be issued for only one purpose. He did not tell the Senate anything of that kind. Here is another reference he makes to it:

One of the amendments proposes to double the amount of money and to broaden out the time and the power so that this may be an open-end mortgage, and there can be in existence at any time from now ad infinitum $100,000,000 of those bonds.

Which you know is not true; which he had no right to say to the Senate.

He cannot plead ignorance, of course. He conveyed to the Senate the idea that they would run through all time, when a reading of it shows that it provides nothing of the kind. That is the kind of argument that is made by a Senator who now says that he does not represent the Power Trust, but the evidence shows he did before he was elected, and, if his action in the Senate can be taken as any criterion, at least so far as the Senate is concerned, he has represented them ever since he has been here.

He said:

Of course, this would be regarded as a very small corporation, having a capital of only $300,000, and I have already shown that it obtained that capital from F. E. R. A. funds.

That is as far as we ought to go. They get their capital from some other corporation. It is not right to charge that up, even if it is wrong. But this official report of the committee shows that it has been very satisfactory. It has not lost a dollar, not a cent. It has reduced prices to the poor who have to buy electrical appliances by practically 50 percent.

He makes fun of this corporation, which was organized with $20,000 capital. Perhaps that may be wrong. I do not think so. But suppose it is wrong; what has that to do with this bill? Not a thing on earth. They will do it again if the bill is passed, they will do it again if the bill is not passed, unless some law on the subject is passed by Congress.

He said:

Proceeding with the varied and colorful businesses engaged in by the United States through the Tennessee Valley Authority, we come to Haywood County Cannery Association, $7,500; next, Farmers' Confederated Cannery, Hendersonville, $6,000; Norris Town Stores Consumers' Corporation, $10,000; Shady Grove Cannery, $2,500. Thus we have all of these diverse activities summed up at a cost in money of the taxpayers of $94,500.

Again, all misleading.

Since this refers to the town of Norris, what was done there that is criticized by the Senator? It is the finest exhibition in the world of the development of hydroelectric power without any injury to labor, without any injury to anyone on earth, with perfect satisfaction to everyone engaged in it.

What do we find to be the facts? The Norris Dam is away ahead of schedule—the schedule fixed by the Army engineers of the great military authority which the Senator wishes to have consider this bill. It is away below the estimated cost; yet it has paid better wages and worked men fewer hours than any development of a hydroelectric concern by a private corporation ever performed in the history of the United States.

The laborers there are better housed, they have more modern homes, they work fewer hours, they are better satisfied than the laborers on any privately constructed operation of a similar nature in the United States. Between 10,000 and 12,000 persons are now employed there. Senators have not heard of any labor trouble there. Senators have not heard of any trouble with politicians there. Senators have not heard of any misuse of funds. No; it has all been on the square.

That project is the shining light in the United States today, and everyone admits it except the holding companies, the Power Trust. It has given more employment with less difficulty than the operation of any other governmental function in the United States during this depression, and I say that with measured words; and yet the men who are executing the project are condemned in the severest of terms. The dam is going to cost less than the Army engineers estimated it could be built for. The same thing is true of the Wheeler Dam. It is ahead of the estimates in time and below the estimates in cost. Is not that a pretty good record?

A great many things with which fault has been found by the Comptroller General have been called to our attention by the Senator from Vermont, and yet in no place that I know is there an insinuation or a charge that one penny was stolen or misappropriated. In one case I happen to know what the dispute was. The Comptroller General has been very strict, and I do not blame him for it. An auditing officer cannot be too strict with this corporation, or any other governmental function to suit me. When they do anything wrong, I want them to be corrected; and if the Comptroller General finds anything wrong in their method of bookkeeping I want it rectified, just as any other citizen does.

I happen to know about the request for bids for a certain improved method that was to be utilized in carrying dirt, and perhaps cement as well, on a certain kind of carrier. It was expensive. Bids were had. The bids were opened. The man who put in the lowest bid—referred to by the Senator today and on yesterday—had a certain kind of contrivance. When Dr. Morgan took up the matter and called in the engineers, and they examined the contrivance, they believed it would not do. Dr. Morgan himself told me that the chief engineer said:

If you accept that bid I shall wash my hands of the whole thing. We shall be called upon to pay for dead men who will be killed by the machine. It will not work long enough to build this dam, and you will have to buy another one.

The upshot was that the Board took the next bid and got a better machine, as they thought, and I think it is true. That machine is operating today. No one has been killed

by it. There has not been any injury from it; and the machine is going to wear long enough, I understand, to complete the dam. The Board saved a considerable amount of money by what they did, but technically, probably they did not obey the commands of the Comptroller General, and they got into trouble with him.

Dr. Morgan is not a politician. Dr. Morgan, as all Senators know, is a professional engineer and an instructor of great ability. He is an educator. He knows nothing about politics, but he is an expert in his line. It probably grated on him somewhat, when he knew he could save a thousand dollars or $5,000 by taking the bid which was not the lowest, to be compelled to take the lowest bid. If, however, the Comptroller General finds that to be required by the law Dr. Morgan must follow it, even if it results in greater cost to the Government.

I do not know anything about all these things which have been put into the RECORD, but I have no doubt on earth that if the cases cited were run down it would be found that there was not the misappropriation of a cent. A great many times it would be found that the Comptroller General would say, "What does this mean? What does that mean? I reject this or that."

I know one case in point. A member of the T. V. A. Board came from Chicago with his wife. He was engaged on official business of the Board, but his wife was with him on the trip, and when he sent in his expense account he allocated a certain amount to be charged to himself and a certain amount to be charged to his wife which could not be charged against the T. V. A. When that account went in to the Comptroller General there was something lacking about it, I understand. The Comptroller said it did not appear why one allocation was made, or why the other was not made. That is probably one of the cases which has been read to intimate that there was something wrong; but there was nothing wrong in that case.

Of course, the man did not expect his wife's expenses to be charged up to the Government. I will guarantee, however, that if the president of the great New England Power Co. went across the country and took his wife with him the books would not show that he had privately paid his wife's expenses. No private company would do it. We are doing something better than private companies do. We ought to do it better. I want it done better.

I understand there is another dispute. When the T. V. A. Act was passed, the first Dr. Morgan, of Ohio, was appointed a member of the Board. He was confirmed by the Senate before the other two appointments were made. After he was confirmed by the Senate, the President asked him to help him select the other two men. The President sent Dr. Morgan to the State of Washington, he sent him to Oregon, he sent him to California, he sent him to Wisconsin, he sent him to New York, and then, I think, he sent him into New England. I am not sure about the latter statement. He also sent Dr. Morgan all over the South, and in all these places Dr. Morgan looked up men whose applications the Board had, whose recommendations they had, in order to determine who was the best one of all and, if possible, to get him. That trip cost Dr. Morgan some money. I understand that expense money is in dispute at the present time. I have not received my information from anyone connected with the Authority, but I have been told that the Comptroller General holds that Dr. Morgan has no right to charge that traveling expense up to the T. V. A., and I am not sure but that the Comptroller General is right about it. Whatever he holds must be followed. I am in favor of abiding by his decision, even though I do not believe it is right. Like a Supreme Court decision, we must have things decided, even if they are decided wrong.

Now let me tell the Senate of another case which the Senator from Vermont put into the RECORD yesterday. An overpayment, he said, appears there, or something of that kind, something over $1,100 for each one of the members of the Board. How did that come about?

We passed the Economy Act making a reduction in salaries. It never occurred to the members of the Board, being members of the corporation, that it applied to them. They did not think it did. The question was not even raised. They paid their salaries, but when the matter came to Mr. McCarl, the Comptroller General, he said: "It applies to you. You cannot have your full salary. You are subject to the Economy Act." It appeared on the books and appeared here that they had overdrawn their salaries. The Government did not lose a cent. It was all an honest mistake. There is not going to be any loss anywhere. It is just what might happen in the dealings of any great corporation.

I have here a list of their employees. They employ between 10,000 and 12,000 people. They have a large number of executives, some of the finest electrical engineers in the United States. They pay out in salaries about $1,000,000 every month. They have been one of the greatest instrumentalities in the United States to relieve unemployment. There has never been a cry of anything wrong in it all. There is no doubt that now and then, here and there, quite often the Comptroller General might perhaps say, "This is not right; you cannot do this." What would be wrong if he did? If Mr. Morgan cannot be paid his expenses from the T. V. A. while he was helping the President, then he cannot be paid from the T. V. A. and must be paid from some other fund. No one would want him to bear that expense.

Here is another item mentioned by the Senator from Vermont of $36 for photographs.

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

Mr. NORRIS. I yield.

Mr. McKELLAR. I want to know if a claim has ever been made, in order that the books might be straightened out?

Mr. NORRIS. I do not know.

Mr. McKELLAR. I have no doubt Congress would allow the item.

Mr. NORRIS. I do not know. No one would dispute that it ought to be allowed, but if the Comptroller General will not allow it they must pay for their photographs out of their own pockets, and then probably they would not have any more taken.

How did it come about? There were thousands and thousands of letters almost every day, and thousands and thousands of visitors coming to the dam to see it. Would they treat those people with contempt? Would those people want a photograph of the buildings? Would they want a photograph of Dr. Morgan? If they asked for it and he had it, would he not give it to them? Suppose they all went away without a picture of a house, without a picture of the dam, does anyone think the Government ought to be so stingy that it would not pay and do what an ordinary private person always pays and always does, and which is perfectly legitimate and perfectly honest? I think there is nothing criminal in that. If these men had to bear all the expense of furnishing these things, they would have an expense account twice as large as their salaries. I think it is perfectly foolish to make such objections.

Then it is alleged that they paid for somebody else, and that was the basis for another objection. Suppose the Senator from Idaho [Mr. POPE], now listening to me, went down there; how would they feel if they had to tell the Senator, "We have nobody to act as your guide. Congress will not allow us to pay the salary of such a man. You will just have to go around by yourself." Does anyone suppose they would act that way?

Would not any Senator expect, if he went there, or if anybody went there and respectfully asked to see the property, that he would be treated with courtesy and shown what he came there to see? Of course, it would cost something to do it. In the aggregate it would cost a great deal. Do we want to stop that sort of thing? Are we so stingy that we are going to complain about that kind of thing?

The Senator from Vermont in all his great practice for public utilities, running back over the years, has never seen a time yet when the private utilities were so careful that they would refuse to show a visitor about their property. I do not think there is anything in these objections. They seem to me to be silly—to be foolish. They originate in minds which have nothing in view but to find fault and to

see how many monkey wrenches can be thrown into the machinery.

Mr. President, I have on my desk a copy of the New Republic for May 1, 1935, in which I find an article by Morris L. Cooke. Most Senators know him. He is probably as high-class a man as lives, whose record for ability, honesty, and efficiency is second to none. He wrote an article on What Electricity Should Cost. He has some references in the article to some of the things we have been discussing. I want to read just a little of his introduction:

We have now 20,000,000 domestic consumers. There are around 12,000 different kinds of monthly bills, a majority of which are not only unintelligible, but fluctuate violently in price for the same amount of current served under like conditions. These facts are rapidly becoming known and are almost as irritating to the public as the high cost of current itself. The legitimate costs of generating, transmitting, and distributing electricity are now known. It is not only practicable, but financially feasible for the industry as a whole to put in force this year a domestic rate schedule of the following order which would combine the three essential elements of reduction, uniformity, and simplicity.

Then he gives the rates and goes on to say:

To take a late example from a region much in the news. As a direct result of the low rate schedules set up by the T. V. A. for Muscle Shoals current, the Commonwealth & Southern Corporation and its subsidiaries in Alabama, Georgia, and Tennessee cut their rates on September 1, 1934, and made them uniform over these States, which include over 1,300 communities. The companies announced an estimated "loss" of $1,500,000 in domestic revenue——

That is what they always say, "Cut down our rates and we are ruined." The day this writer is speaking of was, as I remember, the day when the T. V. A. took over the properties—Dam No. 2, and so forth—belonging to the United States. That day the Alabama Power Co., the Tennessee Power Co., and the Georgia Power Co., covering those three States and parts of others, voluntarily reduced their rates to the amount of $1,500,000 per annum. Just the threat of this corporation's coming into existence brought about that kind of a reduction.

The companies said that was a loss—a donation to the public. It turned out to be a benefit, as this article shows, and as I shall now read:

The companies announced an estimated "loss" of $1,500,000 in domestic revenue, but instead of a loss, September 1934—

That is just 1 month afterward—

showed an increase of 0.3 percent as against the same month in 1933, and the third month, November, yielded an increase of 2.8 percent as against the same month of the previous year.

The companies were making money by their reduction. They could not see that that would be the case before they did it. They cannot see in front of their faces farther than their noses anyway; but those who do see and do study realize that in the case of electric rates it is possible to put the rates so high that the company cannot make anything.

That was the third month. Now, let us go on.

In September—

That was a year afterward. Let us see what they did.

In September there was a 32-percent increase in the number of kilowatt-hours used and a 10-percent increase in the number of customers.

The writer of the article says farther on:

The immediate increase of company revenues shown again demonstrates the axiom that usage increases as rates are reduced. This is still more strikingly proven by results achieved under the still lower standard T. V. A. rates. They were first put into effect in Tupelo, Miss., in March 1934 with the following domestic schedule:

First 50 kilowatt-hours per month at 3 cents per kilowatt-hour.
Next 150 kilowatt-hours per month at 2 cents per kilowatt-hour.
Next 200 kilowatt-hours per month at 1 cent per kilowatt-hour.
Excess over 400 kilowatt-hours at 0.4 cent per kilowatt-hour.

This represented an average drop of about 55 percent as against the preceding rates charged by the city, the profits then being turned into the town treasury. From an average residence consumption of only 42 kilowatt-hours per month, usage jumped to 61 in June and to 98 in November.

In other words, the consumption jumped from 42 to 98 kilowatt-hours in just a few months.

The average national consumption is about 53 kilowatt-hours per month.

That is, in the whole United States. There it is 98 kilowatt-hours per month.

T. V. A. service to Corinth, Miss., and Athens, Ga., shows the same trend. The above experiences confirm the soundness of low rates from every point of view. Customers benefit from cheap, abundant use; manufacturers of electrical equipment are doing a profitable business. In these communities gross revenues are adequate to cover operating and fixed costs, provide for new construction, and retire bonds.

Observation of a multitude of such facts as are here presented, plus intensive engineering and cost-accounting studies by impartial official agencies, have swept aside the mysteries surrounding the electrical industry and justify the contentions here made. The New York State Power Authority's recent report reached this significant conclusion, among others.

I ask unanimous consent to have that conclusion printed at this point in my remarks without reading.

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

The matter referred to is as follows:

Variation in the cost of distributing electricity to any class of customer, as between the various municipalities, proves to be much less than commonly understood. * * * An intensive study of conditions over a wide area in the United States shows that the savings in retail electric rates justified by this survey would not mean a corresponding decrease in the revenues derived from the supplying of electric service, because a truly promotional rate would result in a rapid increase in average use per customer. Private companies * * * have improved both their gross and net income by reducing rates to the levels suggested. * * * We are confident that a single residential rate schedule for the entire State, including farm service, will eventually be found economically practicable.

Mr. NORRIS. The article continues:

It is a well-known and useful truth of utility history that the more pronounced reductions in private company rates, the results of which have been so instructive, have been forced by the fact or threat of competition with publicly owned plants. President Roosevelt, in the case of Muscle Shoals and other projects, including his earlier advocacy of the St. Lawrence development, made a wider application of a well-tried, sound method of regulation.

In 10 States adjacent to Muscle Shoals savings of over $10,000,000 through rate reductions are reported to have been effected.

That is something for which we ought to give the T. V. A. credit—a reduction of $10,000,000.

Influenced by developments in the T. V. A. territory, the city of Cincinnati and the Union Gas & Electric Co. in July 1934, reached a rate agreement that will benefit over 400,000 people. It provided progressive reductions from 1934 to 1937.

Then the writer of this article speaks of Chattanooga:

Chattanooga recently voted, 2 to 1, to join the T. V. A.

The belief that the public plant is the only method by which low rates and abundant use can be achieved is rapidly spreading. All that is now needed to turn this impression into a passionate mass conviction is a continuance of the old methods of propaganda, lawsuits, lobbyists, and interference in politics.

I desire to say at this point, Mr. President, that the Senate has adopted a resolution instructing the Power Commission to investigate the injunctions and restraining orders which have been issued all over the United States against the installation of municipal plants, including the injunctions issued against the T. V. A. When that report comes in it will startle Senators. It will show them that we are now in danger of being governed by injunction rather than by law. We are in danger of having our laws made by a judge, one-man-made laws, where there will be no legislation and no statute, and the jail will open for the person who happens to violate the law made by one man in injunction proceedings.

It will be idle for the industry to plead taxes and losses due to the depression as an excuse. Every soundly financed electric operating company has pulled through this depression successfully. It is time we heard more of these successes and the stellar part the domestic consumer has played in keeping these companies out of the red by actually increasing his use at a time when revenue from the industrial consumer fell off disastrously.

It is unwise for the industry to attempt to force domestic consumers to furnish a disproportionate share of its profits. Hence the next great problem facing the industry is whether it will reward these consumers by the general introduction of uniform rates at fair levels.

* * * * * * *

If the leaders who control these electrical properties—

And I submit that argument to those who are filibustering against this bill—

If the leaders who control these electrical properties—in contradistinction to the investors who own them—prove themselves incapable of gaging the peril of the situation in its threat to bona fide investments, and act accordingly, then we can look forward to a rapid transition to public ownership.

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

Mr. NORRIS. Not just now.

The people will not continue to pay through the nose to insure dividends on inflated values. They now know what rates should be and the part that plentiful, cheap, and widely distributed power can play in the social economy now in the making. They will overthrow the present system of private-utility ownership rather than be thwarted by it. The people now know how to bypass ineffective regulation.

EXECUTIVE SESSION

Mr. ROBINSON. 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 REPORTS OF COMMITTEES

Mr. HARRISON, from the Committee on Finance, reported favorably the nominations of Drs. John W. Knutson and George R. Jones to be assistant dental surgeons in the United States Public Health Service, to take effect from date of oath.

Mr. BYRD, from the Committee on Finance, reported favorably the nomination of Thomas W. Page, of Virginia, to be a member of the United States Tariff Commission for the term expiring June 16, 1941 (reappointment).

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, reported favorably the nominations of sundry postmasters.

The PRESIDING OFFICER (Mr. McGILL in the chair). The reports will be placed on the Executive Calendar.

If there be no further reports of committees, the calendar is in order.

GEORGE W. CARRIER

The legislative clerk read the nomination of George W. Carrier to be postmaster at Newcastle, Ind., which had been reported adversely from the Committee on Post Offices and Post Roads.

The PRESIDING OFFICER. The question is, Shall the Senate advise and consent to the nomination of George W. Carrier to be postmaster at Newcastle, Ind.?

The nomination was rejected.

DIPLOMATIC AND FOREIGN SERVICE

The legislative clerk read the nomination of Alvin Mansfield Owsley, of Texas, to be Envoy Extraordinary and Minister Plenipotentiary to the Irish Free State.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of Leland Harrison of Illinois, to be Envoy Extraordinary and Minister Plenipotentiary to Rumania.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of John R. Putnam, of Oregon, to be consul general.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

POSTMASTERS

The legislative clerk proceeded to read sundry nominations of postmasters.

Mr. McKELLAR. I ask that the nominations of postmasters be confirmed en bloc.

The PRESIDING OFFICER. Without objection, the nominations of postmasters are confirmed en bloc.

IN THE MARINE CORPS

The legislative clerk proceeded to read sundry nominations for promotion in the Marine Corps.

Mr. ROBINSON. I ask that the nominations in the Marine Corps be confirmed en bloc.

The PRESIDING OFFICER. Without objection, the nominations in the Marine Corps are confirmed en bloc.

IN THE NAVY

The legislative clerk proceeded to read sundry nominations for promotions in the Navy.

Mr. ROBINSON. I ask that the nominations in the Navy be confirmed en bloc.

The PRESIDING OFFICER. Without objection, the nominations in the Navy are confirmed en bloc.

ADJOURNMENT

Mr. ROBINSON. I move that the Senate adjourn until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 5 o'clock and 45 minutes p. m.) the Senate adjourned until tomorrow, Friday, May 10, 1935, at 12 o'clock meridian.

CONFIRMATIONS

Executive nominations confirmed by the Senate May 9 (legislative day of May 7), 1935

ENVOYS EXTRAORDINARY AND MINISTERS PLENIPOTENTIARY

Alvin Mansfield Owsley to be Envoy Extraordinary and Minister Plenipotentiary to the Irish Free State.

Leland Harrison to be Envoy Extraordinary and Minister Plenipotentiary to Rumania.

CONSUL GENERAL

John R. Putnam to be consul general.

PROMOTIONS IN THE NAVY

To be lieutenant commanders

Joseph W. McColl, Jr.	Henry L. Pitts
Burton E. Rokes	Charles F. Waters
Cyril E. Taylor	Edward B. Peterson
Lewis R. McDowell	Charles R. Jeffs
Roscoe F. Good	Raymond E. Farnsworth
Edward E. Pare	Leslie E. Gehres
Felix L. Baker	Donald McA. Mackey
Oberlin C. Laird	Barrett Studley
Lewis Corman	George T. Campbell
Hugh E. Haven	Thomas J. Bay
Harry L. Thompson	Henry S. Nielson
Arthur Gavin	Ernest W. Litch
Raymond G. Deewall	Elwood M. Tillson
John Q. Chapman	Warner W. Angerer
Harry F. Newton	George A. Seitz
Charles M. Johnson	

To be lieutenants

Gerald B. Ogle	Archibald G. W. McFadden
Neville L. McDowell	Joseph I. Taylor, Jr.
Eugene E. Paro	Edwin J. Taylor, Jr.
Wallace S. Newton	Dewey H. Collins
Rodmon D. Smith	Wallis F. Petersen
Lewis S. Parks	Charles C. McDonald
Donald C. Beard	William V. Deutermann
Alwin D. Kramer	John H. Morrill
Harold C. Pound	Elliott W. Shanklin
Willard K. Goodney	Albert N. Perkins
Willis E. Cleaves	John E. Spahn
George A. Sinclair	Chester E. Carroll
Thomas A. Turner, Jr.	John B. Rooney
Kenneth Earl	Frederick J. Bell
James B. Ricketts	Frank H. Ball
Allen P. Calvert	Max C. Stormes
LeRoi B. Blaylock	Richard F. Johnson, Jr.
Harold B. Miller	Henry W. Goodall
Robert S. Carr	Glenn R. Hartwig
Wilkie H. Brereton	Charles A. Ferriter
Louis D. Sharp, Jr.	Harry B. Temple
Lawrence J. McPeake	Thomas C. Ritchie
William H. Duvall	John C. Daniel
William E. Verge	John L. Melgaard
Donald J. Ramsey	Joe W. Stryker
Henry E. Richter	Cecil B. Gill
William R. McCaleb	Bruce D. Kelley

Franklin D. Karns, Jr.
Horace W. Blakeslee
Anthony L. Rorschach
Chester C. Smith
George C. Wright
Clarence C. Ray

To be lieutenants (junior grade)

Arthur L. Wilson
Alfred B. Metsger
Nelson M. Head
Carlton C. Lucas

To be surgeons

Charles F. Behrens
Albert J. Desautels
Robert M. Cochrane
Ben Hollander
Navy F. X. Banvard
James J. O'Connor
Lloyd L. Edmiston
Robert E. Duncan
Fred M. Rohow

To be passed assistant surgeons

Charles F. Flower
Harold V. Packard
Leon D. Carson
Gerald W. Smith
Thomas M. Arrasmith, Jr.
Franklin V. Sunderland
Walter F. James
Arthur W. Loy
Albert T. Walker
Albert Ickstadt, Jr.
Thomas Jackson, Jr.
Glenn S. Campbell.
Herman M. Maveety
Charles R. Wilcox
French R. Moore
Joseph W. Kimbrough
Raymond W. Hege
Bruce E. Bradley
Theophilus F. Weinert

To be dental surgeon

Raymond D. Reid

To be passed assistant dental surgeons

Herman P. Riebe
Eric B. Hoag
Rae D. Pitton
Clifford T. Logan
Alvin F. Miller
James L. Purcell
Ralph W. Malone
Frank K. Sullivan
Arthur Siegel
Hector J. A. MacInnis
Alfred Dinsmore
Edward H. Delaney

To be paymasters

Gordon S. Bower
Guild Bruda
Robert H. Mattox
Jonas F. Rupert
Robert G. Robeson
Isaac W. Thompson
Frederick Schwab
Raphael Gering
Fillmore S. C. Layman
Harold R. Lehmann
Leon I. Smith
Myron W. Willard
Archie A. Antrim
John H. Gallion
Harold E. Humphreys
Hugh A. Phares
Percy W. McCord
James E. Brennen
Tipton F. Woodward
George P. Smallman
George E. Duffy
George L. Thomas
Samuel L. Bates
Robert R. Thompson
John C. Poshepny
Edward Mixon
Henry C. McGinnis
Frank J. Manley
Harry F. Hake
Harry G. Kinnard
Percival F. Patten
Michael A. Sprengel
William E. McCain
Golden F. Davis
Grandison J. Tyler
Chester B. Peake
Frank P. Delahanty
Worth B. Beacham
Carl J. Buck
John H. Skillman
Charles D. Kirk
Charles S. Bailey
Walter W. Mahany
John H. Davis

To be passed assistant paymasters

Arnold R. Kline
Lloyd H. Thomas
Joseph L. Herlihy

To be civil engineers

Jomes T. Mathews
Paul J. Searles

To be chief carpenter

Robert L. Barry

To be chief boatswain

Harold S. Bogan

MARINE CORPS

John M. Arthur to be lieutenant colonel.
Robert H. Pepper to be major.
John B. Wilson to be major.
Merrill B. Twining to be captain.
Frank H. Lamson-Scribner to be captain.
William R. Hughes to be captain.
William J. Scheyer to be captain.
John B. Hendry to be first lieutenant.

POSTMASTERS

ALABAMA

George W. Floyd, Alabama City.
William L. Mason, Attalla.
Eunice D. King, Midway.
Addie M. Cannon, Mount Vernon.

COLORADO

Faye P. Steffen, Bennett.
Agnes J. Beynon, Frederick.

IDAHO

Guy E. Van Buskirk, Potlatch.

INDIANA

Noel A. Booher, Albany.
Basil L. Ferguson, Bargersville.
Irvin J. L. Harmeier, Cambridge City.
William E. Morrison, Cloverdale.
Earl W. Miller, Coal City.
William H. Luking, Connersville.
Earle C. Stewart, Daleville.
Robert R. Saunders, Eaton.
Merle F. Shepard, Edwardsport.
Audley Dildine, Gaston.
Albert Rumbach, Jasper.
Harry T. Ferguson, Jeffersonville.
Rowland R. Morgan, Knightstown.
Jess E. Stevens, Liberty.
Lee Fattic, Middletown.
Charles J. Roy, Mishawaka.
Louis W. Thomas, Mount Vernon.
William L. Newbold, Rushville.
Russell L. Hildebrand, Sandborn.
Charles A. Wall, Winchester.

RHODE ISLAND

Robert E. Bitgood, Hope Valley.

WEST VIRGINIA

Frank C. Ellis, Dunbar.
Orrin D. Madison, Powellton.

REJECTION

Executive nomination rejected by the Senate May 9 (legislative day of May 7), 1935

POSTMASTER

INDIANA

George W. Carrier to be postmaster at Newcastle.

HOUSE OF REPRESENTATIVES

THURSDAY, MAY 9, 1935

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Infinite God, we rejoice that in the midst of selfishness and the disordered condition of this life the fountain of Thy mercy is accessible and open to all. They that put their trust in the Lord shall be as Mount Zion that cannot be removed. Though our infirmities be as the sands of the seashore, Thou art our bountiful Father. We pray that we may have an initial leaning toward goodness, virtue, and truth. When different avenues of duty are before us, do Thou help us to accept the worthiest and the most excellent. We ask Thee to give us the right angle of vision of the needs of our country, and may we make our survey in the light of the teaching of the Man of Galilee. Holy Spirit, purify our dispositions and give enrichment to our personal pleasures. As we view the field of purpose and duty, of life and destiny, we beseech Thee to appoint us to a place in the vast design. Through Jesus Christ our Lord. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Horne, its enrolling clerk, announced that the Senate had agreed without amendment to a concurrent resolution of the House of the following title:

H. Con. Res. 20. Concurrent resolution authorizing the Committee on Banking and Currency of the House of Representatives to have printed for its use additional copies of the hearings on the Banking Act of 1935.

The message also announced that the Senate agrees to the amendments of the House to bills and joint resolution of the Senate of the following titles:

S. 282. An act for the relief of William Kemper;

S. 563. An act for the relief of the Jay Street Terminal, New York;

S. 1616. An act to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, and acts amendatory and supplementary thereto; and

S. J. Res. 43. Joint resolution for the establishment of a commission for the construction of a Washington-Lincoln Memorial Gettysburg Boulevard connecting the present Lincoln Memorial in the city of Washington with the battlefield of Gettysburg in the State of Pennsylvania.

The message also announced that the Vice President had appointed Mr. GLASS, Mr. PITTMAN, Mr. WALSH, Mr. HALE, and Mr. METCALF members of the joint committee on the part of the Senate to greet Rear Admiral Byrd upon his arrival at the navy yard on May 10, as provided for in House Joint Resolution 274.

The message also announced that the Senate had passed a bill of the following title, in which the concurrence of the House is requested:

S. 672. An act for the relief of the city of Baltimore.

PUBLIC GRAZING LANDS

Mr. LEWIS of Colorado, from the Committee on Rules, reported the following privileged resolution for printing in the RECORD:

House Resolution 215

Resolved, That immediately upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for consideration of H. R. 3019, "A bill to amend sections 1, 3, and 15 of 'An act to stop injury to the public grazing lands by preventing overgrazing and soil deterioration, etc.', approved June 28, 1934." That after general debate, which shall be confined to the bill and shall continue not to exceed 1 hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Public Lands, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the bill for amendment, the Committee shall rise and report the same to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit, with or without instructions.

LEAVE OF ABSENCE

Mr. CARY. Mr. Speaker, I rise to announce that my colleague the gentleman from Kentucky [Mr. CARDEN] has been seriously ill for about 10 days and has been necessarily absent from the House. I therefore request an indefinite leave of absence for the gentleman.

The SPEAKER. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. VINSON of Georgia. Mr. Speaker, I ask unanimous consent to address the House for 20 minutes on the processing tax.

The SPEAKER. Is there objection to the request of the gentleman from Georgia?

Mr. O'CONNOR. Mr. Speaker, reserving the right to object, I am going to object to any speeches after 12:30 o'clock today.

Mr. MARTIN of Massachusetts. Mr. Speaker, I intended to ask unanimous consent to address the House following the gentleman.

Mr. VINSON of Georgia. Mr. Speaker, I modify my request and ask unanimous consent to address the House for 15 minutes. This will leave 9 minutes for the gentleman from Massachusetts [Mr. MARTIN].

Mr. MARTIN of Massachusetts. I only desire about 7 minutes, and it is not on anything that the gentleman from Georgia [Mr. VINSON] wants to talk about.

Mr. SNELL. Mr. Speaker, what is there special about 12:30?

Mr. O'CONNOR. That is the morning half hour.

Mr. VINSON of Georgia. Mr. Speaker, I demand the regular order.

Mr. SNELL. Mr. Speaker, I think some of the rest of us are going to have something to say about this matter if we cannot have time to speak after 12:30.

The SPEAKER. That is a question for the House itself to determine.

Mr. TRUAX. Mr. Speaker, the Chairman of the Rules Committee would prevent all talk, particularly on bills on the Private Calendar. He made an arbitrary ruling the other day that no Member would be recognized for the purpose of speaking on private bills.

Mr. BLANTON. Mr. Speaker, I make the point of order that the time of the House is in the control of the House. The House itself controls its own time.

The SPEAKER. The gentleman is correct. Undoubtedly any Member has a right to object to any unanimous-consent request that is submitted.

Mr. VINSON of Georgia. Mr. Speaker, I renew my request that I may be permitted to speak for 15 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Georgia?

There was no objection.

Mr. MARTIN of Massachusetts. Will the gentleman yield?

Mr. VINSON of Georgia. I yield to the gentleman from Massachusetts.

Mr. MARTIN of Massachusetts. Mr. Speaker, I ask unanimous consent to address the House for 7 minutes at the conclusion of the speech by the gentleman from Georgia [Mr. VINSON].

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

Mr. WOODRUM. Mr. Speaker, reserving the right to object, would the gentleman from Massachusetts [Mr. MARTIN] mind telling us on what subject he is going to speak?

Mr. MARTIN of Massachusetts. It is purely on a district matter. I am not entering into any controversial question at all. My subject deals with how the silver question affects the silver industry in my district, hoping that we may reach a solution of the problem.

Mr. SNELL. Is the gentleman going to object to bringing in controversial matters?

Mr. WOODRUM. The gentleman has the floor.

Mr. SNELL. I am asking the gentleman from Virginia.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

Mr. WOODRUM. Mr. Speaker, reserving the right to object, the gentleman from Massachusetts [Mr. MARTIN] is a distinguished Member of this House. I shall certainly not object to his speaking at this time. The gentleman would not permit me to have a little time the other day, but I am glad to have the gentleman address the House.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts [Mr. MARTIN]?

There was no objection.

THE PROCESSING TAX

Mr. VINSON of Georgia. Mr. Speaker, we have listened at length during the past few weeks to a discussion of the processing tax, some urging its repeal with much fervor. We have seen the clamor rise to a height that no doubt some people, not familiar with the situation, were fully convinced

that the 4.2 cents a pound levy on cotton was responsible for the major portion of the ills of the very sick textile industry.

Nor was this campaign confined to Congress. Delegations come to Washington, marching to a tune which was a curious mixture of threat and supplication, and casual readers of newspapers must have wondered why Congress would allow a levy so generally hated and reviled to remain in effect.

During those days I felt sorry for some of those who advocated a repeal for they knew that the textile industry has been one of our most persistent industrial invalids for years.

It is rather significant to note at this point that while the United States produces approximately one-half of the world's cotton less than 20 percent of the cotton spindles of the world are in the United States. In 1934 there were 156,000,000 cotton spindles in the world and of this number some 30,000,000 were in the United States.

I am glad to say, however, that during the past few days I have noticed, or seemed to have noticed, at any rate, some of the hysteria abate, because I know a reasonable attitude and a calm discussion are a prerequisite for an understanding and a solution of the textile troubles.

The textile industry has too many real problems; problems that will demand patient cooperation to solve, to be beclouding and befuddling the issue with processing-tax harangues. The processing tax could be removed tomorrow and, in my judgment, it would be only a matter of time, and a short time at that, before the wails and cries would go up again from the textile industries.

The processing tax has been coupled with increasing Japanese imports, although there is not the slightest relation between the two. The levy in no way changes the competitive situation so far as domestic and foreign textiles are concerned.

A compensatory import tax, equal to the full amount of the domestic cotton-processing tax, must be paid in addition to the tariff duties when manufactured textiles are imported into this country. Conversely, the amount of the processing tax is refunded when manufactured articles are exported from the United States. So that the domestic processing tax does not put our mills at a disadvantage in selling their products in foreign markets.

But it is not my purpose at this time to endeavor to prescribe for the textile operators. I sympathize with them, and so does the administration. They are entitled to the consideration given other groups of citizens, the farmers among them, but no more, may I emphasize, than that given other groups. And all that the farmer desires is equality of treatment.

A Cabinet committee is making a textile ailment diagnosis. I hope that it finds a remedy, an efficacious one, but I will venture a prediction that it will not find that abolition of the processing tax would do a real service to the textile industry. I know that some have declared that the committee has prepared its case beforehand. But let me prophesy that any impartial group which studies the question in the future will come to the conclusion that little is to be gained for the textile industry, but much is to be lost for the farmer by removal of the processing tax.

The processing tax is the farmer's tariff, the first such levy he has had during all the years that the mills which spun his staple had their output protected from foreign competition.

It is rumored that some textile interests are seeking a higher tariff for themselves, and at the same time they are working day and night for removal of the meager bit of protection for the farmer.

It has become generally recognized, I think, that one of the prime causes of the farmers' difficulties, many difficulties they are, is the one-sided tariff policy this country has pursued for years.

The factory owners talk about cheap labor and the need for protecting the American workman from it. I do not intend to enter into a tariff argument. I favor an adequate tariff, but let me point out that the American farmer has raised and sold his product in competition with some of the cheapest labor in the world. The price of American cotton has set the world price, but the cotton grower has bought his goods in a tariff-protected market. He sold low and bought high, and that is burning the economic candle at both ends. You know the result. The depression started on the farm and spread like a drought; over country towns; the smaller cities; and on toward the giant centers of commerce.

Just a few days ago my good friend from Kansas [Mr. HOPE], the ranking Republican member of the House Agricultural Committee, summed up the processing-tax situation in clear and vigorous fashion. To the surprise and dismay of some of the Republicans, he said that if the processing tax was removed that the entire tariff structure should—and would—be torn down. Mr. HOPE said he was not voicing a threat, but that the farmer could not exist under an economic system which forced him to sell in competition with the world and buy in a closed market.

I have said—and let me repeat—that I am a friend of the textile interests. I have some of the largest mills in the South in my district. I think I am considerably more of a friend than some of those who are shouting for the repeal of the processing tax so vociferously.

A man suffering from an organic malady is not benefiting himself by taking patent medicines designed to "tone up the system." The textile industry should, in cooperation with the Government, study its problems carefully; and then whatever aid Federal authorities can give should be willingly extended. I do not think, however, that assistance should come at the expense of the cotton farmer. I do not believe the fair-minded leaders of the mill operators seek advantage at the expense of others.

Just how, may I ask, has the processing tax operated to the detriment of the textile operators? I have not seen one bill of particulars on that. I have heard a lot of charges, but no figures to back them up. I am convinced that they cannot supply the proof. On the other hand, I feel certain that it is fairly easy to show that the textile industry would be one of the most prosperous in all the world if the cotton tax were its only problem.

The most common assertion is that the processing tax on cotton has raised the price of textiles to the point that people are buying more wool, more rayon, and the like.

In 1932, with cotton prices near the record low point, the total consumption of cotton was 2,457,600,000 pounds, or 84.1 percent of total fiber consumption. Wool consumption was 240,900,000, or 8.2 percent; silk 73,700,000, or 2.5 percent; and rayon 152,200,000, or 5.2 percent. Much the same picture is presented for 1931, another year of low cotton prices. Cotton consumption was 2,656,000,000, or 82.7 percent; wool was 320,900,000, or 10 percent; silk 79,100,000, or 2.4 percent; and rayon 157,300,000, or 5.2 percent.

The cotton-processing tax went into effect in August 1933 and the consumption of cotton, instead of declining in 1933, rose sharply to 3,052,500,000 pounds, although the percentage declined slightly to 83.7 percent. The comparative figures for competing fibers are wool, 324,300,000, 8.9 percent; silk, 62,400,000 pounds, 1.7 percent; and rayon, 207,400,000, 5.7 percent.

Even more revealing are figures for 1934 when the cotton-processing tax was in effect during the entire year. The consumption of cotton declined slightly as compared to 1933, due largely to the textile strike in the fall of 1934, the figure for 1934 being 2,662,900,000 pounds; but the percentage of cotton to total consumption increased to 84.2 percent.

Instead of being displaced by competing fibers, the percentage of cotton consumed increased over both 1931 and 1932, years in which there was no processing tax and in which the price of the staple was very low.

The comparative figures for competing fibers last year are: Wool, 240,200,000, 7.6 percent; silk, 61,400,000, 1.9 percent; and rayon, 3,164,000, 6.3 percent.

The consumption of rayon increased in percentage during 1933 and 1934, years of the processing tax; but that increase was apparently at the expense of fibers such as silk, which

compete with cotton and which had no processing tax to carry.

It seems to me that these figures offer convincing proof in refutation of the statement that the processing tax is causing buyers to purchase competing materials.

However, if the processing tax on cotton is causing a shift from cotton to competing materials, the law provides for compensating taxes on competing fibers. To get the compensating taxes levied it is only necessary for cotton mills to show that such shifts are taking place and are due to the processing tax.

Just how much does the processing tax increase the cost of cotton goods to the consumer? That question can be answered, and that answer, I believe, will show better than thousands of words of argument that the tax has not really injured the textile industry.

Official estimates are that the added cost of the processing tax for a pair of overalls selling at $1.30 is 8 cents—8 cents only, mind you. The figures which show what that same pair of overalls would cost if they were imported are interesting. The tariff—the tariff which has protected the textile industry for years—would be 48¾ cents, six times that of the processing levy.

An imported work shirt which cost 70 cents would pay a processing tax of 3 cents and a tariff of 31½ cents; a house dress which cost 80 cents would pay a processing tax of 3 cents and a tariff of 30 cents.

However, the processing tax, like the tariff, is not paid by the manufacturer, but is passed on to, and is paid by, the consumer.

I have heard the assertion that the cotton tax is pyramided and I have heard also that the operator must absorb the levy due to intensive competition in the business. Both claims cannot be true, and all available data indicates that the cotton spinner is simply the collecting agency through which the Government collects the levy. The Bureau of Internal Revenue has been liberal in its regulations, and in some instances it has allowed the mills 6 months to pay the tax; that is, 6 months from the time the cotton is purchased. The mills thus are oftentimes permitted to actually sell the goods before the tax is paid.

There is not as much opportunity to pyramid the processing tax as there is to pyramid an equal increase in the price of cotton. Cotton passes through several hands between the producer and the mill, and there is therefore more opportunity to pyramid price than there is to pyramid the tax.

In section 9 of the Agricultural Adjustment Act are provisions designed to prevent pyramiding.

Let me define the cotton processing tax and state its purpose briefly. It is a levy of 4.2 cents a lint pound on cotton when it is first processed or prepared for its finished form. It should be borne in mind that the processing tax is not paid by the textile industry nor is it paid by the farmer, but the processing tax is passed on to the consuming public. The amount of the processing tax is not deducted from the value that the cotton producer receives for his cotton. From the tax, about $115,000,000 was raised last year, or approximately 90 cents per capita.

That $115,000,000 went into a fund to pay cotton growers who signed contracts with the Secretary of Agriculture to adjust production. As most of you know, unusually large crops and reduced consumption due to the depression, had resulted in the accumulation of a huge cotton surplus, which will act as a force to depress prices until it is reduced to normal. The sensible way to pare the carry-over, in fact, the only practical way, is to raise less until the surplus has been consumed.

The processing tax is used to pay the cotton growers to reduce their acreage; but do not get the idea that the levy is charity or an outright gift at the expense of the American people.

For years some of our foremost leaders have realized that the farmer's prices were falling further and further below those for the manufactured articles he must buy. Our leaders have realized, too, that there must be steps to remove the disparity, and restore the equality between agrieulture and industry. The grower paid more and more for the things he bought and got less and less for the things he sold. You know the result—bankruptcy, poverty, distress, resentment, despair. Eventually the farmer's inability to buy caused thousands upon thousands of city workmen to be "ploughed" out on the street.

The Agricultural Adjustment Act was passed to restore the relationship between farm and industrial products which existed in the 1909–14 period. There have been mistakes, of course, but on the whole it has worked, too well to suit many selfish people. Just compare the price of the major farm products with the price when President Roosevelt took office. There is your answer.

One reason, a primary reason, for effectiveness of the act is that the processing tax raises funds to pay the farmers to cooperate. It would not be fair to ask the growers, the victims of long years of economic injustice, to make still another sacrifice and bear all the cost of getting rid of their surpluses.

I wish to state emphatically also that the only sensible way to handle this farm problem is through controlled production. Some industrialists must believe the man who tills the soil is a gullible creature. The factory owners close their plants without hesitation when they have piled up a surplus which threatens to reduce their profits. They have done it since the industrial system began and have not been criticized for it. The farmer must do the same thing or he is at a hopeless disadvantage.

Heretofore the growers have been unable to cooperate. There was no mechanism to help and direct them. I recall during the various cotton-price crises that southern leaders would meet and confer. This would be proposed and that would be proposed, but there was no means of belling the cat. We got acquainted with some fine people during those conferences, but we went back home and continued to raise too much cotton.

The Adjustment Act, for the first time, gave the growers a way to get together and adopt the methods of big business. It has given the farmers a way to adjust their production to demand. Many persons do not seem to realize it, but the farmer cannot continue indefinitely to grow crops at a loss.

Anyone familiar with the textile industry knows that it has been having a series of ups and downs for years. This is particularly true of New England, where the trend has been steadily downward since 1920.

In 1921 there were 337 textile mills in operation in the New England States. There were only 194 in 1933. Statistics show that during the 12-year period, the period of Harding, Coolidge, and Hoover, that 95,505 workers lost their jobs in the textile mills; lost them permanently. Why not blame the processing tax for that?

If partisanship will insist upon saddling the Roosevelt administration with the troubles of the New England textile industry since March 1933, the Republicans must accept the blame for the loss of 143 mills and 95,505 jobs, representing wages of $110,754,000. The Republicans must accept the blame also for strange silence and complacency during the 12 years when this was taking place. Is it not peculiar that the realization came only after Franklin D. Roosevelt became President?

In the Washington Post of some days ago I read that Gov. Theodore F. Green, of Rhode Island "sprang a surprise on the President's Cabinet committee investigating the cotton-textile situation by suggesting wholesale changes within the industry itself to relieve distress."

The article adds that the Governor devoted scant attention to the "processing tax and the effect of Japanese imports" and that among other things he proposed a Federal commission to bring about reorganization of the industry.

Governor Green apparently realizes fully and knows there is nothing to be gained by an attempt to confuse the issue by talking about the processing tax. He knows that the sooner the questions which must be solved are tackled the sooner will real progress be made. I agree with him, and I am sure that every true friend of both the textile operators and the farmers does too.

The farmers of the cotton-growing sections do not have to be told what the Roosevelt administration and the agricultural programs have done for them. You know that the close of the Hoover administration found the cotton farmers in a condition that they had not approached since the end of the Civil War. We were nearing the end of our endurance; both town and country were prostrate.

We are told now that the forces of natural recovery are responsible for the improvement made thus far. But we are aware that the cotton program is primarily responsible for the rise in cotton prices, and we know, too, that increase in the staple's price is the lever that has had most to do with the lift back toward prosperity.

There are no figures more revealing than those on cotton income in my own great State. The total return from cotton grown in Georgia in 1932 was $34,642,000. That, as you well remember, was a year of despair.

In March 1933, the first year of the Roosevelt administration, the cotton program, and the processing tax, Georgia received $75,510,000 for her cotton. Quite a contrast with $34,642,000, is it not? Of that $75,510,000, $13,371,000 was in benefit payments which were raised through the processing tax. The income from Georgia cotton increased still more in 1934. The total was $88,212,000, and $9,969,000 was in benefit payments.

Georgia farmers have already received directly $23,340,000 through the processing tax, and that exclusive of the payments to be made in 1935.

The southern cotton farmer has received $228,565,000 in benefit payments, and before the end of this year the cash given them to adjust production in an effort to help themselves will total $350,000,000.

Think of what that $350,000,000 and the money that has been paid out to farmers because of the sharply increased price of cotton has meant to the South and in turn to the Nation. It is like a good soaking rain upon a field parched and blistered from drought.

If the cotton levy should be repealed, it would mean the end of the present adjustment plan. The Bankhead bill might remain in effect, theoretically, but it is actually a supplement to the present program, and even its most ardent supporters do not assert that it could stand alone. In my judgment, a compulsory cotton-control bill would be ruinous to the farmer unless some means were provided to pay him for curtailment.

The Government would be forced to abandon its present loan policy if the processing tax were abolished. The only reason the Commodity Credit Corporation can lend now and enable the farmer to receive higher prices is because the cotton program enables control of production. This gives assurance that the carry-over gradually can be reduced, and, with the reduction of the surplus, the price of the staple will tend to rise above the loan.

Abandonment of the adjustment program would mean almost inevitably a collapse of price and in turn expanding cotton acreages, for in an effort to get the money he needs so badly the farmer would plant more cotton and work overtime to raise and harvest it.

Anyone familiar with the cotton-growing South cannot deny that the Agricultural Adjustment Act's cotton program has been a success. Again the figures speak for themselves.

The cash value of the cotton crop for the entire belt, including rental and benefit payments, were: 1932–33—when no program was in effect—$464,330,000; and with the program in effect in 1933–34, $861,733,000; and 1934-35, $838,666,000 in spite of the worst drought in history.

The cotton-growing South, and most of the South is directly or indirectly dependent upon the staple, is just now in the condition of a man slowly gathering strength after a long illness. We are full of hope and confidence, but a relapse would have disastrous effects and the repercussions would be felt over the Nation and the world.

Although it may not be realized generally, the South's come-back during the past 2 years has been a genuine stimulus to the undoubted progress the Nation has made. Recovery in other agricultural sections, due, I believe, to the administration's farm programs, has helped in the rally. Agricultural income in 1934 was a billion dollars over that in 1933 and a good part of that billion went to buy the products of factories.

Removal of the processing tax on cotton probably would be followed by its removal on other farm commodities. If industry objects to the continuance of the farmer's tariff, it must be prepared for a vigorous effort to remove industrial protection.

The farmer cannot continue to buy in a protected market and sell in competition with the cheapest labor in the world. He is entitled to the same consideration and the same protection that the textile industry receives. [Applause.]

The SPEAKER. Under the special order of the House, the gentleman from Massachusetts [Mr. MARTIN] is recognized for 7 minutes.

Mr. MARTIN of Massachusetts. Mr. Speaker, it quite frequently happens in a street fight an innocent bystander gets the worst of it. The industry that I am going to talk about this afternoon finds itself in that position.

When the Silver Purchase Act was before the Congress it was considered entirely as a monetary measure, and no serious attention was given to the price those engaged in industry would be compelled to pay for silver. I am not going to talk today about either the merits or the demerits of the silver-purchasing policy of the administration.

In addressing you I do so for the purpose of bringing to the attention of this body an injustice and a hardship which, because of legislation enacted, threatens one of the country's oldest and most high-grade industries and its workers. It is in many respects a unique industry, depending, as it does, to a degree unusual in these times upon the individual artistic craftsmanship of the thousands it employs. I refer to the silverware industry, which, though already established in the day of Paul Revere, whose patterns have had recently a deserved revival, has continued to advance in step with general technical progress and stands with our important modern industries in its methods both of manufacture and distribution.

The making of silverware is, I want to emphasize at the outset, an American enteprise that eminently deserves to continue. Certainly under no conception of the public good does it merit extinction, and under no conception of that same good do its workers merit having their names added to the roll call of the unemployed. Yet both events are possible, indeed, inevitable, unless we address ourselves to finding some means whereby the silverware manufacturer, with other users of silver in the arts and industry, may be relieved from the inexorable increases in the price of silver forced by the provisions of the Silver Purchase Act.

Unfortunately, this act, drawn in a time of extraordinary stress, and, I fear, drawn hastily, made no distinction whatever between silver for currency purposes and silver for fabrication into commercial products. As the matter now stands, to whatever heights monetary silver may be skyrocketed, silver that I may here, for the purposes of the argument, call "commercial" must follow. The price of one has been inescapably tied to the price of the other.

The result is one that I am sure Congress, with its attention focused on other objectives, never intended, and one that I hope with some confidence Congress will now consider every means in its power to mitigate.

The core of the situation is this: The industry, by dint of alert manufacturing and merchandising methods, coupled with fair prices, had as its contribution to the recovery program obtained a very satisfactory acceptance for its goods, bought not so much by the wealthy as by those in very moderate circumstances, to whom it must look for volume. The proof that its energy and courage—much more marked in industry than we are sometimes led to believe—had produced one more item in the credit side of recovery lies in the fact that by 1934 the industry as a whole, despite many obstacles, held fairly well.

It wants to hold and, if possible, advance its level, and I believe the country wants it to. But how can it, if large

and abrupt advances are made arbitrarily in the price of silver, when already such increases have forced silver out of its position relative to general commodity prices that it has held invariably for some score of years? To put it another way, while the silverware industry has thus far managed to make its adjustments, the further price increases dictated by the Silver Purchase Act are bound to force the prices of its completed product rapidly beyond the reach of the average purse. This means, first, a slowing up; next, paralysis—and another heavy burden upon our relief rolls.

I want to make this point very clear. The silverware industry, largest user by a wide margin of silver in the arts and industry, has been able on previous occasions when the silver price started an abrupt ascent to continue in business with little difficulty, for upon these previous occasions silver was not merely rising; it was following a rise in general commodity prices. In this case there is a complete disjointment. Silver is not following the line of commodity prices; it is outstripping that line in wild and erratic manner. Some indication that this must be so is seen in the fact that, though silver for many years has pretty generally held to a price around 60 cents per fine ounce, already, under the pressure of the Purchase Act, it has reached 77 cents and is proposed to be advanced to a dollar and twenty-nine cents—more than double the price at which industry had been long accustomed to acquire it for purposes of fabrication.

Thus far I have referred to those affected as the industry. This, however, I have done only as a matter of convenience. It seems so elemental as scarcely to need a reminder that when you start to consider the social implications of any industry you very quickly go far beyond any question of owners and stockholders; you find yourself contemplating the problem of an often unexpectedly large number of wage and salary employees and their dependents. So it is in the silverware industry. Dependent for food, clothing, and shelter upon the manufacturing branch alone are nearly 70,000 men, women, and children. But this is only the beginning of the story. Silverware is distributed through 20,000 retail jewelry stores in every section of the country, and dependent upon those stores are some 225,000 people. When you add also department-store and wholesale distribution, you find that upon the continued operation, on a favorable basis, of the silverware industry depends the support of more than 300,000 people.

At this point some will say, "Let the jewelry stores sell something else." But the facts do not justify such an observation; the price of silver is a vital matter for every retail jeweler, large or small, in the country. Let me read you from a statement made in Washington recently by Mr. William D. McNeil, president of the American National Retail Jewelers' Association:

> In 1933 the volume of representative jewelry stores reporting was from one-half to as low as 20 percent of what it was in 1929. In normal times the sales of silverware in jewelry stores were about 15 percent of their total volume. Recent statistics indicate silver sales are from 25 to 30 percent of the volume. These figures clearly indicate what would happen to jewelers if high prices slowed down silver sales. They are in a precarious condition. With the constriction of their silverware sales, which constitute their bread and butter, many will be crowded to the wall.

Here again you see the possibility of further needless unemployment, which would touch every city and town in the country.

I have not the information, nor do I consider it within my province, to go into any question of comparative benefits, or of competitive benefits as against injuries. Yet, I think the Congress might do well to make a study to determine whether those of our citizens, aside from speculators, who are being benefited by the operations under the Silver Purchase Act are so numerous as to justify a continued threat to the livelihood of 300,000 citizens dependent upon one industry alone—and there are others.

Since this is admittedly and announcedly a time of experiment, it was inevitable that there should be some unforeseen casualties. But once these casualties have been demonstrated as imminent, is it not the part of common sense and of humanity to take steps against their occurence?

I have talked with silverware people from my State and other States. I find in the industry no disposition, whatever they or I may think of the wisdom of the silver-purchase policy, to request that we consider abandoning this experiment. They do, on the other hand, very earnestly petition for a modification which will not affect the main purposes of the policy which Congress wrote into law, but which will make available to industrial users of silver a sufficient supply, under proper safeguards, at a price maintaining the former and accustomed relationship between silver and general wholesale commodity prices. In short, they petition for, and I urge upon you, the demarcation between silver for monetary use and silver for use in the arts and industries for which the Congress, in the press of an emergency program, failed to provide in the original legislation.

Senator WALSH, of Massachusetts, and myself expect shortly to introduce legislation, which we hope will be given favorable consideration by the Congress, to the end that we may solve this problem and divorce it from the monetary question and make it possible for one of the oldest industries in the United States to survive. [Applause.]

Mr. GIFFORD. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. GIFFORD. Mr. Speaker, in order that it may appear in the RECORD along with the statement made by the gentleman from Georgia [Mr. VINSON], I may say that we ought not to feel that we know more than the manufacturers themselves. In reply to questionnaires, most of the manufacturers say that they cannot pass on the processing tax by from 1 to 100 percent. One replied that he has had to absorb the definite amount of 43 percent of the tax. Why should we Congressmen think we know more than the manufacturers? When the price of cotton went up because of the devaluation of the dollar and the N. R. A. costs also added, then the processing tax was the last straw. This is why we continually say it is hard to pass on the processing tax, particularly because this was the last cost imposed, and makes it impossible to overcome the sales resistance since encountered, and has resulted in large curtailment of production.

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, with Mr. WOODRUM in the chair.

The Clerk read the title and continued the reading of the bill, as follows:

> SEC. 207. Subsection (b) of section 14 of the Federal Reserve Act, as amended, is further amended by changing the semicolon at the end thereof to a colon and adding the following: "*Provided*, That any bonds, notes, or other obligations which are direct obligations of the United States or which are fully guaranteed by the United States as to principal and interest may be bought and sold without regard to maturities."
>
> SEC. 208. Section 16 of the Federal Reserve Act, as amended, is further amended in the following respects:
>
> (1) By striking out the first 10 paragraphs and substituting therefor the following:
>
> "SEC. 16. Each Federal Reserve bank may issue Federal Reserve notes, which shall be obligations of the United States, secured by a first and paramount lien on all of the assets of such bank. Federal Reserve notes shall be issued and retired by Federal Reserve banks under such rules and regulations as the Federal Reserve Board may prescribe and shall be legal tender for all purposes.
>
> "Every Federal Reserve bank shall maintain reserves in lawful money (other than Federal Reserve notes or Federal Reserve bank notes) of not less than 35 percent against its deposits and reserves in gold certificates of not less than 40 percent against its Federal Reserve notes in actual circulation. Each Federal Reserve note shall bear upon its face a distinctive letter, which shall be assigned by the Federal Reserve Board to each Federal Reserve bank, and also a serial number.

"When received by the Treasurer of the United States from a source other than a Federal Reserve bank, Federal Reserve notes unfit for further use shall be canceled and retired; and, upon receipt of advice of such cancelation and retirement, the issuing Federal Reserve bank shall reimburse the Treasurer of the United States for the notes so canceled and retired. When received by a Federal Reserve bank, Federal Reserve notes unfit for further use shall be canceled and forwarded to the Treasurer of the United States for retirement; and, if issued by another Federal Reserve bank, such issuing bank shall reimburse the Federal Reserve bank which canceled such notes and forwarded them to the Treasurer of the United States.

"In order to furnish suitable notes for circulation as Federal Reserve notes, the Comptroller of the Currency, under the direction of the Secretary of the Treasury, shall cause plates and dies to be engraved in the best manner to guard against counterfeiting and fraudulent alterations, and shall have printed therefrom and numbered such quantities of such notes of the denominations of $5, $10, $20, $50, $100, $500, $1,000, $5,000, and $10,000 as may be required to supply the Federal Reserve banks. Such notes shall be in form and tenor as directed by the Secretary of the Treasury and shall bear the distinctive letters of the several Federal Reserve banks through which they are issued. When such notes have been prepared, they shall be held in the Treasury subject to the order of the Comptroller of the Currency for delivery to the Federal Reserve banks. Federal Reserve notes unfit for circulation shall be returned to the Comptroller of the Currency for cancelation and destruction."

(2) By striking from the sixteenth paragraph the words "or Federal Reserve agent" where they occur in three different places, the words "or his", the words "at the Treasury or at the Subtreasury of the United States nearest the place of business of such Federal Reserve bank or such Federal Reserve agent", the words "or any Assistant Treasurer", the words "or Assistant Treasurer", and the words "by the Treasurer at Washington upon proper advices from any Assistant Treasurer that such deposit has been made."

SEC. 209. The sixth paragraph of section 19 of the Federal Reserve Act, as amended, is amended to read as follows:

"Notwithstanding the other provisions of this section, the Federal Reserve Board, in order to prevent injurious credit expansion or contraction, may by regulation change the requirements as to reserves to be maintained against demand or time deposits or both by member banks in reserve and central reserve cities or by member banks not in reserve or central reserve cities or by all member banks."

Mr. HOLLISTER. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Amendment by Mr. HOLLISTER: Page 56, line 22, strike out section 209.

Mr. HOLLISTER. Mr. Chairman, section 209 gives the Federal Reserve Board as a board the right to change the requirements regarding the amount of reserves to be maintained against the demand and time deposits, or both, by member banks in the central reserve cities and reserve cities or by member banks not in reserve or central reserve cities or by all member banks.

At the present time the law provides the reserves that shall be maintained against deposits by banks in the various classes of cities, distinguished between central reserve cities, reserve cities, and other banks, the requirements being greater in the central reserve cities and tapering down to country banks.

At the present time reserves may only be changed as a matter of emergency. Five members of the Federal Reserve Board, by declaring an emergency, with the approval of the President, may make a change in the Reserve requirements.

Section 209 would give the right to a bare majority of a quorum, or three members—a quorum being five—of the Federal Reserve Board, to change Reserve requirements of all banks up or down as they see fit.

The theory of providing that the Federal Board may change the requirements in time of emergency is that there should be some little flexibility to the statutory requirements as to the reserves which should be maintained by the various classes of banks, it being felt that there were times when it might be wise that certain changes should be made, but that such change could not be made too easily or without due and proper consideration. It is necessary, however, that the five members of the Board act; that they declare an emergency; and that they get Presidential approval.

I suppose you all know what it means when the right is given to change the Reserve requirements. Naturally, to the extent that the Reserve requirements are increased, to that extent the lending functions of the banks are affected. A sudden increase will mean the calling of loans by the various banks; in other words, a deflationary movement which might be great or small, depending entirely on how large an increase was made in the Reserve requirements.

On the other hand, a great reduction in reserve requirements would be inflationary, because it would naturally give to the banks a much greater lending ability in that so much of their resources would not be tied up in keeping reserves at the Federal Reserve banks. I believe that this is one of the steps which we should keep very strictly under control and that there should not be given to the Federal Reserve Board the power to affect so quickly and so drastically the lending functions of the banks of the country. I ask Members to note that this is not a control solely over the Federal Reserve banks like some of the other objectionable provisions of this bill, but is a control over all of the member banks of the system. This gives to the Federal Reserve Board the right to dictate the lending policies, quickly and drastically, of all of the banks of the Federal Reserve System.

The CHAIRMAN. The time of the gentleman from Ohio has expired.

Mr. HOLLISTER. Mr. Chairman, I ask unanimous consent to proceed for 5 minutes more.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. HANCOCK of North Carolina. Mr. Chairman, will the gentleman yield?

Mr. HOLLISTER. Yes.

Mr. HANCOCK of North Carolina. Is it not a fact that under the proposed change in this bill the Federal Reserve Board would actually have greater independence of the Executive in the exercise of this power than it now has?

Mr. HOLLISTER. Greater power?

Mr. HANCOCK of North Carolina. Would it not have greater independence so far as the Executive is concerned?

Mr. HOLLISTER. I do not think so, because I consider the Board is much controlled by the Executive.

Mr. HANCOCK of North Carolina. Under the present law, before the reserves could be changed the Board would have to secure the approval of the President.

Mr. HOLLISTER. That is right.

Mr. HANCOCK of North Carolina. Under the proposed law they would not have to declare to the world that an emergency was imminent.

Mr. HOLLISTER. That is correct; but under existing law it takes five members of the Board before it can be done, and that is quite different from the proposed law.

Mr. HANCOCK of North Carolina. Is it not fair to conclude that under the proposed law it would require the action of a majority, which would mean five, and also that no action could be taken until the Board had conferred with a committee of the governors of the banks?

Mr. HOLLISTER. Not necessarily. Three members of the Board can act under the proposed law, and can act at once, without declaring an emergency and without the approval of the President.

Mr. HANCOCK of North Carolina. Does the gentleman mean to say that under the proposed law three members of the Federal Reserve Board can control the action of eight?

Mr. HOLLISTER. They could if only five were present at the meeting.

Mr. HANCOCK of North Carolina. But does not the gentleman believe that the entire membership would, if possible, be present at a meeting when this important issue was to be considered?

Mr. HOLLISTER. I cannot tell who would be present, and neither can the gentleman. I am speaking of the possibilities of this proposal. As a matter of fact, it is generally known that there are certain members of the Board who are not very regular in their attendance at meetings.

Mr. HANCOCK of North Carolina. The gentleman recognizes that control, so far as the reserves are concerned, must be vested in some body.

Mr. HOLLISTER. I feel very strongly that it is much better to fix by law the reserve requirements and then make

it a rather difficult matter, and only in time of emergency, to change those reserve requirements. I believe that the right to change them so quickly is dangerous and that it should not be granted to any board.

Mr. HANCOCK of North Carolina. Does not the gentleman recognize that a situation might exist whereby the other powers conferred on this Board would be ineffective?

Mr. HOLLISTER. Ineffective for what?

Mr. HANCOCK of North Carolina. For controlling an emergency situation. In other words, the gentleman understands that a situation might exist whereby the other powers vested in this board would be ineffective to control a dangerous monetary situation unless they could resort to the power of regulating the reserves. For instance, suppose the Federal Reserve banks had a less amount of Government and other securities than the total amount of excess reserves of member banks. The rediscount rate would be ineffective and open-market operations could not absorb the reserves. Is not that correct?

Mr. HOLLISTER. It depends entirely on what the gentleman is trying to achieve. If the gentleman is a believer in the use by an administration-controlled board to manipulate to achieve a certain price level, then the gentleman is correct. I myself am not a believer in such manipulation.

Mr. HANCOCK of North Carolina. Suppose we faced a serious and undesirable credit-expansion situation, and the Federal Reserve banks had only $2,000,000,000 in Government bonds and securities, and the excess reserves of the member banks were two and a half billion dollars, the gentleman will admit the rediscount rate would have little effect, and neither would the open-market operations, as a means of checking or controlling the situation in the public interest.

Mr. HOLLISTER. As a means of controlling inflation?

Mr. HANCOCK of North Carolina. Yes.

Mr. HOLLISTER. I do not know of anything that could control inflation under some circumstances. There are plenty of provisions in the Federal Reserve Act today which give the right to the Federal Reserve Board to take certain steps to control credit inflation. Those steps were unfortunately not taken advantage of by the Federal Reserve Board in the past.

Mr. HANCOCK of North Carolina. By "inflation", of course, the gentleman means unjustified expansion.

The CHAIRMAN. The time of the gentleman from Ohio [Mr. HOLLISTER] has again expired.

The question is on the amendment offered by the gentleman from Ohio [Mr. HOLLISTER].

The question was taken; and on a division (demanded by Mr. HOLLISTER) there were—ayes 44, noes 78.

So the amendment was rejected.

The Clerk read as follows:

SEC. 210. The first paragraph of section 24 of the Federal Reserve Act, as amended, is amended to read as follows:

"SEC. 24. Subject to such regulations as the Federal Reserve Board may prescribe, any national banking association may make real-estate loans secured by first liens upon improved real estate, including improved farm land and improved business and residential properties. The amount of any such loan hereafter made shall not exceed 60 percent of the appraised value of the real estate; but this limitation shall not prevent the renewal or extension of loans heretofore made and shall not apply to real-estate loans which are insured under the provisions of title II of the National Housing Act. No bank shall make such loans in an aggregate sum in excess of the amount of the capital stock of such association paid in and unimpaired plus its unimpaired surplus fund, or in excess of 60 percent of the amount of its time and savings deposits, whichever is the greater. The Federal Reserve Board is authorized to prescribe from time to time regulations defining the term 'real-estate loans' and other terms used in this section and regulating and limiting the making of real-estate loans by member banks, with a view of preventing an unreasonably large proportion of each bank's assets from being invested in real estate and real-estate loans, preventing such loans from exceeding a reasonable percentage of the appraised value of the real estate in view of the circumstances existing at the time, and otherwise requiring the banks to conform to sound practices in making real-estate loans."

Mr. BLANTON. Mr. Chairman, I offer an amendment, which is at the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. BLANTON: Page 58, line 13, at the end of the section, add a new section numbered appropriately as follows: "Hereafter no officer or agent or employee of the Federal Reserve Board, Federal Reserve bank, or Federal Reserve System shall be paid a salary exceeding $15,000 per annum."

Mr. HOLLISTER. Mr. Chairman, I make a point of order against the amendment.

Mr. BLANTON. Mr. Chairman, it is subject to a point of order if the gentleman insists upon it. I would like to have the gentleman reserve the point of order.

Mr. HOLLISTER. Mr. Chairman, the matter is not germane.

Mr. BLANTON. Very well, Mr. Chairman. I will withdraw the amendment.

The amendment was withdrawn.

Mr. BLANTON. Mr. Chairman, I move that the Committee do now rise and report the bill back to the House with the recommendation that the enacting clause be stricken out.

The CHAIRMAN. The gentleman from Texas is recognized.

Mr. BLANTON. Mr. Chairman, there is always a means of doing what you want to do if you really want to do it. I want to call attention to the fact that the thing just now which is causing the greatest unrest in this country and the greatest dissatisfaction on the part of the people as a whole is the fact that a few men, comparatively, in the Nation are receiving tremendous salaries, beyond their just deserts, while the great mass of people are underpaid and many starving to death.

There is no reason in the world why certain officers and agents of the Federal Reserve System should receive salaries of $25,000, $30,000, $40,000, and $50,000 per annum. None of them earn these outrageous salaries. They are overpaid. I have been doing everything possible to stop it. I cannot do it. But this Congress can stop it if enough of my colleagues will make a determined fight.

Mr. HOFFMAN. Will the gentleman yield for a question?

Mr. BLANTON. I am sorry, but I cannot, as I have not the time.

Why should a Federal Reserve official receive $50,000 per year when the great Speaker of this House of Representatives receives a salary of only $15,000? He is the man who is next in authority to the President of the United States, and yet he receives only $15,000, while some Federal Reserve officials are paid several times that amount.

The Vice President of the United States, who presides over the Senate of the United States, receives a salary of only $15,000. Our distinguished friend, who may be the national leader of his party and the Republican candidate for President next year, the distinguished gentleman from New York [Mr. WADSWORTH], who formerly sat with honor in the United States Senate, then received a salary of only $10,000 as a United States Senator, and now receives a salary of $10,000 as a Congressman, yet there are some Federal Reserve and other officials who receive $50,000 per year. It is outrageous the salaries that these Federal Reserve officers and agents get under the bank bills that we continually pass in this House.

I am not going to let another one pass without raising my voice in protest against it.

Oh, they say that the officers of big corporations receive $100,000 and $200,000. And that is outrageous and disgraceful. I will tell you what the people are going to do hereafter. The people of the United States who invest their funds in the stocks of those companies are going to look up those facts about officers' salaries before they make their investment.

The Securities and Exchange Commission has just revealed that there are 41 executives who last year received salaries ranging from $50,000 to $100,000 each. This Commission showed that Francis B. Davis, chairman United States Rubber Co., received a salary of $125,000; that Edward G. Seubert, president of the Standard Oil Co. of Indiana, received a salary of $117,500; that Francis H. Brown-

ell, chairman of the American Smelting & Refining Co., received a salary of $100,000. And that is one reason why this company could not pay any dividends worth mentioning to its stockholders last year. William E. Levis, president of the Owens-Illinois Glass Co., and George Horace Lorimer, editor of the Saturday Evening Post, each receive a salary of $100,000 per year.

The people who pay the bills are getting tired of it. I hope that Americans will stop investing their hard-earned savings in the stock of any of these corporations which pay their officials outrageous salaries. I want to suggest to the people of the United States that they require a statement from every corporation in which they own stock as to what salaries are paid, and that they quit supporting such corporations and get out of them just as fast as they can, unless this pernicious practice is stopped.

The people are going to find out what all the officers of these big corporations receive, and when they are paid these tremendous sums out of all reason they will not invest their money in any of their stocks. They are going to stop investing. Then what will become of the big corporate interests? They depend on the investing public for the money with which to operate.

Instead of paying the earned income in proper dividends to their investors, they vote it to themselves in big salaries and big bonuses. Then when they get in trouble they come to Congress and want to borrow from the P. W. A. great sums—millions of dollars. The American investing public is getting tired of it. Talk about trouble in this country. That is the thing that is causing more trouble than anything else.

I want to say again that when I came to this Congress the distinguished gentleman from Alabama [Mr. STEAGALL] was my leader on financial matters. He was the clearest and most logical thinker and speaker on this floor. I used to follow him here, but since he has been chairman of this great committee he has not been able to follow his own judgment altogether, and is forced to bring in bills here that I know he does not believe in all of their provisions. [Laughter and applause.]

The CHAIRMAN. The time of the gentleman from Texas [Mr. BLANTON] has expired.

Mr. BLANTON. Mr. Chairman, I withdraw the pro forma motion.

The CHAIRMAN. Without objection, the pro forma motion is withdrawn.

There was no objection.

Mr. HANCOCK of North Carolina. Mr. Chairman, I desire to submit a unanimous-consent request.

The CHAIRMAN. The gentleman will state it.

Mr. HANCOCK of North Carolina. Mr. Chairman, following up the unanimous-consent request I made yesterday to insert in the RECORD an amendment to title I, I now ask unanimous consent to return to title I and consider the amendment.

Mr. CHRISTIANSON. Mr. Chairman, reserving the right to object, and I dislike very much to object, but I shall have to on account of commitments I have made to constituents of mine.

Mr. SISSON. Mr. Chairman, will not the gentleman withhold his objection?

Mr. CHRISTIANSON. Mr. Chairman, I withhold the objection for the moment, but I reserve the right to object.

Mr. HANCOCK of North Carolina. Mr. Chairman, on yesterday, by unanimous consent, I inserted in the RECORD copy of an amendment to be added to the last subdivision of section 101 in title I of this bill. The amendment speaks for itself, and I assume that every Member present today has understood that this amendment would be offered for consideration by the House. The parliamentary situation was such yesterday that for a while none of us seemed to know where we were, or the procedure to be followed in amending the bill. I do not for a minute undertake to create the impression that there was anything wrong or unfair in connection with the motion of my good friend from Massachusetts; but it was rather an unusual thing to suspend the reading of 43 pages of a bill of this character. I have no excuse, for immediately after the reading of title I was suspended I offered another motion, which the House voted down.

Every Member here who has read the report filed by the Committee on Banking and Currency will know that in the supplemental views of Mr. BROWN of Michigan this language appeared:

> The results desired can best be achieved by restoring section 23 of title I of H. R. 5357 (referring to the original bill), requiring insured nonmember banks within a reasonable time to join the Federal Reserve System, which will be offered on the floor by Representative HANCOCK of North Carolina—

And so forth.

The motion which I am asking unanimous consent to have the House consider at this point is, as all of you probably know, designed to bring about a unified system of banking for the United States. Under the liberalized provisions of this bill, if this amendment is adopted, all active banks which are members of the Federal Deposit Insurance Corporation on July 1, 1938, will be eligible for admission to the Federal Reserve System. Of course, their admission into the System would in the final analysis be left to the discretion of the Federal Reserve authorities; but under section 202 of title II of the bill all requirements for admission are expressly waived. Under existing law all banks that are members of the Federal Deposit Insurance Corporation as of July 1, 1937, would have to join the Federal Reserve System on or before that date if they are to continue to enjoy the benefits and protection of the Federal Deposit Insurance Corporation. Every proper means is provided in this bill to safeguard the rights of the smaller banks and to place them on a parity with the larger banks. If I were not convinced beyond the shadow of a doubt in my own mind that a unified system, under the direction and supervision of Federal authorities, would be to the advantage of the smaller banks, I would not advocate the adoption of the amendment which I am asking to be considered.

Mr. O'CONNOR. Mr. Chairman, will the gentleman yield?

Mr. HANCOCK of North Carolina. Certainly.

Mr. O'CONNOR. Mr. Chairman, as I understand it, this request grows out of a situation that developed yesterday, rather a peculiar situation, and nobody understands just why that procedure was taken. When the Clerk began reading the bill, some Member asked unanimous consent that title I in its entirety be passed over, 43 pages, a most unusual procedure.

Mr. HANCOCK of North Carolina. Very unusual.

Mr. O'CONNOR. Mr. Chairman, I know nothing of the merits of the gentleman's proposed amendment. I do not know what I would do about it, but I do believe he was taken unawares. Everybody knew he was going to offer this amendment to the first title. I think, from the standpoint of fairness and sportsmanship, he ought to be granted this permission, for he had declared his intention to the House of offering the amendment.

I think this, it is an exceptional situation, and nobody ought to take advantage of it by objecting to the gentleman's request, because had anybody thought such a thing would have happened permission never would have been granted to pass over 43 pages of this great banking bill without even reading them in the Committee. Of course, I realize the move was made in good faith, but it was very unusual and naturally was not expected.

Mr. CHRISTIANSON. Mr. Chairman, I desire to be fair to the gentleman from North Carolina, but I want also to be fair to the State banks of the State of Minnesota, and I therefore insist upon my objection.

Mr. SISSON. Mr. Chairman, will not the gentleman reserve his objection further, that the gentleman from North Carolina may be heard?

Mr. CHRISTIANSON. Mr. Chairman, I withhold my objection to give the gentleman from North Carolina an opportunity to express his views, but I reserve the right to object.

Mr. HANCOCK of North Carolina. Mr. Chairman, I want to say further that if this amendment should be carried we would have 3 years instead of 2 years as provided in the existing law within which to determine how much further

we should go in the direction of bringing about a unified system of banking. My good friend the gentleman from Illinois [Mr. DIRKSEN], who has given considerable thought to this legislation and who is interested, as all of us are, in protecting and aiding the small banks throughout the country, referred to the fact that under this amendment, which I have proposed, many banks would not be permitted to come into the system on account of the fact that deferred certificates had been issued to waiving depositors. Under the provisions of this bill, which the House now has under consideration, even these banks could come into the Federal Reserve System without further material capital adjustment if they were members of the Federal Deposit Insurance Corporation.

This amendment has the hearty approval of the Governor of the Federal Reserve Board. His testimony regarding its merits may be found on page 286 of the hearings conducted by the committee. He was at the time being cross-examined or questioned by the gentleman from Illinois [Mr. DIRKSEN].

It has been the intention of the authors and framers of all banking legislation since 1933, or at least of those representing the administration viewpoint, that ultimately every bank enjoying the privileges and protection of the Federal Deposit Insurance Corporation should come into the Federal Reserve System. Those who have carefully analyzed the banking and financial situation as it is developing at this time, are obliged to realize that we cannot possibly have an effective Nation-wide monetary policy with half the banks in the system and half the banks out of the system. Under our present system, with 49 degrees of regulation, our banking system will never be strong, efficient, and effective to meet economic ups and downs.

I would very much appreciate it if the gentleman from Minnesota would withdraw his objection and let the House consider the amendment on its merits; if it is good, sound, and desirable adopt it; if it is not, vote it down; but at least let us be willing to face the proposition in the proper legislative way.

Mr. SISSON. Mr. Chairman, will the gentleman yield?

Mr. HANCOCK of North Carolina. Gladly.

Mr. SISSON. Will the gentleman from Minnesota withhold his objection long enough for me to submit a unanimous-consent request to be heard on this matter for 3 minutes?

The CHAIRMAN. The matter is pending before the Committee on a reservation of objection by the gentleman from Minnesota to the unanimous-consent request submitted by the gentleman from North Carolina. Until the regular order is demanded the discussion may proceed, but the Chair feels that if another unanimous-consent request is to be submitted, the reservation of objection should first be disposed of.

Mr. CHRISTIANSON. Mr. Chairman, I further reserve the right to object to permit the gentleman from New York to make his statement.

The CHAIRMAN. Without objection, the Chair will recognize the gentleman for 5 minutes.

There was no objection.

The CHAIRMAN. The Chair would like to make a brief statement in order to clarify the RECORD.

When title I of the bill was being read yesterday a unanimous-consent request was made by the gentleman from Massachusetts [Mr. MCCORMACK] that the further reading of the bill be dispensed with and that it be printed in full in the RECORD. The Chair put that request to the Committee and it was agreed to by the Committee. The Chair then announced that the first section of the bill was open to amendment.

The gentleman from North Carolina offered an amendment to the section, which was debated and voted down. The Chair desires to make this statement because it would not be correct for the RECORD to show that there was any question about the regularity of the proceedings or the understanding as to exactly what was happening. The Chair now recognizes the gentleman from New York [Mr. SISSON] for 5 minutes.

Mr. SISSON. Mr. Chairman, I offer no criticism of the regularity of the proceedings of yesterday and I am sure the purpose of the Member who asked that the reading of title I be dispensed with had nothing to do with this particular provision. It was simply for the purpose of saving time. But in the confusion and noise that inevitably accompanies the proceedings, the matter escaped the attention of the gentleman from North Carolina [Mr. HANCOCK], the gentleman from Michigan [Mr. BROWN], and myself. This proposition ought to be considered on its merits, as a matter of fairness.

Mr. Chairman, I am going to give what I say is the undisputed history of this legislation. I am not well enough versed in parliamentary rules to know whether the proposed amendment of the gentleman from North Carolina [Mr. HANCOCK] can be held to be germane except to title I of this bill, but the orderly way to consider it is to go back to title I. Here are the facts and they are undisputed.

In 1933, after a long fight, we passed a Federal deposit-insurance law as a part of the Banking Act of 1933, and I am telling you at this time it was fairly understood in the Banking and Currency Committee, of which I have been a member since that time, that we would consider on its merits the proposition of making it possible, easy, and desirable, in order to bring about the unification of the banking system of this country, to bring the nonmember State banks into the Federal Reserve System. Why? If you have read the supplementary report of the gentleman from Michigan [Mr. BROWN], a very able report, you have the facts and figures why this should be done. It is not a partisan question. I can appeal to all Members, regardless of their party affiliation in this House, as a matter of information, public policy, and in the interest of the depositors, and in the interest of the control of the monetary policy of this country.

We understood this in 1933 and we wrote it into the law in 1933, that the nonmember State banks, in order to retain the benefits of Federal deposit insurance, should eventually be required to come into the Federal Reserve System. We again wrote it in the law of 1934. It is in the law now.

Mr. Chairman, what I am about to say I hoped I would not be obliged to say, but what this committee did was at a time when the House was in session. The Banking and Currency Committee took this vital provision out of the present law by a roll-call vote, a bare majority of a bare quorum. I had hoped that the gentleman from North Carolina [Mr. HANCOCK] would get the consent of the committee to go back to title I and consider this amendment. It was done when I was not in the committee. It was done when other members were not in the committee. It was done by a roll call vote of the committee when the committee was sitting without permission to sit and when the House was in session.

On its merits and as a matter of fairness, no Member of this House has any moral right to object to going back and considering this amendment on its merits. That is the history of the matter, and it is undisputed. I challenge anybody to contradict one single statement which I have made.

And furthermore the Banking and Currency Committee is presenting in this bill a bill which in this respect has been emasculated, and which is absolutely contrary to the administration's plan to gradually but eventually unify our banking system in order to protect the depositors of the country and to place the control of our monetary policy in the Government rather than in the private bankers.

[Here the gavel fell.]

The CHAIRMAN. Is there objection to the request of the gentleman from North Carolina [Mr. HANCOCK]?

Mr. CHRISTIANSON. Mr. Chairman, I object.

The Clerk read as follows:

TITLE III—TECHNICAL AMENDMENTS TO THE BANKING LAWS

SEC. 301. Subsection (c) of section 2 of the Banking Act of 1933, as amended, is amended by adding at the end thereof the following paragraph:

"Notwithstanding the foregoing, the term 'holding company affiliate' shall not include (except for the purposes of section 23A of the Federal Reserve Act, as amended) any corporation all of the stock of which is owned by the United States of America or any organization which, in the judgment of the Federal Reserve Board,

is not engaged, directly or indirectly, as a business in holding the stock of, or managing or controlling, banks, banking associations, savings banks, or trust companies."

SEC. 302. The first paragraph of section 20 of the Banking Act of 1933, as amended, is amended by inserting before the period at the end thereof a colon and the following: "*Provided*, That nothing in this paragraph shall apply to any such organization which shall have been placed in formal liquidation and which shall transact no business except such as may be incidental to the liquidation of its affairs."

SEC. 303. (a) Paragraph (1) of subsection (a) of section 21 of the Banking Act of 1933, as amended, is amended by inserting before the semicolon at the end thereof a colon and the following: "*Provided*, That the provisions of this paragraph shall not prohibit national banks or State banks or trust companies (whether or not members of the Federal Reserve System) or other financial institutions or private bankers from dealing in, underwriting, purchasing, and selling investment securities to the extent permitted to national banking associations by the provisions of section 5136 of the Revised Statutes, as amended (U. S. C., title 12, sec. 24; Supp. VII, title 12, sec. 24): *Provided further*, That nothing in this paragraph shall be construed as affecting in any way such right as any bank, banking association, savings bank, trust company, or other banking institution, may otherwise possess to sell, without recourse or agreement to repurchase, obligations evidencing loans on real estate."

(b) Paragraph (2) of subsection (a) of such section 21 is hereby repealed.

Mr. SNELL. Mr. Chairman, I move to strike out the last word in order to ask a question of the Chairman of the Banking Committee.

As I understand the situation under the present law, the executives of all national banks must liquidate their loans before the 15th of June of this year.

Mr. STEAGALL. That is correct.

Mr. SNELL. My understanding is, further, this bill extends that time 4 or 5 years.

Mr. STEAGALL. It is extended to 1938.

Mr. SNELL. What does the gentleman think would be the situation in country banks, where this applies especially, if this bill does not pass before the 16th of June?

Mr. STEAGALL. I call the gentleman's attention to the change that has just been suggested, and also in the pending bill there is a liberalizing provision which would permit loans to an executive officer not in excess of $2,500. This would take care of an officer in a small bank who might be in difficulty because of illness or some emergency which would make it necessary to secure accommodations. We believe the amendment to which I have referred would afford relief to a large extent in the case of officers of small banks and situations such as the gentleman seems to have in mind.

Mr. SNELL. I do not quite understand what the amendment is. I could not hear the gentleman when he referred to the amendment.

Mr. STEAGALL. It is that the executive officer of a bank may borrow $2,500 on his own obligation from the bank of which he is an officer.

Mr. SNELL. That is, under this bill?

Mr. STEAGALL. Yes; there is that liberalizing provision in the bill.

Mr. SNELL. What happens to whatever loans they happen to have at the present time?

Mr. STEAGALL. They may renew them with the approval of the directors of the bank.

Mr. SNELL. But only up to $2,500?

Mr. STEAGALL. No; there is no limitation as to renewals.

Mr. SNELL. What does the gentleman think would be the situation in a country bank where they have such loans and this bill is not passed by June 16?

Mr. STEAGALL. Well, there would be some difficulties, but I do not think they would be very serious.

Mr. SNELL. The gentleman does not think they would be very disastrous, but, as a matter of fact, in the small country communities there is no possibility of their paying these loans and there is no place they can borrow the money.

Mr. STEAGALL. Provision is made for renewal of existing loans, and there is provision also authorizing a new loan in the amounts already indicated.

Mr. SNELL. Does the gentleman think anything serious would happen if this bill should not become a law by the 16th of June when the time expires?

Mr. STEAGALL. The matter of the definition of an executive officer is left open and the practical situation would be such that in many cases the matter involved could be worked out. It is highly desirable, I think, that this legislation should go through before the date indicated, and I do not doubt that the legislation will be passed within that time. I think that is the practical situation.

Mr. FULLER. Mr. Chairman, the purpose of this measure is to regulate banking. It should provide a protection for those engaged in the banking business and at the same time protect those doing business with these institutions. There is nothing in this bill, nor has anything come from the Banking Committee, to put the Government out of the banking business. The Federal Government is now engaged in the banking business in competition with private capital. It is maintaining a banking business through the postal-savings deposits in the Post Office Department of practically every community in the United States. I have introduced H. R. 5286, which proposes to prohibit the acceptance of postal-savings deposits in communities where adequate banking facilities, members of the Federal Deposit Insurance Corporation, are available.

It is high time the Government was getting out of the banking and other business. I am strongly opposed to the Federal Government engaging in business in opposition to citizens. [Applause.] There is no reason for the passage of stringent laws to encourage honest, legitimate banking business and at the same time maintain an agency in constant competition, such as the Postal Savings. Such a course seriously jeopardizes the welfare of the banking institutions of this country, especially the smaller banks. These small banks are not making any money; in fact, they are having a hard time to survive.

Money deposited in the Postal Savings of the Post Office Department practically goes out of circulation. No taxes are paid upon this money, no more help is employed, no loans from this source are ever made in the community and this Postal Savings bank does nothing to build up the community in which the deposits are accepted.

The emergency has passed when Postal Savings was a good thing for the country. Then banks were more or less shaky and people wanted to deposit their money where they knew it would be safe and guaranteed by the Federal Government. They wanted it with the Post Office Department because they knew they could get it at any time. Today the banks have their deposits guaranteed up to $5,000 for each depositor. My bill provides that only in communities where there is a bank member of the guaranty deposit system shall the Government be prohibited from maintaining a Postal Savings department. This provision should have been included in this bill.

Money deposited in Postal Savings is never kept in the community where deposited. As soon as it is deposited the postmaster sends it to the great banking centers, except possibly in the larger cities. Take a bank, for instance, with $25,000 capital; it can borrow this money through the Post Office Department, here in Washington, by putting up approved bonds and paying 2½-percent interest; the Post Office Department pays 2-percent interest for its postal savings and will accept deposits up to $2,500.

The history of Postal Savings shows that the Government is making no money from this source. You will not hear the big banks of the Nation wanting this law changed, because they are reaping a benefit from the present System. Take a bank of $500,000 capital stock; they take $100,000 of their money and buy that many Government bonds, borrow $100,000 in cash from the Postal Savings, then take this cash and buy more bonds, and multiply it until they get $500,000 in Government bonds, which is the amount of their capital stock, by the investment of $100,000 of their own money. Thus they are in the attitude of drawing interest on $500,000 in Government bonds with only $100,000 invested. For the

big banking institutions of the country the Postal Savings System is a good thing, but it is sounding the death knell of 90 percent of the small banks of the Nation.

Mr. WOLCOTT. Mr. Chairman, will the gentleman yield?

Mr. FULLER. I yield.

Mr. WOLCOTT. I think the gentleman is perhaps correct in one statement, but I think the banks get their currency as incidental to their investment in the bonds, and they do not invest in the bonds for the purpose of getting currency issues, due to the fact that the banks today hold about $26,000,000,000 in Government obligations, when there is only about $5,600,000,000 of currency outstanding.

[Here the gavel fell.]

Mr. FULLER. Mr. Chairman, I ask unanimous consent to proceed for 5 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

Mr. FULLER. The gentleman is correct; but he is talking about something that I am not discussing at all and is not involved in this issue at all.

Mr. RANKIN. Mr. Chairman, will the gentleman yield?

Mr. FULLER. I yield.

Mr. RANKIN. I have listened to the gentleman's statement, which is very interesting. Will this bill cure the situation in any way?

Mr. FULLER. No; but we should remedy this condition in this bill.

Mr. RANKIN. The gentleman from Arkansas has put his finger on the greatest danger involved in this legislation, and it is a matter that ought to be cured in some way.

Mr. FULLER. I shall offer my bill as an amendment, if they will not object to it; and I am satisfied the committee could not be opposed to it.

Mr. SABATH. Mr. Chairman, will the gentleman yield?

Mr. FULLER. I yield.

Mr. SABATH. Does not the gentleman think we could cure the situation by providing that the money deposited in various post offices should remain in the districts or in the cities where such money has been deposited as Postal Savings?

Mr. FULLER. That would do some good and would be better than nothing.

Mr. BROWN of Michigan. Mr. Chairman, will the gentleman yield?

Mr. FULLER. I yield.

Mr. BROWN of Michigan. In the first place, since the gentleman has received 5 additional minutes, I would like to call attention to two or three things in the present bill.

Mr. FULLER. I would not want the gentleman to take up my time on that. The gentleman does not mean that there is any remedy for this situation provided in the bill?

Mr. BROWN of Michigan. In section 340 we legislate upon this subject.

Mr. FULLER. How does the committee legislate upon it?

Mr. BROWN of Michigan. We have restricted the amount of interest that can be paid on postal savings to the same amount as that fixed by the Federal Reserve Board for payment of interest by the banks.

Mr. FULLER. Yes; but that would allow Postal Savings to pay as much interest on deposits as banks.

Mr. BROWN of Michigan. Second, I may say to the gentleman that under existing law the money deposited in a Postal Savings bank must be deposited in the nearest member bank of the Federal Reserve that will put up the proper security.

Mr. FULLER. Yes; I know that, but what about 7,000 banks not members of the Federal Reserve System but members of Deposit Insurance Corporation?

Mr. BROWN of Michigan. And the first $5,000 can be taken care of by any member bank, because no security is required for the first $5,000 other than that required by the Deposit Corporation.

Mr. FULLER. The Government discriminates in favor of the Postal Savings department as against the banks of the country. Bank members of the Federal Deposit Insurance Corporation are required to pay a certain percentage for guaranteeing deposits; no such requirement is made of the Post Office Department. The Post Office Department is willing to accept postal-savings deposits which are withdrawable at any time without expense to those who withdraw, but when one makes a deposit in a bank for 6 months he cannot withdraw that money before the expiration of the 6 months' period under Government rules and regulations; another discrimination against private business. At this time there are $500,000,000 of postal-savings deposits loaned to the banks of the country, $600,000,000 invested in Government bonds and $20,000,000 surplus.

Stockholders of banks have a double liability for the stock they own unless it is common stock issued since June 16, 1933. In order for a banking institution to be successful, serve the community and the Nation, and honestly administer its affairs, it should be fairly treated by the Government, not discriminated against, as well as properly regulated. The only way the small banks are surviving is by making a charge for services, which they are required to do by the Federal Reserve System. In almost every small community having a small bank there is as much money in the Postal Savings department on deposit as in the bank.

I have no defense for unscrupulous, dishonest bankers, and they are not entitled to any sympathy, but no community can prosper without banking facilities. The history of this country is the history of banks assisting in building up communities. They pay taxes, hire men and women, take an active interest in local affairs, and their competitor, the Post Office Department, does nothing in this regard.

Mr. TRUAX. Will the gentleman yield?

Mr. FULLER. I yield to the gentleman.

Mr. TRUAX. The gentleman's statement about big banks collecting interest on $500,000, whereas they actually invest only $100,000 confirms the statement I have often made that these big banks do have a racket and practice a racket which has a disastrous effect on the small banks of the country.

(The time of Mr. FULLER having expired, he was given 5 minutes more.)

Mr. TRUAX. I want to ask the gentleman a question which was brought out in committee, that the big banks of the country have a direct subsidy whereby they collect to the amount of $350,000,000 a year by reason of tax-exempt securities. Is the gentleman in favor of that?

Mr. FULLER. I have always been opposed to it. I know the condition of the small banks and the obstacles they are required to overcome.

I have no brief and no defense for the men who have been connected with the banking business and have been dishonest, but many banks went down conducted by honest men and honest officials. The emergency has passed, and most all are now members of the guaranteed banking system. I hope my contention is written into this bill before it becomes a law, or at least the Postal Savings department reduces this rate of interest to 1 percent.

The maintenance of this Postal Savings System causes prejudice against and lack of confidence in the local banks. Those who now deposit in the Postal Savings are afraid of banks, and the Government encourages that fear and prejudice by being in the banking business. A bank can say "our deposits are guaranteed", but the uninformed or suspicious depositor sees that Uncle Sam is running a bank of his own; therefore, doubts this being true and deposits his money where he knows Uncle Sam is guaranteeing his deposits and will let him withdraw at any time.

If we want to help the banks survive by rules and regulations why not give them some encouragement.

It is not generally known that I have introduced such a measure, but in my own State, where it is known, the banks unanimously endorsed the measure as did the State banking commissioner. I have received hundreds of letters of endorsement from building-and-loan associations, banks, and bank associations all over the Nation. The bankers of the Middle West recently approved my bill.

What we lack is confidence; confidence in banks and individuals. How can we expect to help banks and restore

and maintain confidence in them when the Government is in competition. [Applause.] People who are not well read and who do little, if anything, to build up a community or employ labor or pay taxes are the ones who deposit most in the Postal Savings. In one sense they are not to be criticized, but the emergency is passed, and they can now deposit their money in a bank and be guaranteed its safety. Most of them really do not know that their deposits in the banks would be as safe as in the Post Office Department. By its actions the Government seeks to inflame and encourage that fear and lack of knowledge. [Applause.]

Mr. GIFFORD. Mr. Chairman, I rise to bring to the attention of the House a matter already suggested, found on page 78 of the bill. No executive officer can borrow from a member bank, and no member bank may loan to an executive officer of such bank. It has been asked if this bill does not pass before June 16, what will happen. We are referred to section 30 of the Banking Act of 1933, and the provisions of that section are rather frightening. Every day that nonpayment continues there is a violation and it is also a misdemeanor, and while many of us may think, if they cannot pay the indebtedness by that date, nothing much will be done about it, except to make a demand. It is fairly apparent that those executive officers are liable to lose their jobs as well.

Under this bill these loans may be extended for 5 years if, in the opinion of the directors, the executive officer has endeavored to pay and if there appears to be good reason for granting the extension. But later on in that paragraph you will read that no executive officer of any member bank, whether he borrows money of his bank or not, may borrow money of another member bank unless he first gives in writing to his own bank a statement of how much he borrows, the purposes for which he borrows it, the term of his borrowings, and the security he gives therefor. Think of the harassment of an executive officer of any importance in the business world if he is to be subjected to such conditions as those. I presume the members of the committee may have thought that if he did borrow $2,500, then perhaps he ought to give an account to that bank of all his transactions in any other bank. I hope that feature will be taken out of this bill. I warned of it a few days ago, and when that section is read I hope an amendment to strike out will receive approval. Will you not kindly study page 78 and decide whether you approve of that particular feature to which I have called attention?

Mr. RANKIN. Mr. Chairman, I move to strike out the last two words. We have heard so much argument pro and con that I am reminded of an expression used by Shakespeare, in which he said that—

> Between the acting of a dreadful thing
> And the first motion, all the interim is
> Like a phantasma, or a hideous dream:
> The Genius and the mortal instruments
> Are then in council; and the state of man,
> Like to a little kingdom, suffers then
> The nature of an insurrection.

Our feelings have gone through many insurrections as we have listened to this debate, and many are in doubt now as to how they should vote.

I rise to point out to you one danger with reference to this Federal Reserve law. When the Federal Reserve Act was first passed it gave the Board the power to expand or contract the currency, without the consent of the Congress, and I fear that you are writing the same iniquity into this bill.

You gentlemen who are afraid of inflation, or who shy when the words "expansion of the currency" are mentioned, overlook the fact that those same bankers who now presume to throw up their hands in affected horror at the mention of currency expansion began in 1914, with the passage of the Federal Reserve Act, to expand or inflate the currency. At that time we had $34.92 per capita in circulation or on the books. By 1920 we had $53 per capita on the books or in circulation, including Federal Reserve notes. That was inflation pure and simple. They expanded or inflated until they virtually doubled the amount of currency that was really in circulation.

The result was rising commodity prices. Cotton, wheat, hogs, lard, lumber, labor, manufactured articles—all went up. People contracted debts on that expanded currency and on those price levels. We floated bonds to fight the war. We floated bonds to cut our drainage canals. We floated bonds to build our roads and schoolhouses. We established our standard of living and fixed our wage scale and levied our taxes. What happened? In 1920, in my opinion, the most iniquitous conspiracy that ever transpired occurred between a group of Republican politicians and a Democratic Governor of the Federal Reserve Board.

I say that in order that you may take no more responsibility than we do for the contraction of the currency in 1920. What did they do? They called the loans and raised the rediscount rates and brought on the panic of 1920 and 1921 that wrecked the farmers of this country to an extent that they have never recovered. Farmers in the South plowed under a great deal of their cotton, because the price would not pay for picking and ginning it, while farmers in the West burned corn in their stoves because it was cheaper than coal. They deflated values, but they did not deflate the values of the holdings of those individuals who had been shrewd enough to invest their money in tax-exempt securities. That was one of the greatest crimes of all time. It brought rack and ruin to millions of our citizens.

That is the reason I say we ought not to delegate the power of Congress, vested in us by the Constitution, to coin money and regulate the value thereof to selfish individuals or to a group of selfish individuals.

Now, let us see further. In 1924 they saw there was going to be a revolt. It really took place in 1922, and almost overturned the administration.

The CHAIRMAN. The time of the gentleman from Mississippi [Mr. RANKIN] has expired.

Mr. RANKIN. Mr. Chairman, I ask unanimous consent to proceed for 5 additional minutes.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. RANKIN. They began to reexpand and did it rapidly, until in 1926 they had brought commodity-price levels back to what we call the average between 1921 and 1929. At that time, however, this man Kemmerer, this Dr. Kemmerer, this self-appointed guardian of the gold standard that tries to tell Congress what to do, was on the pay roll of the House of Morgan, went into South America and started that great drive down there to get all South American countries on to the gold standard, and also to float these bonds that were brought back here and sold to you, which today are not worth the paper they are written on. They also induced the British Empire to force India on to the gold standard. Then they began to contract this currency in the same way they did in 1920, but not so precipitately. What was the result?

By 1929 they had us back down to $35 per capita, or almost where we were in 1914. I can see little difference between that machinery and the machinery you are setting up here. I cannot conscientiously sit here without protesting that more safeguards be thrown around this legislation and that Congress and the President retain the power that was vested in us by the Constitution, and for which we cannot escape responsibility.

Instead of using the powers of the Federal Reserve for the benefit of all the American people, they financed all the speculation on the stock market, at a time when the people in the agricultural States were losing their lands or having their homes swept away for debts or sold to pay their taxes, because they could not get money to carry on. That was the most diabolical and damnable proceeding of them all, in my opinion. Are we going to say that although they have done this in the past, and that they were both Republicans and Democrats, are we going to say that we are going to find a group of men who will carry out this responsibility and do justice to the American people?

I, for one, am not willing, unless there are more safeguards thrown around this bill, to trust that responsibility to private individuals who are likely to feel that they owe nothing

to the American people, unless I thought there was a chance to get these changes made in the Senate.

The Goldsborough amendment was defeated yesterday. It contained a portion of the safeguards I am asking for. I am appealing to you Members, if you sow the seeds of another panic you may expect it, like the dragon's teeth, to produce another crop of disaster that may be more bitter than the panic through which we have just passed.

I consider this one of the most important bills that has come before the American Congress, and as far as I can see I fear we have not in it met the responsibility that rests upon us as representatives of the American people. [Applause.]

Mr. GOLDSBOROUGH. Will the gentleman yield?

Mr. RANKIN. I yield.

Mr. GOLDSBOROUGH. I would like to say to the gentleman that if the previous question can be voted down on the motion of the gentleman from Ohio [Mr. HOLLISTER], my amendment will be offered as an amendment to the motion to recommit. [Applause.]

Mr. RANKIN. I understand that, and I want to say to the gentleman from Maryland, with whom I have served in this House many years and for whom, of course, I have a high regard, that I have seen him do some valuable things in this House, but he never rendered greater service to this country than he is rendering today in making this fight. I, for one, shall go with him to vote down the previous question and then vote to amend the motion to recommit it and insert the Goldsborough amendment. [Applause.]

The CHAIRMAN. The time of the gentleman from Mississippi has again expired.

Mr. RANKIN. Mr. Chairman, I ask unanimous consent to revise and extend my remarks.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

The Clerk read as follows:

SEC. 304. Section 22 of the Banking Act of 1933, as amended, is amended by adding at the end thereof the following sentence: "Such additional liability shall cease on July 1, 1937, with respect to all shares issued by any association which shall be transacting the business of banking on July 1, 1937: *Provided*, That not less than 6 months prior to such date, such association shall have caused notice of such prospective termination of liability to be published in a newspaper published in the city, town, or county in which such association is located, and if no newspaper is published in such city, town, or county, then in a newspaper of general circulation therein. If the association fail to give such notice as and when above provided, a termination of such additional liability may thereafter be accomplished as of the date 6 months subsequent to publication, in the manner above provided."

Mr. BROWN of Michigan. Mr. Chairman, I offer an amendment, which is at the desk.

The Clerk read as follows:

Amendment proposed by Mr. BROWN of Michigan: Page 60, between lines 20 and 21, insert the following new section, and renumber the succeeding sections of the bill accordingly:

"SEC. 305. Paragraph (c) of section 5155 of the Revised Statutes, as amended [U. S. C., Supp. VII, title 12, sec. 36], is amended (1) by inserting after the first sentence thereof the following new sentence: 'In any State in which State banks are permitted by statute law to maintain branches within county or greater limits, if no bank is located and doing business in the place where the proposed agency is to be located, any national banking association situated in such State may, with the approval of the Comptroller of the Currency, establish and operate, without regard to the capital requirements of this section, a seasonal agency in any resort community within the limits of the county in which the main office of such association is located, for the purpose of receiving and paying out deposits, issuing and cashing checks and drafts, and doing business incident thereto: *Provided*, That any permit issued under this sentence shall be revoked upon the opening of a State or national bank in such community.'; and (2) by striking out the first word in the second sentence of such paragraph (c) and inserting in lieu thereof the following: 'Except as provided in the immediately preceding sentence, no'."

Mr. STEAGALL. Mr. Chairman, there is no objection to the amendment on the part of the committee.

Mr. McFARLANE. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, because of the confusion and noise existing, I would like to ask the author of the amendment some questions.

As I gather from hearing the amendment read, it has for its purpose the establishment of branch banks, in effect, in the small towns in those States which permit branch banking.

Mr. BROWN of Michigan. Mr. Chairman, I may say to the gentleman from Texas that after some considerable controversy in the committee and some discussion since that time I have decided not to press the branch-banking amendment at this time. I have been convinced by some members of the committee that it is too controversial a subject to bring up in connection with this bill and that we ought to legislate separately upon that subject.

Mr. McFARLANE. What are the limitations of this amendment?

Mr. BROWN of Michigan. This amendment will provide for banking services in resort communities during the season when those communities are busy.

Mr. McFARLANE. Does it apply to resort communities only?

Mr. BROWN of Michigan. It applies only to resort communities. It provides for seasonal agencies in resort communities for the purpose of receiving deposits and paying them out.

Mr. McFARLANE. Where those communities have no banking facilities?

Mr. BROWN of Michigan. Where there is no bank; and if a bank should be established in such a community after this agency has been established and commences operation, the Comptroller of the Currency must thereupon revoke the permit given for the establishment of this agency. Does that satisfy the gentleman?

Mr. McFARLANE. Yes.

Mr. HEALEY. Mr. Chairman, will the gentleman yield?

Mr. McFARLANE. I yield.

Mr. HEALEY. The idea behind the amendment is to provide banking facilities to persons who are on vacation at resorts.

Mr. BROWN of Michigan. It is for the establishment of agencies at resort communities for the resort season, nothing more.

Mr. McFARLANE. It applies, then, only to resort communities and does not apply to the country generally.

Mr. BROWN of Michigan. The gentleman is right.

Mr. McFARLANE. Would it apply to State banks as well as to national banks?

Mr. BROWN of Michigan. That, of course, would be a matter of State law. We can legislate only with respect to national and member banks.

Mr. McFARLANE. I understand, but I thought we could take care of the matter of regulations whether a State or national bank member of the Federal Reserve System was to be installed.

Mr. BROWN of Michigan. State member banks of the Federal Reserve System would be covered by this amendment, but not nonmember State banks.

[Here the gavel fell.]

The CHAIRMAN. The question is on the amendment of the gentleman from Michigan.

The amendment was agreed to.

Mr. DOBBINS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. DOBBINS: On page 60, lines 10 to 20, after the figures "1937", in line 10, strike out the colon, insert a period, and strike out the remainder of the section.

Mr. DOBBINS. Mr. Chairman, the purpose of this amendment is to make the law with reference to the liability of stockholders in national banks uniform throughout the country. Evidently this was the thought in the mind of the committee when they brought in the amendment which they propose in this section, because at the present time, under the law as it stands, those stockholders who acquired their stock after the enactment of the banking law of 1933 are not doubly liable, whereas the old stockholders are. This amendment, as the committee brings it in, would require that a bank which wishes to have all of its stockholders treated

alike must first publish notice in the newspaper. Six months after such notice relief from the double liability will inure to all of the bank's stockholders.

The objections to the plan are quite obvious. In the first place, it amounts to a delegation to each national bank of the power of choice as to what the law shall be with reference to that particular bank. This Congress itself should say whether or not stockholders in all national banks are to be held doubly liable to their depositors and to the creditors of the bank, and not leave it to each bank to say whether or not its old stockholders shall be thus liable. I insist that this would be an unlawful delegation of authority against which we have heard so much condemnation here on the floor of this House. But this delegation is not proposed to be made to another elected official of the Government; it is delegated to the banks themselves.

Here is what I foresee if this law should be adopted in its present form: A strong bank in a community, or a bank that professes to be strong, or one where the question of the liability of its stockholders is not of much concern, is going to advertise to prospective depositors in that city: "We spurn this offer from the Congress; we are going to continue to have our directors and our stockholders doubly liable to you. The Government has left it to us to say whether or not our stockholders shall be held for double liability. We are not going to take advantage of this opportunity the Government has given us; our stockholders stand back of this bank; they have confidence in it; and they will manifest that confidence by continuing to assume their double liability to our depositors."

The result, as to those other banks that wish to take advantage of this privilege, is going to be to their disadvantage, if a competing bank wishes to reject the offer to elect for themselves what the law shall be with reference to their banks. The gentleman from Michigan [Mr. BROWN], in response to an interrogation on this question the other day, said he could not conceive that any bank would refuse to take advantage of this provision. If it will not, why not assume that, and make the law certain and uniform?

It was suggested that this may be necessary in order to make the law constitutional. It is ridiculous to say that constructive notice in a newspaper given 6 months before the event by a bank is any more notice to the depositors in that bank than notice given by an enactment of this Congress at this time. Why, men are hung under laws as to which they have only constructive notice; their personal rights and liberties are frequently taken away from them on constructive notice necessarily implied from the fact of the enactment of a statute by the Congress. Actual notice to depositors is not contemplated by the proposed act, as reported by the Committee on Banking and Currency. It provides for constructive notice only. Constructive notice depends entirely for its effectiveness upon the statute which authorizes it and can certainly add nothing to such effectiveness. When we know now what that notice is going to be and when it is to be given, why do we not give it definitely in this statute that we are now enacting?

To say that mere constructive notice in a newspaper, the form of which is not even prescribed in this bill, can have the effect of modifying a contract between the bank and its depositors, if an act of Congress could not have that effect, is ridiculous, it seems to me.

[Here the gavel fell.]

Mr. BROWN of Michigan. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, the purpose of section 304 of the bill before us for consideration is to clear up an uncertain condition that exists at the present time relative to the liability of stockholders in national banks. In 1933 we passed a banking act which provided in substance that the stockholders whose stock was issued after the effective date of that act, should not be liable to the depositors. This left a condition in which the owners of all stock issued prior to 1933 were responsible up to the amount of 100 percent of the investment in the stock. In this act we eliminate that double liability in what I consider the only constitutional way in which it can be eliminated.

The courts of most of the States of the Union have held that there is a contractual relationship between the depositor and the bank and we on the committee feel that we cannot change that contractual relationship between the depositor and the bank without giving notice to the depositor; therefore we have provided in the law that up to July of 1937 the double liability shall continue in all cases where it now exists, and that if 6 months prior to that time any bank shall give newspaper notice to the effect that double liability shall cease 6 months thereafter, such liability will then cease.

The purpose of the provision which the gentleman from Illinois [Mr. DOBBINS] would strike out is to give to all persons who have deposited their money in the bank the right to decide whether or not they will continue to leave their money in those banking institutions, and in my judgment, and in the judgment I think of most of the lawyers on the Banking and Currency Committee, such notice is necessary in order to enact a valid statute.

Mr. DONDERO. Will the gentleman yield?

Mr. BROWN of Michigan. I yield to the gentleman from Michigan.

Mr. DONDERO. How does the gentleman answer the question raised by the gentleman from Illinois as to a situation in a town where one bank chooses to do that very thing and the other bank does not choose to do it?

Mr. BROWN of Michigan. I think that is a question for each bank to decide for itself. If elimination of double liability is a bad thing the bank must, of course, suffer the consequences of its refusal to act.

Mr. DONDERO. What is the real objection to terminating the double liability by statute as to all banks where they come under this law as long as we have insurance on deposits?

Mr. BROWN of Michigan. I do not think that we can affect the contractual relationship as between the depositor and the bank by statute. I think it is necessary to give notice to the depositor so that he may terminate the relationship if he so desires.

Mr. DONDERO. Is not the passage of this law notice to the depositor?

Mr. BROWN of Michigan. I do not think it is.

Mr. DONDERO. I think it is.

Mr. BROWN of Michigan. That is the reason why we have a constitutional provision against impairment of contract. Under the circumstances, we felt notice must be given. I may say to the gentleman, having some practical knowledge of the situation, I do not think any bank is going to fail to give that notice. I believe it will establish a uniform rule throughout the country.

[Here the gavel fell.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Illinois [Mr. DOBBINS].

The amendment was rejected.

The Clerk read as follows:

SEC. 305. Section 4 of the act entitled "An act to amend section 12B of the Federal Reserve Act so as to extend for 1 year the temporary plan for deposit insurance, and for other purposes", approved June 16, 1934 (48 Stat. 969), is amended to read as follows:

"SEC. 4. So much of section 31 of the Banking Act of 1933, as amended, as relates to stock ownership by directors, trustees, or members of similar governing bodies of any national banking association or of any State bank or trust company which is a member of the Federal Reserve System is hereby repealed."

SEC. 306. Effective January 1, 1936, section 32 of the Banking Act of 1933, as amended, is amended to read as follows:

"SEC. 32. No officer, director, or employee of any corporation or unincorporated association, no partner or employee of any partnership, and no individual, primarily engaged in the issue, flotation, underwriting, public sale, or distribution, at wholesale or retail, or through syndicate participation, of stocks, bonds, or other similar securities, shall serve at the same time as an officer, director, or employee of any member bank except in limited classes of cases in which the Federal Reserve Board may allow such service by general regulations when in the judgment of the Federal Reserve Board it would not unduly influence the investment

policies of such member bank or the advice it gives its customers regarding investments."

SEC. 307. (a) The second sentence of paragraph seventh of section 5136 of the Revised Statutes, as amended (U. S. C., Supp. VII, title 12, sec. 24), is amended to read as follows: "The business of dealing in securities and stock by the association shall be limited to purchasing and selling such securities and stock without recourse, solely upon the order, and for the account of, customers, and in no case for its own account, and the association shall not underwrite any issue of securities or stock: *Provided*, That the association may purchase for its own account investment securities under such limitations and restrictions as the Comptroller of the Currency may by regulation prescribe. In no event shall the total amount of the investment securities of any one obligor or maker, held by the association for its own account, exceed at any time 10 percent of its capital stock actually paid in and unimpaired and 10 percent of its unimpaired surplus fund, except that this limitation shall not require any association to dispose of any securities lawfully held by it on the date of enactment of the Banking Act of 1935."

(b) The fourth sentence of such paragraph seventh is amended to read as follows: "Except as hereinafter provided or otherwise permitted by law, nothing herein contained shall authorize the purchase by the association for its own account of any shares of stock of any corporation."

SEC. 308. Section 5138 of the Revised Statutes, as amended (U. S. C., Supp. VII, title 12, sec. 51), is amended by adding the following sentence at the end thereof: "No such association shall hereafter be authorized to commence the business of banking until it shall have a paid-in surplus equal to 20 percent of its capital: *Provided*, That the Comptroller of the Currency may waive this requirement as to a State bank converting into a national banking association."

SEC. 309. The last paragraph of section 5139 of the Revised Statutes, as amended (U. S. C., Supp. VII, title 12, sec. 52), is amended to read as follows:

"After the date of the enactment of the Banking Act of 1935 no certificate evidencing the stock of any such association shall bear any statement purporting to represent the stock of any other corporation, except a member bank or a corporation existing on such date engaged primarily in holding the bank premises of such association, nor shall the ownership, sale, or transfer of any certificate representing the stock of any such association be conditioned in any manner whatsoever upon the ownership, sale, or transfer of a certificate representing the stock of any other corporation, except a member bank or a corporation existing on such date engaged primarily in holding the bank premises of such association: *Provided*, That this section shall not operate to prevent the ownership, sale, or transfer of stock of any other corporation being conditioned upon the ownership, sale, or transfer of a certificate representing stock of a national banking association."

SEC. 310. (a) The first paragraph of section 5144 of the Revised Statutes, as amended (U. S. C., Supp. VII, title 12, sec. 61), is amended to read as follows:

"SEC. 5144. In all elections of directors each shareholder shall have the right to vote the number of shares owned by him for as many persons as there are directors to be elected, or to cumulate such shares and give one candidate as many votes as the number of directors multiplied by the number of his shares shall equal, or to distribute them on the same principle among as many candidates as he shall think fit; and in deciding all other questions at meetings of shareholders, each shareholder shall be entitled to one vote on each share of stock held by him; except that (1) this shall not be construed as limiting the voting rights of holders of preferred stock under the terms and provisions of articles of association, or amendments thereto, adopted pursuant to the provisions of section 302 (a) of the Emergency Banking Act of March 9, 1933, as amended, (2) in the election of directors, shares of its own stock held by a national bank as sole trustee, whether registered in its own name as such trustee or in the name of its nominee, shall not be voted by the registered owner unless under the terms of the trust the manner in which such shares shall be voted may be determined by a donor or beneficiary of the trust and unless such donor or beneficiary actually directs how such shares shall be voted, (3) shares of its own stock held by a national bank and one or more persons as trustees may be voted by such other person or persons, as trustees, in the same manner as if he or they were the sole trustee, and (4) shares controlled by any holding company affiliate of a national bank shall not be voted unless such holding-company affiliate shall have first obtained a voting permit as hereinafter provided, which permit is in force at the time such shares are voted, but such holding-company affiliate may, without obtaining such permit, vote in favor of placing the association in voluntary liquidation or taking any other action pertaining to the voluntary liquidation of such association. Shareholders may vote by proxies duly authorized in writing; but no officer, clerk, teller, or bookkeeper of such bank shall act as proxy; and no shareholder whose liability is past due and unpaid shall be allowed to vote. Whenever shares of stock cannot be voted by reason of being held by the bank as sole trustee, such shares shall be excluded in determining whether matters voted upon by the shareholders were adopted by the requisite percentage of shares."

(b) The first sentence of the third paragraph of such section 5144 is amended to read: "Any such holding-company affiliate may make application to the Federal Reserve Board for a voting permit entitling it to vote the stock controlled by it at any or all meetings of shareholders of such bank or authorizing the trustee or trustees holding the stock for its benefit or for the benefit of its shareholders so to vote the same."

SEC. 311. Section 5154 of the Revised Statutes, as amended (U. S. C., title 12, sec. 35), is amended by adding at the end thereof the following paragraph:

"The Comptroller of the Currency may, in his discretion and subject to such conditions as he may prescribe, permit such converting bank to retain and carry at a value determined by the Comptroller such of the assets of such converting bank as do not conform to the legal requirements relative to assets acquired and held by national banking associations."

SEC. 312. Section 5162 of the Revised Statutes (U. S. C., title 12, sec. 170) is amended by adding at the end thereof the following paragraph:

"The Comptroller of the Currency may designate one or more persons to countersign in his name and on his behalf such assignments or transfers of bonds as require his countersignature."

SEC. 313. Section 5197 of the Revised Statutes, as amended (U. S. C., Supp. VII, title 12, sec. 85), is amended by inserting after the second sentence thereof the following new sentence: "The maximum amount of interest or discount to be charged at a branch of an association located outside of the States of the United States and the District of Columbia shall be at the rate allowed by the laws of the country, territory, dependency, province, dominion, insular possession, or other political subdivision where the branch is located."

SEC. 314. Section 5199 of the Revised Statutes (U. S. C., title 12, sec. 60) is amended to read as follows:

"SEC. 5199. The directors of any association may, semiannually, declare a dividend of so much of the net profits of the association as they shall judge expedient; but each association shall, before the declaration of a dividend on its shares of common stock, carry not less than one-tenth part of its net profits of the preceding half year to its surplus fund until the same shall equal the amount of its common capital."

SEC. 315. Section 5209 of the Revised Statutes (U. S. C., title 12, sec. 592) is hereby amended by inserting after the words "known as the Federal Reserve Act", the words "or of any insured bank as defined in subsection (c) of section 12B of the Federal Reserve Act"; and by inserting after the words "such Federal Reserve bank or member bank", wherever they appear in such section, the words "or insured bank"; and by inserting after the words "or the Comptroller of the Currency" the words "or the Federal Deposit Insurance Corporation."

SEC. 316. Section 5220 of the Revised Statutes (U. S. C., title 12, sec. 181), is amended by adding at the end thereof the following paragraph:

"The shareholders shall designate one or more persons to act as liquidating agent or committee, who shall conduct the liquidation in accordance with law and under the supervision of the board of directors, who shall require a suitable bond to be given by said agent or committee. The liquidating agent or committee shall render annual reports to the Comptroller of the Currency on the 31st day of December of each year showing the progress of said liquidation until the same is completed. The liquidating agent or committee shall also make an annual report to a meeting of the shareholders to be held on the date fixed in the articles of association for the annual meeting, at which meeting the shareholders may, if they see fit, by a vote representing a majority of the entire stock of the bank, remove the liquidating agent or committee and appoint one or more others in place thereof. A special meeting of the shareholders may be called at any time in the same manner as if the bank continued an active bank and at said meeting the shareholders may, by vote of the majority of the stock, remove the liquidating agent or committee. The Comptroller of the Currency is authorized to have an examination made at any time into the affairs of the liquidating bank until the claims of all creditors have been satisfied, and the expense of making such examinations shall be assessed against such bank in the same manner as in the case of examinations made pursuant to section 5240 of the Revised Statutes, as amended (U. S. C., title 12, secs. 484, 485; Supp. VII, title 12, secs. 481–483)."

SEC. 317. Section 5243 of the Revised Statutes (U. S. C., title 12, sec. 583) is amended by striking out the semicolon therein and all that precedes it and substituting the following:

"SEC. 5243. The use of the word 'national', the word 'Federal' or the words 'United States', separately, in any combination thereof, or in combination with other words or syllables, as part of the name or title used by any person, corporation, firm, partnership, business trust, association, or other business entity, doing the business of bankers, brokers, or trust or saving institutions is prohibited except where such institution is organized under the laws of the United States, or is otherwise permitted by the laws of the United States to use such name or title, or is lawfully using such name or title on the date when this section, as amended, takes effect;"

SEC. 318. (a) Section 5 of the Federal Reserve Act, as amended, is amended by striking out the last three sentences thereof and inserting in lieu thereof the following: "When a member bank reduces its capital stock or surplus it shall surrender a proportionate amount of its holdings in the capital stock of said Federal Reserve bank. Any member bank which holds capital stock of a Federal Reserve bank in excess of the amount required on the basis of 6 percent of its paid-up capital stock and surplus shall surrender such excess stock. When a member bank voluntarily liquidates it shall surrender all of its holdings of the capital stock of said Federal Reserve bank and be released from its stock subscription not previously called. In any such case the shares surrendered shall

be canceled and the member bank shall receive in payment therefor, under regulations to be prescribed by the Federal Reserve Board, a sum equal to its cash-paid subscriptions on the shares surrendered and one-half of 1 percent a month from the period of the last dividend, not to exceed the book value thereof, less any liability of such member bank to the Federal Reserve bank."

(b) Section 6 of the Federal Reserve Act, as amended, is amended by striking out the last paragraph thereof.

SEC. 319. The fifth paragraph of section 9 of the Federal Reserve Act, as amended, is amended by adding at the end thereof the following sentence: "Such reports of condition shall be in such form and shall contain such information as the Federal Reserve Board may require and shall be published by the reporting banks in such manner and in accordance with such regulations as the said Board may prescribe."

SEC. 320. (a) The first sentence of paragraph (m) of section 11 of the Federal Reserve Act, as amended, is amended by inserting before the period at the end thereof a colon and the following: "*Provided*, That with respect to loans represented by obligations in the form of notes secured by not less than a like amount of bonds or notes of the United States issued since April 24, 1917, certificates of indebtedness of the United States, or Treasury bills of the United States, such limitation of 10 percent on loans to any person shall not apply, but State member banks shall be subject to the same limitations and conditions as are applicable in the case of national banks under paragraph (8) of section 5200 of the Revised Statutes, as amended (U. S. C., Supp. VII, title 12, sec. 84)."

(b) Pargraph (8) of section 5200 of the Revised Statutes, as amended (U. S. C., Supp. VII, title 12, sec. 84), is amended by inserting after the comma following the words "certificates of indebtedness of the United States", the words "or Treasury bills of the United States."

SEC. 321. The third paragraph of section 13 of the Federal Reserve Act, as amended, is amended by changing the words "indorsed and otherwise secured to the satisfaction of the Federal Reserve bank" in that paragraph to read "indorsed or otherwise secured to the satisfaction of the Federal Reserve bank."

SEC. 322. Subsection (e) of section 13b of the Federal Reserve Act, as amended, is amended by striking out "upon the date this section takes effect", and inserting in lieu thereof "on and after June 19, 1934"; and by striking out "the par value of the holdings of each Federal Reserve bank of Federal Deposit Insurance Corporation stock", and inserting in lieu thereof "the amount paid by each Federal Reserve bank for stock of the Federal Deposit Insurance Corporation."

SEC. 323. (a) The first paragraph of section 19 of the Federal Reserve Act, as amended, is amended to read as follows:

"SEC. 19. The Federal Reserve Board is authorized for the purposes of this section, to define the terms 'demand deposits', 'gross demand deposits', 'deposits payable on demand', 'time deposits', 'savings deposits', and 'trust funds', to determine what shall be deemed to be a payment of interest, and to prescribe such rules and regulations as it may deem necessary to effectuate the purposes of this section and prevent evasions thereof: *Provided*, That, within the meaning of the provisions of this section regarding the reserves required of member banks, the term 'time deposits' shall include 'savings deposits'."

(b) The tenth paragraph of such section 19 is amended to read as follows:

"In estimating the reserve balances required by this act, member banks may deduct from the amount of their gross demand deposits the amounts of balances due from other banks (except Federal Reserve banks and foreign banks) and cash items in process of collection payable immediately upon presentation in the United States, within the meaning of these terms as defined by the Federal Reserve Board."

(c) The last two paragraphs of such section 19 are amended to read as follows:

"No member bank shall, directly or indirectly, by any device whatsoever, pay any interest on any deposit which is payable on demand: *Provided*, That nothing herein contained shall be construed as prohibiting the payment of interest in accordance with the terms of any certificate of deposit or other contract entered into in good faith which is in force on the date on which the bank becomes subject to the provisions of this paragraph; but no such certificate of deposit or other contract shall be renewed or extended unless it shall be modified to conform to this paragraph, and every member bank shall take such action as may be necessary to conform to this paragraph as soon as possible consistently with its contractual obligations: *Provided further*, That this paragraph shall not apply (1) to any deposit of such bank which is payable only at an office thereof located outside of the States of the United States and the District of Columbia; (2) to any deposit made by a mutual savings bank or a savings bank as defined in section 12B of the Federal Reserve Act, as amended; (3) to any deposit of public funds made by or on behalf of any State, county, school district, or other subdivision or municipality, or to any deposit of trust funds if the payment of interest with respect to such deposit of public funds or of trust funds is required by State law; or (4) to any deposit of funds by the United States, any Territory, District, or possession thereof (including the Philippine Islands), or any public instrumentality or agency of the foregoing, with respect to which interest is required by law to be paid.

"The Federal Reserve Board shall from time to time limit by regulation the rate of interest which may be paid by member banks on time and savings deposits; may classify time and savings deposits according to maturities, locations of banks, conditions respecting receipt, withdrawal, or repayment, or otherwise, as it may deem necessary in the public interest; and may prescribe different rates for deposits of different classes. No member bank shall pay any time deposit before its maturity except upon such conditions and in accordance with such rules and regulations as may be prescribed by the Federal Reserve Board, or waive any requirement of notice before payment of any savings deposit except as to all savings deposits having the same requirement: *Provided*, That the provisions of this paragraph shall not apply to any deposit which is payable only at an office of a member bank located outside of the States of the United States and the District of Columbia."

(d) Such section 19 is amended by adding at the end thereof the following new paragraph:

"Notwithstanding the provisions of the First Liberty Bond Act, as amended, the Second Liberty Bond Act, as amended, and the Third Liberty Bond Act, as amended, member banks shall be required to maintain the same reserves against deposits of public moneys by the United States as they are required by this section to maintain against other deposits."

SEC. 324. Section 21 of the Federal Reserve Act, as amended, is amended by adding at the end thereof the following paragraph:

"Whenever member banks are required to obtain reports from affiliates, or whenever affiliates of member banks are required to submit to examination, the Federal Reserve Board or the Comptroller of the Currency, as the case may be, may waive such requirements with respect to any such report or examination of any affiliate if in the judgment of the said Board or Comptroller, respectively, such report or examination is not necessary to disclose fully the relations between such affiliate and such bank and the effect thereof upon the affairs of such bank."

SEC. 325. (a) Subsection (a) of section 22 of the Federal Reserve Act, as amended, is amended by inserting in the first paragraph thereof, after "No member bank", the following: "and no insured bank as defined in subsection (c) of section 12B of this act"; by inserting before the period at the end of the first sentence of such paragraph "or assistant examiner, who examines or has authority to examine such bank"; and by inserting after "any member bank" in the second paragraph thereof "or insured bank"; by inserting before the period at the end thereof "or Federal Deposit Insurance Corporation examiner"; and by adding at the end of such subsection a new paragraph, as follows:

"The provisions of this subsection shall apply to all public examiners and assistant examiners who examine member banks of the Federal Reserve System or insured banks, whether appointed by the Comptroller of the Currency, by the Federal Reserve Board, by a Federal Reserve agent, by a Federal Reserve bank, or by the Federal Deposit Insurance Corporation, or appointed or elected under the laws of any State; but shall not apply to private examiners or assistant examiners employed only by a clearinghouse association or by the directors of a bank."

(b) Subsection (b) of such section 22 is amended by inserting therein after "no national bank examiner" the following: "and no Federal Deposit Insurance Corporation examiner"; and by inserting after "member bank" the following: "or insured bank"; and by inserting after "from the Comptroller of the Currency" the following: "as to a national bank, the Federal Reserve Board as to a State member bank, or the Federal Deposit Insurance Corporation as to any other insured bank."

(c) Subsection (g) of such section 22 is amended to read as follows:

"(g) No executive officer of any member bank shall borrow from or otherwise become indebted to any member bank of which he is an executive officer, and no member bank shall make any loan or extend credit in any other manner to any of its own executive officers: *Provided*, That loans made to any such officer prior to June 16, 1933, may be renewed or extended for periods expiring not more than 5 years from such date where the board of directors of the member bank shall have satisfied themselves that such extension or renewal is in the best interest of the bank and that the officer indebted has made reasonable effort to reduce his obligation, these findings to be evidenced by resolution of the board of directors spread upon the minute book of the bank: *Provided further*, That with the prior approval of a majority of the entire board of directors, any member bank may extend credit to any executive officer thereof, and such officer may become indebted thereto, in an amount not exceeding $2,500. If any executive officer of any member bank borrow from or if he be or become indebted to any bank other than a member bank of which he is an executive officer, he shall make a written report to the board of directors of the member bank of which he is an executive officer, stating the date and amount of such loan or indebtedness, the security therefor, and the purpose for which the proceeds have been or are to be used. Borrowing by, or loaning to, a partnership in which one or more executive officers of a member bank are partners having either individually or together a majority interest in said partnership, shall be considered within the prohibition of this subsection. Nothing contained in this subsection shall prohibit any executive officer of a member bank from endorsing or guaranteeing for the protection of such bank any loan or other asset which shall have been previously acquired by such bank in good faith or from incurring any indebtedness to such bank for the purpose of protecting such bank against loss or giving financial assistance to it. The Federal Reserve Board is authorized to define the term 'executive officer', to determine what shall be deemed to be a borrowing, indebtedness, loan, or extension of credit, for the purpose of this subsection, and to prescribe such rules and regulations as it may deem necessary to effectuate the provisions of this subsection in accordance with its purposes and to prevent evasions of such

provisions. Any executive officer of a member bank accepting a loan or extension of credit which is in violation of the provisions of this subsection shall be subject to removal from office in the manner prescribed in section 30 of the Banking Act of 1933: *Provided*, That for each day that a loan or extension of credit made in violation of this subsection exists, it shall be deemed to be a continuation of such violation within the meaning of said section 30."

SEC. 326. The third paragraph of section 23A of the Federal Reserve Act, as amended, is amended to read as follows:

"For the purpose of this section, the term 'affiliate' shall include holding-company affiliates as well as other affiliates, and the provisions of this section shall not apply to any affiliate (1) engaged primarily in holding the bank premises of the member bank with which it is affiliated or in maintaining and operating properties acquired for banking purposes prior to the date this section, as amended, takes effect; (2) engaged solely in conducting a safe-deposit business or the business of an agricultural credit corporation of livestock loan company; (3) in the capital stock of which a national banking association is authorized to invest pursuant to section 25 of this act, as amended, or a subsidiary of such affiliate, all the stock of which (except qualifying shares of directors in an amount not to exceed 10 percent) is owned by such affiliate; (4) organized under section 25 (a) of this act, as amended, or a subsidiary of such affiliate, all the stock of which (except qualifying shares of directors in an amount not to exceed 10 percent) is owned by such affiliate; (5) engaged solely in holding obligations of the United States Government or obligations fully guaranteed by the United States Government as to principal and interest, the Federal intermediate credit banks, the Federal land banks, the Federal home-loan banks, or the Home Owners' Loan Corporation; (6) where the affiliate relationship has arisen out of a bona fide debt contracted prior to the date of the creation of such relationship; or (7) where the affiliate relationship exists by reason of the ownership or control of any voting shares thereof by a member bank as executor, administrator, trustee, receiver, agent, depositary, or in any other fiduciary capacity, except where such shares are held for the benefit of all or a majority of the stockholders of such member bank; but as to any such affiliate, member banks shall continue to be subject to other provisions of law applicable to loans by such banks and investments by such banks in stocks, bonds, debentures, or other such obligations. The provisions of this section shall likewise not apply to indebtedness of any affiliate for unpaid balances due a bank on assets purchased from such bank or to loans secured by, extensions of credit against, or purchases under repurchase agreement of, obligations of the United States Government or obligations fully guaranteed by the United States Government as to principal and interest."

SEC. 327. Section 24 of the Federal Reserve Act, as amended, is amended by adding at the end thereof the following new paragraph:

"Loans made to establish industrial or commercial businesses (a) which are in whole or in part discounted or purchased or loaned against as security by a Federal Reserve bank under the provisions of section 13b of this act, (b) for any part of which a commitment shall have been made by a Federal Reserve bank under the provisions of said section, (c) in the making of which a Federal Reserve bank participates under the provisions of said section, or (d) in which the Reconstruction Finance Corporation cooperates or purchases a participation under the provisions of section 5d of the Reconstruction Finance Corporation Act, shall not be subject to the restrictions or limitations of this section upon loans secured by real estate."

SEC. 328. Effective January 1, 1936, the act entitled "An act to supplement existing laws against unlawful restraints and monopolies, and for other purposes", approved October 15, 1914 (38 Stat. 730), as amended, is further amended (1) by striking out section 8A thereof and (2) by substituting for the first three paragraphs of section 8 thereof the following:

"SEC. 8. No director, officer, or employee of any member bank of the Federal Reserve System shall be at the same time a private banker or a director, officer, or employee of any other bank, banking association, savings bank (other than a mutual savings bank), or trust company except in limited classes of cases in which the Federal Reserve Board may allow such service by general regulations when in the judgment of the Federal Reserve Board such classes of institutions are not in substantial competition."

SEC. 329. (a) Section 1 of the act of November 7, 1918, as amended (U. S. C., title 12, sec. 33; Supp. VII, title 12, sec. 33), is amended by striking out the second proviso down to and including the words "to be ascertained" and inserting in lieu thereof the following: "*And provided further*, That if such consolidation shall be voted for at said meetings by the necessary majorities of the shareholders of each of the associations proposing to consolidate, any shareholder of any of the associations so consolidated, who has voted against such consolidation at the meeting of the association of which he is a shareholder or has given notice in writing at or prior to such meeting to the presiding officer that he dissents from the plan of consolidation, shall be entitled to receive the value of the shares so held by him if and when said consolidation shall be approved by the Comptroller of the Currency, such value to be ascertained as of the date of the Comptroller's approval."

(b) Such section 1 is further amended by adding at the end thereof the following paragraphs:

"Publication of notice and notification by registered mail of the meeting provided for in the foregoing paragraph may be waived by unanimous action of the shareholders of the respective associations. Where a dissenting shareholder has given notice as above provided to the association of which he is a shareholder of his dissent from the plan of consolidation, and the directors thereof fail for more than 30 days thereafter to appoint an appraiser of the value of his shares, said shareholder may request the Comptroller of the Currency to appoint such appraiser to act on the appraisal committee for and on behalf of such association.

"If shares, when sold at public auction in accordance with this section, realize a price greater than their final appraised value, the excess in such sale price shall be paid to the shareholder. The consolidated association shall be liable for all liabilities of the respective consolidating associations. In the event one of the appraisers fails to agree with the others as to the value of said shares, then the valuation of the remaining appraisers shall govern."

SEC. 330. (a) Section 3 of the act of November 7, 1918, as amended (U. S. C., Supp. VII, title 12, sec. 34 (a)), is amended by striking out the first sentence following the proviso down to and including the words "to be ascertained" and inserting in lieu thereof the following: "If such consolidation shall be voted for at said meetings by the necessary majorities of the shareholders of the association and of the State or other bank proposing to consolidate, and thereafter the consolidation shall be approved by the Comptroller of the Currency, any shareholder of either the association or the State or other bank so consolidated, who has voted against such consolidation at the meeting of the association of which he is a stockholder, or has given notice in writing at or prior to such meeting to the presiding officer that he dissents from the plan of consolidation, shall be entitled to receive the value of the shares so held by him if and when said consolidation shall be approved by the Comptroller of the Currency, such value to be ascertained as of the date of the Comptroller's approval."

(b) Such section 3 is further amended by adding at the end thereof the following paragraph:

"Where a dissenting shareholder has given notice as provided in this section to the bank of which he is a shareholder of his dissent from the plan of consolidation, and the directors thereof fail for more than 30 days thereafter to appoint an appraiser of the value of his shares, said shareholder may request the Comptroller of the Currency to appoint such appraiser to act on the appraisal committee for and on behalf of such bank. In the event one of the appraisers fails to agree with the others as to the value of said shares, then the valuation of the remaining appraisers shall govern."

SEC. 331. The act entitled "An act to prohibit offering for sale as Federal farm-loan bonds any securities not issued under the terms of the Farm Loan Act, to limit the use of the words 'Federal', 'United States', or 'Reserve', or a combination of such words, to prohibit false advertising, and for other purposes", approved May 24, 1926 (U. S. C., Supp. VII, title 12, secs. 584–588), is amended by inserting in section 2 thereof, after "the words 'United States'", the following: "the words 'Deposit Insurance'"; and by inserting in said section, after the words "the laws of the United States", the following: "nor to any new bank organized by the Federal Deposit Insurance Corporation as provided in section 12B of the Federal Reserve Act, as amended,"; and by striking out the period at the end of section 4 and inserting the following: "or the Federal Deposit Insurance Corporation."

SEC. 332. The act entitled "An act to provide punishment for certain offenses committed against banks organized or operating under laws of the United States or any member of the Federal Reserve System", approved May 18, 1934 (48 Stat. 783), is amended by striking out the period after "United States", in the first section thereof, and inserting the following: "and any insured bank as defined in subsection (c) of section 12B of the Federal Reserve Act, as amended."

SEC. 333. Section 5143 of the Revised Statutes, as amended, is hereby amended by striking out everything following the words "Comptroller of the Currency", where such words last appear in such section, and substituting the following: "and no shareholder shall be entitled to any distribution of cash or other assets by reason of any reduction of the common capital of any association unless such distribution shall have been approved by the Comptroller of the Currency and by the affirmative vote of at least two-thirds of the shares of each class of stock outstanding, voting as classes."

SEC. 334. Section 5139 of the Revised Statutes, as amended, is amended by adding at the end of the first paragraph the following new paragraph:

"Certificates hereafter issued representing shares of stock of the association shall state (1) the name and location of the association, (2) the name of the holder of record of the stock represented thereby, and (3) the number and class of shares which the certificate represents, and (4) if the association shall issue stock of more than one class, the respective rights, preferences, privileges, voting rights, powers, restrictions, limitations, and qualifications of each class of stock issued shall be stated in full or in summary upon the front or back of the certificates or shall be incorporated by a reference to the articles of association set forth on the front of the certificates. Every certificate shall be signed by the president and the cashier of the association, or by such other officers as the bylaws of the association shall provide, and shall be sealed with the seal of the association."

SEC. 335. The last sentence of section 301 of the Emergency Banking Act of March 9, 1933, as amended, is amended to read as follows: "No issue of preferred stock shall be valid until the par value of all stock so issued shall be paid in and notice thereof, duly acknowledged before a notary public by the president, vice president, or cashier of said association, has been transmitted to the Comptroller of the Currency and his certificate obtained specifying the amount of such issue of preferred stock and his approval

thereof and that the amount has been duly paid in as a part of the capital of such association; which certificate shall be deemed to be conclusive evidence that such preferred stock has been duly and validly issued."

SEC. 336. The additional liability imposed by the act of April 26, 1922, as amended (D. C. Code, title 5, sec. 300; Supp. I, title 5, sec. 300a (b)), upon the shareholders of savings banks, savings companies, and banking institutions and the additional liability imposed by section 4 of the act of March 4, 1933 (D. C. Code, title 5, sec. 361), upon the shareholders of trust companies, shall cease to apply on July 1, 1937, with respect to such savings banks, savings companies, banking institutions, and trust companies which shall be transacting business on such date: *Provided*, That not less than 6 months prior to such date, the savings bank, savings company, banking institution, or trust company, desiring to take advantage hereof, shall have caused notice of such prospective termination of liability to be published in a newspaper published in the District of Columbia and having general circulation therein. In the event of failure to give such notice as and when above provided, a termination of such additional liability may thereafter be accomplished as of the date 6 months subsequent to publication in the manner above provided. Each such savings bank, savings company, banking institution, and trust company shall, before the declaration of a dividend on its shares of common stock, carry not less than one-tenth part of its net profits of the preceding half year to its surplus fund until the same shall equal the amount of its common stock.

SEC. 337. The second paragraph of section 9 of the Federal Reserve Act, as amended, is amended by striking out the period at the end thereof and adding thereto the following: "except that the approval of the Federal Reserve Board, instead of the Comptroller of the Currency, shall be obtained before any State member bank may hereafter establish any branch and before any State bank hereafter admitted to membership may retain any branch established after February 25, 1927, beyond the limits of the city, town, or village in which the parent bank is situated."

SEC. 338. Section 5234 of the Revised Statutes, as amended (U. S. C., title 12, sec. 192), is amended by striking out the period after the words "money so deposited" at the end of the next to the last sentence of such section and inserting in lieu of such period a colon and the following: "*Provided*, That no security in the form of deposit of United States bonds, or otherwise, shall be required in the case of such parts of the deposits as are insured under section 12B of the Federal Reserve Act, as amended."

SEC. 339. Section 61 of the act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, as amended, is amended by inserting before the period at the end thereof a colon and the following: "*Provided*, That no security in form of a bond or otherwise shall be required in the case of such part of the deposits as are insured under section 12 (b) of the Federal Reserve Act, as amended."

SEC. 340. Section 8 of the act entitled "An act to establish postal savings depositories for depositing savings at interest with the security of the Government for repayment thereof, and for other purposes", approved June 25, 1910, as amended (U. S. C., title 39, sec. 758; Supp. VII, title 39, sec. 758), is amended by striking out the first sentence thereof and inserting in lieu thereof the following: "Subject to such regulations as the Postmaster General may prescribe, any depositor may withdraw the whole or any part of the funds deposited to his or her credit with the accrued interest after the expiration of 60 days after giving notice in writing of intention to withdraw, and any depositor may withdraw the whole or any part of such funds without such notice only on condition that there be deducted from the funds to his or her credit derived from interest an amount equivalent to interest for a period of not less than 3 months on the amount withdrawn. Notwithstanding any other provision of law, no interest shall be paid on any deposit in any postal savings depository office at a rate in excess of that which may lawfully be paid on savings deposits under regulations prescribed by the Federal Reserve Board pursuant to the Federal Reserve Act for member banks of the Federal Reserve System located in or nearest to the place where such depository office is situated. Postal savings depositories may deposit funds on time in member banks of the Federal Reserve System subject to the provisions of the Federal Reserve Act and the regulations of the Federal Reserve Board regarding the payment of time deposits and interest thereon."

Mr. STEAGALL (interrupting the reading). Mr. Chairman, I ask unanimous consent that all of title III may be considered as read and printed in the RECORD in full, with the right to any Member to offer amendments to any section of title III.

The CHAIRMAN. Is there objection to the request of the gentleman from Alabama?

There was no objection.

Mr. CROSS of Texas. Mr. Chairman, I offer an amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. CROSS of Texas: On page 70, strike out all of section 318 and insert in lieu thereof the following:

"SEC. 319. Section 7 of the Federal Reserve Act, as amended, is amended by striking out said section and inserting in lieu thereof the following: 'The Secretary of the Treasury is hereby authorized to purchase the stock held by the member banks in the Federal Reserve banks at par, plus accrued dividends not in excess of 6 percent, and that after the passage of this act, and after all necessary expenses of a Federal Reserve bank shall have been paid or provided for, the net earnings shall be paid into the surplus fund of the Federal Reserve bank.

"'Should a Federal Reserve bank be dissolved, or go into liquidation, any surplus remaining, after the payment of all debts or other requirements as hereinbefore provided shall be paid to and become the property of the United States, and shall in the discretion of the Secretary, be used to supplement the gold reserve held against outstanding United States notes, or shall be applied to the reduction of the outstanding bonded indebtedness of the United States under regulations to be prescribed by the Secretary of the Treasury.

"'Federal Reserve banks, including the capital stock and surplus therein and the income derived therefrom, shall be exempt from Federal, State, and local taxation, except taxes upon real estate.'

"Sections 5 and 6 of the Federal Reserve Act, as amended, as well as every provision of law in conflict with this provision, is hereby expressly repealed."

Mr. HOLLISTER. Mr. Chairman, I make the point of order that the amendment is not germane.

Mr. CROSS of Texas. Will the gentleman withhold his point of order?

Mr. HOLLISTER. I withhold the point of order, Mr. Chairman.

Mr. CROSS of Texas. Mr. Chairman, the purpose of my amendment is to give the Treasury Department the authority to purchase the stock now owned by member banks in the Federal Reserve banks, and, Mr. Chairman, as I see it, the amendment is clearly pertinent to this section. In discussing the amendment I wish to bring out these facts.

The Congress, in setting up the Federal Reserve System, not being able itself to act directly in regulating the value of money, established this agency to function in its place.

If you will notice the report of the papers in New York and the banks of New York, you will observe that 19 banks Saturday had on deposit eight and one-quarter billion dollars. There is not over $5,000,000,000 of congressional money or legal-tender money in the Nation, and yet these 19 banks had on deposit eight and one-quarter billion dollars. This is bank money, this is phantom money, created out of debts, and this money affects the purchasing power of the dollar just as much as if it were legal-tender or congressional money.

The mints of this country and the Bureau of Engraving and Printing combined have put out about $5,500,000,000 of congressional money or legal-tender money. The banks, private institutions organized for a private gain, are so many mints or so many Bureaus of Engraving and Printing, creating money out of debt, inflating, and deflating, which has a direct effect upon the value of money that, under the Constitution, you are commanded to regulate the value of.

You have set up this agency of the Federal Reserve Board and the Federal Reserve banks to regulate this inflating and deflating of bank money which directly affects the value of congressional or legal-tender money. As it is, these institutions that create this bank money can inflate and inflate and then, overnight, deflate. They can cheapen the purchasing power of your dollar until it is one-half, and then they can turn around and by deflating they can multiply its purchasing power overnight. By such a process they bring about more injustice, do more robbing within the law and within a few months than all the crooks and robbers in this country can perpetrate in 100 years. [Applause.]

[Here the gavel fell.]

Mr. CROSS of Texas. Mr. Chairman, I ask unanimous consent to proceed for 5 minutes more.

The CHAIRMAN. Does the gentleman from Ohio [Mr. HOLLISTER] desire to press his point of order?

Mr. HOLLISTER. Mr. Chairman, I withdraw the point of order and shall ask to be recognized in opposition to the amendment.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. CROSS of Texas. This institution you have set up, the Federal Reserve System, ought to be purely a congressional institution, with no foreign entanglements entering into it. What are the facts? These 12 Federal Reserve

banks that are to carry out your will, that are organized for no profit-making purposes, but to see that under the Constitution the people of this country are supplied with an adequate medium of exchange and that the value of money is regulated, have directors, two-thirds of whom in every one of these banks are put on there by the very institutions, these private institutions, organized and operating for profit, and these directors always fight to do that which the Federal Reserve System is or should be struggling not to do.

Let me read you some testimony of Governor Harrison, of the Federal Reserve Bank of New York, in 1932, when he said:

> 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.

So you have here in your set-up two-thirds of all the directors from member banks who, when inflation is going on, with rising prices, are rampant to inflate further and further, and then when the turn comes, they become frightened, crazy to liquidate, and deflate and deflate and struggle further to deflate.

This is putting into your organization a bunch of directors that go contrary to what this organization of the Federal Reserve System should do. Your organization should be organized to prevent overinflation and to prevent overdeflation; in other words, stabilize and regulate the value of money.

There is no obligation upon the member banks to do these things. They have no command from the Constitution to stabilize or to regulate the value of money. You have that command and your agency through you should have that command, yet you bring into this set-up the very bunch of people you are supposed to try to regulate and you practically turn it over to them.

This amendment would correct this evil. This amendment would let the Federal Government buy this stock. Now, you pay them 6 percent upon the stock that they own in these banks.

[Here the gavel fell.]

Mr. CROSS of Texas. Mr. Chairman, I ask unanimous consent to proceed for 5 more minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. CROSS of Texas. The testimony before the committee was that the Government could borrow the money for 2½ percent, and the Government would then own the stock and save the difference between the 2½ percent and 6 percent.

Why, the very people you regulate should be permitted to come in is more than I can understand. Is there opposition to this? Why, of course there is opposition to it—not by the great majority of our right-thinking, patriotic bankers but by that small group who have been manipulating the purchasing power of money in this country for years, and the members of this small group are the ones who are inspiring opposition to anything that will give the Congress the right or the power to regulate the value of money.

That group whose brain and vision are so blinded by Mammon that they cannot sense the chasm that yawns to engulf them—that group, unless they wake up, unless they cease to punish the people by poverty and distress—the time will come when the people, like some powerful, puissant beast, vexed to desperation, will turn in their desperation upon their tormentors; and when they do, woe be unto them and theirs. [Applause.]

Mr. MAY. Will the gentleman yield?

Mr. CROSS of Texas. I yield.

Mr. MAY. Does the gentleman's amendment provide that the capital stock in the Federal Reserve banks be turned into the Treasury?

Mr. CROSS of Texas. It provides that the capital stock shall be bought by the Treasury, owned by the Government, and that the profits—and it is not a profit organization—that the profits, over and above the running expenses, shall go into the surplus of the Federal banks, and that if and when they are dissolved all the money shall go to the Treasury.

Mr. PATMAN. Will the gentleman yield?

Mr. CROSS of Texas. I yield to the gentleman from Texas.

Mr. PATMAN. I have an amendment which I propose to offer to the gentleman's amendment which will cause the profits to go into the United States Treasury, and I hope the gentleman will not oppose it.

Mr. CROSS of Texas. Not a bit.

Mr. GOLDSBOROUGH. Will the gentleman yield?

Mr. CROSS of Texas. I will yield.

Mr. GOLDSBOROUGH. In case your amendment is adopted, the directors of the Federal Reserve banks will be the direct agents of the people and not of the banks.

Mr. CROSS of Texas. Absolutely. [Applause.]

Mr. HOLLISTER. Mr. Chairman, the chief thing in the amendment of the gentleman from Texas [Mr. CROSS] is the requirement that the Government shall purchase at par the stock in the Federal banks, which is owned by member banks, irrespective of the advisability, which is an entirely different question, of having a Government-owned Federal Reserve System. Putting the Government into the central banking business is highly unwise. If anyone will compare the central banks of other countries, they will come to this conclusion.

This amendment is, on the face of the thing, entirely unconstitutional. There is after all, I suppose, something left of the Constitution. The member banks of the Federal Reserve System have invested their money under statutory authority and have acquired the stock in the Federal Reserve banks. This amendment provides that the Government shall acquire this stock at par.

The gentleman from Texas does not state in what way the member banks might be compelled to sell their stock at par if they thought it was better for them to retain it. I am unable to see, notwithstanding the blows that have been aimed at the Constitution—I am unable to see the slightest constitutionality in such a provision.

There is no way that I know of that anybody's property can be taken away without due process of law. I see no way in which member banks who own stock in the Federal Reserve System for which they have paid can be taken away without due process of law. If they think the stock is worth more than par, how can the Government compel them to sell it at par?

Mr. McFARLANE. Would there be any objection to the Government buying this stock should the holders of the stock want to sell it?

Mr. HOLLISTER. If the gentleman had listened to the early part of my statement, he would have heard me say that I think it is unwise that the Government should own the stock in the Federal Reserve banks, but there would be nothing constitutionally against having the Government acquire the stock in case the holders wanted to sell it. The way I understand the amendment is drafted, the Government is required to purchase it at par.

Mr. McFARLANE. But the amendment is permissive and not mandatory.

Mr. HOLLISTER. If that is so, the constitutional point that I raise is of no avail.

Mr. FORD of California. Mr. Chairman, will the gentleman yield?

Mr. HOLLISTER. Yes.

Mr. FORD of California. In case a Federal Reserve bank desires to liquidate or withdraw from the Federal Reserve System, does it get more than par for the stock that it surrenders?

Mr. HOLLISTER. No; because then it is performing a voluntary act in withdrawing, and it may get only that for its stock. That is quite a different matter as the gentleman must recognize.

Mr. McFARLANE. The amendment reads:

That the Secretary of the Treasury is hereby authorized to purchase the stock—

And so forth.

Mr. HOLLISTER. At par.

Mr. McFARLANE. It is not a mandatory requirement.

Mr. HOLLISTER. Then I misunderstand the gentleman's amendment. I shall merely say that we are faced with the question of the wisdom of the Government acquiring stock in the Federal Reserve banks. The constitutional question is not raised, if it is not mandatory.

The CHAIRMAN. The time of the gentleman from Ohio has expired.

Mr. PATMAN. Mr. Chairman, I offer the following amendment to the Cross amendment which I send to the desk.

The Clerk read as follows:

Amendment by Mr. PATMAN to the Cross amendment: Strike out the words "surplus fund of the Federal Reserve bank" and insert in lieu thereof the following: "the Treasury of the United States."

Mr. CROSS of Texas. Mr. Chairman, I accept the amendment.

The CHAIRMAN. The gentleman from Texas accepts the amendment of his colleague [Mr. PATMAN]. Does the gentleman from Texas [Mr. PATMAN] desire to debate the matter?

Mr. PATMAN. Yes; I would like to debate it.

The CHAIRMAN. The gentleman is recognized for 5 minutes.

EARNINGS OF FEDERAL RESERVE BANKS

Mr. PATMAN. Mr. Chairman, the Cross amendment provides that after all necessary expenses have been paid or provided for, the net earnings shall be paid into the surplus fund of the Federal Reserve bank. My amendment provides that the surplus earning shall be paid into the Treasury of the United States. It is true that if the amendment is adopted and we should eventually own this stock in the Federal Reserve bank, the earnings, of course, would belong to the Government, although in the surplus fund of the 12 Federal Reserve banks, but I would like to see these excess earnings go into the Treasury annually so as to have some restraint upon the expenditures of the Federal Reserve bank officials. As it is now they pay themselves salaries up to $30,000 and $40,000 and $50,000 a year and they justify it on the ground that the money comes out of the earnings of the bank and does not come from the Treasury, which is all right, but if you put the law back as it was in the beginning and fix the law so that the excess earnings shall go into the Treasury, then Congress will begin to ask why they are paying thirty and forty and fifty thousand dollars a year salaries from money that would otherwise go into the Treasury of the United States were these salaries not paid.

CROSS AMENDMENT FAVORED

I am very much in favor of the Cross amendment. There is a big principle involved in that. Here we have 12 Federal Reserve banks, and in each Federal Reserve district the member banks own that bank. The people do not own one dollar of the stock, the Government of the United States does not own one dollar of the stock. Each Federal Reserve bank is owned by private banking corporations. Therefore you have one supercorporation, the Federal Reserve bank in that district, which is owned by private corporations, and that Federal Reserve bank has the power to issue money on the faith and credit of the United States Government. The big question is, and it is a serious question, Do you believe that a corporation owned by private corporations should be allowed the privilege of issuing blanket mortgages on all the property of all the people of this Nation? That is the present system. They get all the earnings. They pay no taxes on any transaction, not a penny of taxes. They are exempt from every form of tax except, of course, the actual real-estate tax on the building which they own where the banking house is located. That is the only tax they pay.

Mr. SNELL. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. Yes.

Mr. SNELL. I want to know if I am right in my understanding of the present law that after they have paid the stockholders 6 percent, the remainder goes into the Treasury?

JOKER AMENDMENT

Mr. PATMAN. No; that used to be the law, but there was what I call a joker amendment passed, and I am not criticizing the distinguished gentlemen on the Banking and Currency Committee when I say that; but I want to tell you the price you paid for Federal deposit insurance in connection with this joker.

A bill was brought in here, which was later enacted into law, to insure bank deposits. It contained a provision that all excess earnings of the Federal Reserve bank should go into the surplus of the banks. The law at that time required all excess earnings to be paid into the Treasury. I made a motion to strike out the provision that diverted these excess earnings from the Treasury to the banks, and the House almost unanimously struck it out; but when the bill went to conference at the other end of the Capitol a certain Member of that body insisted that it be put back or there would be no guarantee of deposits in any of the banks of this country, and he made our conferees agree to it or that body would kill the deposit guarantee law. Am I right or am I wrong, Mr. Chairman?

The CHAIRMAN. The time of the gentleman from Texas [Mr. PATMAN] has expired.

Mr. PATMAN. Mr. Chairman, I ask unanimous consent to proceed for 5 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. PATMAN. If I am wrong about that statement, I hope the Chairman of the Committee on Banking and Currency will rise in his place and say that I am wrong. That is the price we paid to have Federal deposit insurance. The provision was put back. It is in the law, that not one penny of those profits will go to the Government. They go to the surplus fund of the Federal Reserve banks.

PERPETUAL CHARTERS

It will be a sad day in this country when the argument of the gentleman from Ohio [Mr. HOLLISTER] prevails that these banks have in effect a perpetual charter; that they have a right that you cannot divest them of; that they own the Federal Reserve banking system and you cannot acquire their stock unless they want to give it up and pay their price for it. The saddest day in the history of our country will be when that argument prevails. The charters of those Federal Reserve banks are worth billions of dollars. Why should they not be? They can issue money upon the credit of this Nation. They have subject to their disposal all the money that is printed by the Bureau of Engraving and Printing in Washington; at least, all they want.

Five thousand five hundred people work for them in this great city of Washington, at the Bureau of Engraving and Printing, printing money, night and day, when they need it. For what purpose? To be turned over to the Federal Reserve banks. What does the Government get for that money? Every bill is a blanket mortgage on all your property. The taxing power of the Government may be used to redeem it. It is written on the note that it is guaranteed by the United States. What does the Federal Reserve bank pay for that privilege? Not one penny on earth. It pays the actual cost of printing the currency, about 27 cents a thousand dollars, and no more. It pays not one penny of tax. It has control of and uses the seal of our Government. No person or corporation ever had a more valuable and profitable privilege.

Mr. REILLY. Will the gentleman yield?

Mr. PATMAN. I yield.

Mr. REILLY. Could not Congress abolish the Federal Reserve System, and all the profits it ever made go to the Government?

Mr. PATMAN. Certainly; but the gentleman from Ohio contends it would be unconstitutional unless we pay the member banks their price for the stock they own; that we

have given them such a grip upon the throats of the American people that it would be unconstitutional to do that without paying them their price for the stock they own.

Mr. HOLLISTER. Now that the gentleman has mentioned my name, I suppose he will yield to me?

Mr. PATMAN. Yes; I yield to the gentleman.

Mr. HOLLISTER. I think the gentleman has misquoted me. What I said was that there was no way that I could see by which they could be required to sell their stock at any particular price.

Mr. PATMAN. That is the way I understood it.

Mr. HOLLISTER. But the gentleman has said that I said that gave them a perpetual franchise.

Mr. PATMAN. If you must pay their price, it is the same as that.

Mr. HOLLISTER. I did not say that at all.

Mr. PATMAN. Because their price will be awfully high.

Mr. HOLLISTER. But I assume it would be possible for Congress to abolish the Federal Reserve System.

Mr. PATMAN. And take all the profits over and above their stock.

Mr. HOLLISTER. And that would leave the banks with certain amounts which were due them. The Federal Reserve System would then cease to be in existence; but the gentleman has misquoted me and should say so.

Mr. PATMAN. I hope I have not misquoted the gentleman, but if I have I shall be very glad to correct it. The gentleman said we could not take this stock from the Federal Reserve banks unless we paid them their price.

Mr. HOLLISTER. I think that is correct; but the gentleman went further and said that I had stated there was a perpetual franchise in the Federal Reserve banks, and I made no such statement.

Mr. PATMAN. Oh, I beg the gentleman's pardon if he understood it that way. The gentleman did not understand it correctly, because I said it would amount to a perpetual charter. Any time you have to pay the other fellow's price you are not going to buy any such valuable franchise.

Mr. HOLLISTER. The gentleman is not very accurate in figuring amounts.

The CHAIRMAN. The time of the gentleman from Texas [Mr. PATMAN] has again expired.

Mr. PATMAN. Mr. Chairman, I ask unanimous consent to proceed for 5 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. HANCOCK of North Carolina. Will the gentleman yield for a question?

Mr. PATMAN. I yield.

Mr. HANCOCK of North Carolina. Does not the gentleman think it is much more important that the Government exercise control over the regional banks than it is that they shall own the stock in the banks; and does not the gentleman think that the emphasis should be placed upon the control rather than the ownership, especially where the ownership does not carry with it control?

THE 12 FEDERAL RESERVE BANKS

Mr. PATMAN. I feel that in this case both ownership and control are necessary. This is a question of issuing and distributing currency. That is the question involved in these 12 Federal Reserve banks. It does not involve the 15,000 small banks of this Nation. It only involves the 12 Federal Reserve banks. Those 12 Federal Reserve banks are dispensing Government credit. They are dispensing Government money, that is guaranteed by the Government of the United States. The question is, Are you going to let a corporation that is owned by private corporations continue to exercise this function, which the Constitution says Congress shall exercise? The Constitution says that Congress shall coin money and regulate the value of it. Under the present law it is not doing it. It has farmed out, it has given as an absolute free gift the privilege to these 12 Federal Reserve banks to exercise that great function of government—to issue and distribute money. The question is, Do you want them to continue to enjoy that privilege, or are you willing to take it away from them and put it back under the supervision and control of Congress, where the Constitution of the United States says it really belongs?

BANKING SYSTEM REFERRED TO

Something was said a while ago about the little banks. I know that every bank is a great asset in a community. I would not do anything to destroy an individual bank, and what I say about banks and bankers is said with reference to a system, not particular banks or individuals.

PRIVILEGES OF NATIONAL BANKS

I desire to discuss the privileges given by our Government to national banks.

First. Every national bank has a charter that is worth a great deal; it has the Government of the United States to protect it from competition unless the competition is needed, in its immediate locality; that is a great privilege.

Second. For many years they have enjoyed the privilege of depositing Government bonds and getting new money in return for those bonds and continuing to draw interest on the bonds, which was a bonus amounting to a large sum annually.

Third. Such a bank is allowed to lend on an average of $10 for every $1 it has; in other words, collect interest on $10 for every $1 possessed; that is a great privilege, too.

Fourth. The Reconstruction Finance Corporation has purchased half the stock in most of the national banks of this country, and that portion of the capital stock held by the R. F. C. is tax exempt. This means that the banks have gotten a 50-percent tax reduction the last 2 or 3 years. They have not fared so badly.

Fifth. The Government guarantees the deposits of these banks.

[Here the gavel fell.]

Mr. PATMAN. Mr. Chairman, I ask unanimous consent to proceed for 4 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. PATMAN. Who pays the premium for this insurance? The Government of the United States put up $300,000,000 of the premium, and the banks put up only $39,000,000 of it to guarantee the deposits in their own institutions.

Sixth. Double liability has been taken off their stockholders.

Seventh. They are no longer required to pay interest on demand deposits. In fact, it is a violation of the law.

While they are paying $39,000,000 into the Federal Deposit Insurance fund, they are being saved approximately $200,000,000 a year interest on demand deposits that they had been paying heretofore. This is of great benefit to them and saves them an enormous sum of money. They have their deposits guaranteed, a big saving on demand deposits, and have had their taxes reduced in some cases 50 percent.

Mr. WADSWORTH. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I yield.

Mr. WADSWORTH. Can the gentleman inform the Committee whether or not, as a result of the alleged benefits he has just recited, the net earnings of the banks have increased?

Mr. PATMAN. No; because they have ceased to do a banking business; they have gone into the Government bond brokerage business, and are discouraging accounts with service charges. They are rapidly becoming Government-bond brokers and commercial bookkeepers.

Mr. WADSWORTH. Could they help it?

Mr. PATMAN. They are just buying Government bonds, and will continue to as long as we put them out. Why should they want to risk commercial loans when they can buy bonds that are guaranteed by the Government and make their earnings in this way and on service charges?

Mr. WADSWORTH. Can they help buying the bonds?

Mr. PATMAN. Yes; they could put their money out into the channels of trade and commerce if they had the incentive.

Mr. WADSWORTH. Where?

Mr. PATMAN. Investigations have disclosed that the banks generally have refused to make loans even on good security. I realize that there is much to be said on the side of some of these banks in certain localities. We are encouraging them to make their investments in Government bonds by continuing to issue them.

MONEY-ISSUING PRIVILEGE

In concluding I want to ask the Members of this House to consider this: A great principle is involved here. Do you want this great privilege of issuing and distributing money farmed out to a corporation that is owned by private corporations, not one dollar of the stock owned by the Government, not one dollar of the stock owned by the people, corporations which pay no taxes, corporations which enjoy privileges no person enjoys? If you want to bring that power back to the Congress of the United States, the best and the longest step in that direction that you can take is to vote for the amendment offered by the gentleman from Texas [Mr. CROSS].

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas [Mr. PATMAN] to the amendment offered by the gentleman from Texas [Mr. CROSS].

The amendment to the amendment was agreed to.

Mr. BROWN of Michigan. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. BROWN of Michigan. As I understand the situation now, the House has adopted the Patman amendment but not the Cross amendment.

The CHAIRMAN. That is correct.

Mr. BROWN of Michigan. The Cross amendment has not yet been disposed of.

The CHAIRMAN. That is correct.

Mr. TRUAX. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I have listened in vain to the debate on this bill and have read in vain the CONGRESSIONAL RECORD in an effort to find something of benefit to accrue through the enactment of this bill to the people who deposit the money in the banks of this country.

I agree with the gentleman from Texas [Mr. PATMAN] that this amendment goes a long way toward curing the evil of the international bankers' operations in this country. I expect, therefore, to support the amendment of the gentleman from Texas [Mr. CROSS]. I hope to have the opportunity of supporting the amendment of the gentleman from Maryland [Mr. GOLDSBOROUGH]. If these two amendments are adopted, this bill should receive the support of every liberal in this House. If these two amendments are voted down, the bill should receive the opposition of every friend of the people in this House.

I for one believe that the time has come when this Government should cease to throw its protecting arm about the racketeering bankers of this country. [Applause.] The time has come when this Congress should assert its constitutional prerogatives and take away once and for all time the unconstitutional and illegal privilege enjoyed by the bankers of this country of issuing the currency. [Applause.]

Whenever I think of these racketeering bankers I am reminded of one of them who was driving his big Rolls-Royce automobile out in the city streets. His chauffeur ran over a little boy and he dumped the boy into the automobile and rushed him to the hospital. The surgeon stated that the little boy would have to have a blood transfusion, so they took the blood from the banker and they transfused the banker's blood into the little boy. Inside of 30 minutes the little boy froze to death from the banker's blood. [Applause.]

Mr. Chairman, if you have a thief in the House, why keep him there longer? Throw him out, the same as we did with the Capones and the Dillingers. The gentleman from Ohio [Mr. HOLLISTER] stated that you could not take away the banker's property without due process of law. However, that is what the bankers did with the poor farmers. That is what they are doing today with the poor home owners. It took the Government of the United States, Mr. Chairman, to provide the necessary funds and to enact legislation to protect these home owners and farmers from further losing their homes and farms.

This bill does not inflate the currency nor expand the people's money to their needs. It does make it possible to jam down the throats of an unwilling people millions more of tax-exempt bonds. We are asked to enact more laws for bankers and are threatened at the same time with a veto for the Patman bonus bill, legislation designed not only for the benefit of the World War veterans but for the masses of our people as well, as it places more than $2,000,000,000 of new currency in circulation and thereby reduces credit inflation or bond inflation to that same extent.

Why ask us to pass additional legislation to help the bankers and then expect us to oppose legislation that will help the soldier, the farmer, the war veteran, and the small-business man. I do not propose to make fish of one and fowl of another. I do not propose to vote for measures that will produce meat for bankers and will act as poison to the great numbers of our people who want more money and demand more money.

What did the boasted Federal Reserve System do for these millions of our people who are in need today? What did the Federal Reserve System do for them during the panic and Hoover depression? The Federal Reserve Board deliberately wrecked the welfare of American agriculture. They started to deflate agriculture and continued that drastic inflation policy for 9 long years until in 1929 a bankrupted agrarian population was the forerunner to the business panic and depression starting in 1929, aided and abetted by the supercredit inflation permitted, sanctioned, and condoned by this same Federal Reserve Board. When they expanded the currency they took enormous profits. When they contracted the credit for the farmer and wage worker and small business man they took hundreds of thousands of farms and homes.

Their activities, their speculations, and their atrocities are played like the old army game—heads, I win; tails, you lose. They made billions of dollars going up on their orgy of unwarranted credit inflation. They made billions of dollars on their way down in their unjustified saturnalia of credit contraction. The farmer, the small business man, the independent manufacturer, and producer—they lost. The private bankers, owners of the Federal Reserve System, made their millions.

This bill still permits the bankers to control the money and fiscal policies of the United States. We are told that if this bill is enacted the Government will control the currency policies. That might be true. That is exactly what President Hoover did during his administration. The Federal Reserve banks at his behest and urge approved a terrific spree of speculation, gambling, and pyramiding credit. This was known as the "Hoover bull market", which finally pulled the whole Nation down in the ensuing ruins.

Some say that the present banking machinery is all right if only the present machinists who are operating the machinery will do a better job. I say the machinery is all wrong. This bill does not change that machinery. It only perpetuates the illicit banking machinery which we have found to be the most expensive machinery in the world.

Mr. Chairman, I am becoming a little tired of voting for legislation that is solely for the benefit of the banking fraternity of this country. If the Goldsborough amendment is adopted, I shall vote for the bill. If the Patman-Cross amendment that proposes to buy the stock in the Federal Reserve banks owned by private bankers by the Government is adopted, I will support this bill. If these two amendments written in the interest of all the people instead of the benefit of the overpriviliged bankers are not adopted, I will vote against the bill.

I hear Democratic Members say that if these two amendments are defeated they will hold their noses and vote for the bill anyway. I do not propose to do any such thing. It is high time that this House of Representatives at least, who are elected by the people for 2-year terms, who are responsible and answerable every 2 years to their constituents,

followed the wishes of the majority of those constituents and supported legislation not to further enhance these special favors enjoyed by the greedy and selfish bankers but to call a halt once and for all upon their nefarious practices.

This the bill distinctly does not do. Its passage only means a continuation of that system which has brought the Nation to its knees. It is that system which I condemn and deplore and which I shall vote against unless the Goldsborough and the Patman-Cross amendments are adopted.

I do not mean to say that banking is all rotten nor bankers all bad. We have some good bankers as well as lots of bad bankers. We even have honest, well-meaning bankers in Congress. It is the system under which they operate that I condemn and deplore. It was that system which caused the banks to collapse and fall flat on their backs when Herbert C. Hoover walked out as the thirty-first President of the United States of America. It was that system which made it necessary for Franklin D. Roosevelt to close all the banks—his first official act upon assuming office, to sort out the wheat from the chaff and to keep the big racketeer bankers from stealing all the depositors' money. It was that system which impelled the Seventy-third Congress to guarantee bank deposits without which there would not have been a single solvent bank open and doing business today. It was that system which enabled them to show a book deposit of $44,000,000,000 when the crash came when only 5½ billion dollars of money actually was in existence—a system that permitted them to indicate a book deposit of $59,000,000,000 at the peak of the highest tide of credit inflation the country has ever known, the so-called "Hoover bull market" which collapsed and fell with the thunderous shock that rocked the universe in October 1929. That is the system which robbed widows and orphans of their all, which stole the home of the unemployed workman, filched from the farmer his homestead that had taken him a lifetime to build, and set small business men back 40 years to the zero point from which he started.

What we should do with the banking, financial, currency, and credit structure of the country instead of further permitting the bankers, the money lenders, and the Shylocks to exploit the people to the tune of $10,000,000,000 per year—that is the amount of interest that is collected annually—instead of further allowing them to work their racket of illegally and unconstitutionally issuing currency and charging interest on $10 whereas actually they own only $1, instead of collecting 50 to 60 percent interest on every dollar that they actually own, instead of receiving money from the Government and then hoarding it instead of loaning it, we should tear off these shackles and barriers to progress and prosperity and operate the banks, issue the currency, and allot the credit for the rights and benefits of all the people instead of the favored few.

One of the greatest rackets in the country today is the unconstitutional National Bank Act passed during the Civil War over the resistance of President Lincoln. Lincoln's Secretary of the Treasury, Salmon P. Chase, who afterward became a member of the United States Supreme Court, showed extreme penitence for his part in jamming it through a docile and bewildered Congress when it was too late.

This Congress should repeal it. Better still, it should be challenged in the courts. I do not doubt that the Supreme Court would throw it out on stronger grounds than they threw out the section of the N. R. A. Act dealing with "hot-oil" shipments, since it is patently more unconstitutional than the 1933 measure.

Under the National Bank Act Congress abrogates its constitutional powers to coin money and regulate its value. The amazing thing about it is that our Supreme Court has just said Congress cannot check its constitutional rights to another branch of government.

How, then, could the principle of the Congress giving its power to private bankers be sustained? The answer is that it cannot.

Mr. Chairman, if you want to prove the fallacy of so-called "inflation hurting the common people", just turn to the market reports in the newspapers of today. I find in the Washington Post, under date of May 8, the following:

A dispatch from New York says stocks today indulged in a rousing surge that was surprising even to the bulls. Gains of 1 to 4 percent were chalked up throughout the list. The Associated Press reports a "brisk advance features the curb market." It states the curb market moved spiritedly upward today to the tune of heavy demand in virtually all categories.

Some of the larger life insurance companies record new highs. On May 8 from Minneapolis press reports say "peak insurance sales in 50 years' business" and that the largest April sales of new life insurance in its history are reported by Northwestern National Life Insurance Co. of Minneapolis with a total of $6,002,373 for the month. This is an increase of 15 percent over April 1934 and of 60 percent over the same month of 1933. The best previous April in the company's 50 years of business was in 1930, with a total of $5,721,670.

From the sun-kissed shores of San Francisco comes the following: "Coast stocks soar in surge of buying. Speculative fever broke out on the stock exchange here today, apparently inspired by the passage of the Patman bonus bill." From New York again comes a report from one of the large chain-store outfits of the country. J. C. Penney Co. announces that their sales were up 13.7 percent in April. They go on to say that the sales of J. C. Penney Co. during April totaled $17,596,845, compared with $15,475,133 in the same month last year, an increase of 13.71 percent. Sales for the first 4 months were $58,073,173, compared with $56,141,346 in the same period in 1934, an increase of 3.44 percent. Sales of Lerner Stores Corporation in April amounted to $2,902,327, compared with $2,225,702 in the same month last year.

Back to the Chicago Board of Trade and grain markets we find that the renewal of inflation talk, coupled with reported moves toward possible overriding of a Presidential veto of the Patman bonus bill, accompanied higher grain prices today. It was asserted that submitting the bonus bill to President Roosevelt would be delayed until friends of the measure had mustered full strength in the Senate and would be able perhaps to nullify an expressed intention on his part to exercise veto power. Another bullish factor was evidence of growing belief that there would be a notable shortage of domestic hard winter wheat production this season. Wheat closed firm, ½ to 1 cent above yesterday's finish, July 95½ to 95⅝; corn, ⅛ off to ⅜ up, July 81¾ to 87½; oats, ½ to ⅝ advance; and provisions unchanged to a rise of 7 cents. Corn and oats prices averaged higher, responsive to tightening up of premiums for Chicago May delivery of corn. Provisions reflected grain rallies, as well as strength shown by the cottonseed-oil market.

Is it not apparent to any sound-minded, clear-thinking man or woman that if these forecasts of so-called "inflation measures", if all that inflationary talk has such stimulating and buoyant effects upon selling markets of commodities, stocks, and securities, that the enactment into law of real inflationary legislation, such as the Patman bill, the Frazier-Lemke refinance bill, and others, would not have even more lasting and beneficial effects as to commodity prices? Is that not what we want? Is that not what we have been fighting for—to get back to the level of 1926, as we proposed to do under the Goldsborough amendment? Why, of course, it is. But, instead of letting this distinct trend for the better continue, we attempt to throttle and strangle it by enacting this legislation and by opposing the Patman bonus bill.

Is the banking system sound today? Only as the United States Government makes it sound. Had it not been for Government guaranty of deposits the banks would be the most unsound financial institutions in our midst today. If it is a sound credit system for the farmer it is because of the Government's activities to provide funds by separate lending agencies known as "the Farm Credit Administration." If the credit system today is sound for owners of homes, then it is only sound through Government activity in legislating and authorizing appropriations of nearly $5,000,000,000 to be loaned to distressed home owners under the provisions of the Home Owners' Loan Corporation—a Gov-

ernment institution created and owned by all the people instead of a few selfish, greedy bankers.

Why not go all the way? Why must the Government bear the load of refinancing homes and farms and then permit these pirates of high finance—namely, Federal Reserve bankers, to continue as overlords of the money and currency, to rob and plunder the taxpayers and to still enjoy the illegitimate privilege of issuing currency, regulating the value thereof, and charging interest for $500,000 when they actually own only $50,000 of currency. This bill does not stop these vicious and unforgivable practices; therefore, I cannot support the bill. I will support—today, tomorrow, or at any time in the future—a real, honest bill that proposes to nationalize the banks, take them all over, and destroy once and forever the throttling of the racketeering bankers.

Whenever I talk about inflation of the currency the bankers, the capitalists, the rich, and the near-rich commence to yell, "fiat money", greenback money, printing-press money. The money lenders who have the pawnshop complex have their intellectual facilities wholly concentrated on interest; naturally they, too, oppose inflation.

Inflation to the average banker is like a pound of putty in the stomach of a miserable dyspeptic. The vast numbers of people who can be affected favorably by currency inflation know that a piece of green paper money has the same purchasing power as that of a yellow bond with gold back of it. Theoretically the yellow paper may be worth more than the green paper, but in practice it does not work out that way. The green paper money of the United States Government is worth just as much and will buy just as much as the yellow bonds of the United States Government.

Since President Roosevelt so nobly and heroically took us off the gold standard, yellow bond paper covers no more ground today than green currency paper. Both are guaranteed by the Government and have the Government's promise to pay that makes them valuable. The property, the incomes, the earnings of all the people are back of United States currency whether it be yellow or green paper.

When we try to inflate or expand the currency the bankers and other calamity howlers hold up the so-called "terrible example" of Germany. Germany and other foreign nations inflated their currency because their resources and credit were exhausted. They wiped the slate clean, however, repudiating debts, and today are in an enviable position economically and financially speaking.

Call it "fiat money", "greenbackism", if you will. The indisputable fact remains, nevertheless, that all our currency, even though it be Federal Reserve bank notes, is not worth a damn without the guaranty and promise to pay of the Government of the United States. National-bank notes signed by John D. Rockefeller or Andy W. Mellon are not worth a cuss unless countersigned by the Government of the United States. The Government money is better money than that of all the millionaires of this country or of the world, because all the people of the United States and their holdings and their properties and their wealth stand squarely back of that Government money.

Proponents of this bill assert that the Federal Reserve System functioned well during the World War. Why not? The country was prosperous; commodity prices were high; the majority of our people had money; they had property; they had incomes. The depression, if not actually induced, was at least aggravated by the credit inflation. When commodity prices fell, farm values toppled; then the System was powerless to stop the flood of deflation and depression.

If we are to have a financial dictatorship, then let us at the same time take over the banks and make them function in the interest of all the people.

Proponents of this bill further state that the credit system is a "delicate system." That has not been my experience, I beg to observe. When the banks failed to function, instead of being delicate they were hard-boiled and foreclosed with ruthless abandon upon the debtor classes.

Others state that the banks are full of money; that they are bursting with money; that their walls are about to fall down because of too much money. If that be true, then why do they not lend that money to those who are in need of it? The fact is banks have outlived their day of usefulness unless guaranteed by the Government which they exploit. Members of the Banking and Currency Committee during this debate have stated that the banking system will never be strong and efficient with half the banks in and half the banks out in the depository-insurance feature. Yet in this very bill you permit nearly half of them to remain out of the Federal Reserve System, and you permit approximately 6,000 out of the 15,000 banks in operation to be owned by the Government. Then why not let the Government take them all over and receive the profits recorded instead of the private bankers?

I state without fear of successful contradiction that the system which we condemn stands indicted and convicted in the minds of men and women. Instead of driving the money changers from the temple, we actually intend to further protect them, when they should have been indicted on the following misdeeds:

First. They permitted war loans of billions of dollars, all for profit and gain for themselves.

Second. They caused the wrecking of thousands of small banks by loading these banks up with rotten securities and stocks.

Third. They steadfastly refused to supply the people with more and adequate currency to properly take care of their own currency needs.

Fourth. By expanding credit subject to their whims and desires they have taken billions of dollars of profits away from the people.

Fifth. By contracting credit once available to farmers, small business men, producers, and home owners, they have taken thousands of homes and farms by the uncalled-for and unjustified forced sales of these properties.

Sixth. They have exploited, plundered, and ruined hundreds of smaller banks.

Seventh. They have concentrated and centralized billions of dollars of ill-gotten wealth in the hands of the few by their promotion of trusts, monopolies, and mergers of big business.

Eighth. They promulgated, sponsored, and perpetuated a Government of the rich, for the rich, and by the rich.

Immediate expansion of the currency is necessary. All economists and even the thick-headed professors of the "brain trust" admit that most of our economic troubles are caused by what they call a "money famine."

How, then, can this money famine be dissolved except by the Government issuing more currency or the bankers issuing more currency? If we should give the national bankers the special privilege of issuing five billions in new currency instead of permitting Congress to go back to the Constitution and issue it in the name of the Federal Government, we would have no hue and cry against currency expansion.

We have to expand the currency. We must call in somé of those tax-exempt bonds and pay them off before they are repudiated. Instead of financing relief work with bond issues, which only relieves the bankers in the long run, we must do that with non-interest-bearing Treasury certificates.

With the supply of gold and silver bullion now in the vaults of the Treasury Department we could justify an additional issue of $20,000,000,000 in currency and put it in circulation.

Let us judge the merits of inflation by the process of elimination. Whom will it hurt? Will it hurt the farmer, who is down and out and has lost nearly $40,000,000,000 in the diminished value of his properties?

Will new currency hurt the soldier, who now, in most cases, is without property, without income, and without a job?

It cannot hurt him, but, on the other hand, if we pass the Patman adjusted-compensation measure its benefits will be observed not only in the ex-soldiers' own homes but in every avenue of trade and in every line of commerce that comes in contact with the World War veteran—the butcher, the baker, and the candlestick maker.

The third distressed class is the wage earners who are receiving barely enough to eke out existences. Inflation cannot hurt them. They have everything to gain and nothing to lose by it.

The small business man and the independent producer constitute the fourth class of people who are in distress. Will inflation hurt them? No. On the other hand, it will assist them in every way possible.

It will mean that the independent factories which are now flat on their backs because of the lack of financing can open up once more and put millions of our idle to work. These industries cannot now borrow money from the bankers. They cannot borrow money from the Government agencies, as was so amply demonstrated when we reauthorized the Reconstruction Finance Corporation to continue in existence.

Under the National Bank Act, and now under this act, Congress abrogates its constitutional powers to coin money and regulate its value. The amazing thing about it is that our Supreme Court has just said Congress cannot check its constitutional rights to another branch of the Government.

How, then, could the principle of the Congress giving its power to private bankers be sustained? The answer is that it cannot.

Under this special privilege national bankers, by a process thoroughly explained in the July 1934 issue of Plain Talk, make a profit of from 9,583 to 13,333 percent on their money. This profit comes out of the pockets of the American taxpayers.

This racket makes the activities of the Capones and Dillingers, and even of the Dawses and Insulls and Mitchells, pale into insignificance.

This banking bill, H. R. 7617, does not abolish nor eliminate the racket of the national bankers. If it in the slightest measure or manner corrected that iniquitous evil, then I would gladly support the bill; but the leopard does not change his spots, the skunk never loses his smell, so why dress up these bank racketeers in a new suit of clothes, wrap around them a protecting cloak of additional Government protection and security which means nothing more nor less than more exploitation and plundering of the people's earnings, their property, their homes, and their farms?

I for one propose to say and have it known by the whole world that my efforts are not directed to promoting the interests and aims of bankers, but to protect the welfare of the millions of common people who have suffered long and keenly by the milking and duping of the Federal Reserve Banking System and the vested interests which they serve. [Applause.]

[Here the gavel fell.]

Mr. WILLIAMS. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I do not expect to match either in eloquence or knowledge the gentleman who has just preceded me on this question.

Let us look at this thing in a sensible way. What does it mean? The adoption of this amendment would simply mean the destruction of the Federal Reserve System. There would not be any such thing as a national banking system at all if this amendment is adopted. There is not any question about that proposition. We have the proposal here that the Government purchase the stock of the member banks in the System. If that is done, it is the end of our banking system. We have not anything left. Where would the members be if you bought their stock? Where would you have any members in the Federal Reserve System if you bought the stock that is now owned by them? There is absolutely no machinery set up, and all you could do under the law would be to annul their charters and reorganize them.

Mr. Chairman, the argument has been made here that you cannot compel these member banks to sell their stock. You cannot do that. You cannot make them sell their stock because they have bought the stock and they have paid their money. There is not any doubt about that proposition; still it is proposed here to buy stock in the banks.

Not only that, but may I say, in my judgment, if that could be done, it is not a desirable thing to do. Of course, it cannot be done. There are those who believe that there is too much power placed in the Board under the additional powers given here. This amendment will put the Board not only in control of the monetary policy and the credit administration of this country—and I am in favor of that—but this amendment will, in addition to that, absolutely start them in the banking business for the Government of the United States. This is an entirely different proposition, and I think everybody recognizes that fact.

It is one thing for the Government to control the monetary system and the credit policy of the country and another thing entirely for the Government to go into the details of banking. If there is objection to this proposition on the ground that it places too much power in the Federal Reserve Board, where are we going to be if we buy out the Federal Reserve System and place the Board directly in charge, not only of the credit policy and expansion and contraction of the currency, as well as the credit policy of the country, but in the business of making loans to the various banks and individuals throughout the country? In that event we have absolutely abandoned the principle of keeping the Government out of business, and there is no more reason why the Government should be in the banking business than in the railroad business, in the manufacturing business, or in any other enterprise. [Applause.]

[Here the gavel fell.]

Mr. BROWN of Michigan. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I think the Members of the House ought to have some idea of the origin of the Federal Reserve System in considering this amendment. When the Federal Reserve System was established the law provided that its stock might be allotted to the Government of the United States. The idea of the Congress when this System was set up was that the national banks and such State banks as desired to join the System would provide a portion of the capital of the institution. It was also provided in the law that the Government itself might subscribe to the stock. The section of the law relative thereto is very brief. It is still the law of this land and has not been repealed. It reads as follows:

> Stock of a Federal Reserve bank allotted to the United States shall be held by the Secretary of the Treasury and disposed of for the benefit of the United States in such manner, at such time, and at such prices, not less than par, as the Secretary of the Treasury shall determine (sec. 284, title 12, U. S. C.).

There is nothing in the law at the present time, and I have examined it rather carefully, that would prevent an increase in the stock of Federal Reserve banks and the allotment of that increase to the Treasury of the United States today. There is nothing to prevent that at the present time.

The amendment offered by the gentleman from Texas [Mr. CROSS], as has been brought out by the gentleman from Texas [Mr. MCFARLANE] in connection with the questions he asked of the gentleman from Ohio [Mr. HOLLISTER], does not in any way compel the banks of the United States to sell their stock. If the United States Treasury or the Government, because the Treasury is the Government, desires to acquire stock in Federal Reserve banks they may do so by the process of adding to the total capital stock of those institutions by action of the Federal Reserve Board and then subscribing for the stock. If we adopt the Cross amendment we shall do nothing but authorize the Treasury to buy stock in the Federal Reserve banks.

They have this right now. They can under the law now acquire stock in the Federal Reserve banks. I do not believe it is necessary to adopt the Cross amendment in order to accomplish this result. I say it will be a futile and a useless thing.

Let me call your attention to the fact that there is nothing in the amendment which requires the banks to sell their stock, and if such a provision were in the Cross amendment, as the gentleman from Ohio [Mr. HOLLISTER], who is a thorough constitutional lawyer, has told you, it certainly would be unenforceable under the Constitution of the United States, because you cannot compel a private individual or a corporation to sell his stock or his property.

As the gentleman from Missouri [Mr. WILLIAMS] well said, if you want to abolish the Federal Reserve System as it

exists today, there is a way you can do it. Revoke the charters by law.

[Here the gavel fell.]

Mr. BROWN of Michigan. Mr. Chairman, I ask unanimous consent to proceed for 3 more minutes.

Mr. PATMAN. Mr. Chairman, reserving the right to object, and I shall not object, I hope the gentleman will answer one question. The gentleman, I believe, stated there is nothing to prevent the Government from acquiring member-bank stock at this time. The gentleman certainly does not refer to the $146,000,000 outstanding now.

Mr. BROWN of Michigan. They could not acquire that stock.

Mr. PATMAN. The gentleman is exactly right. This amendment applies to the $146,000,000 outstanding now, and this amendment would be required before the Government could acquire that stock.

Mr. BROWN of Michigan. Does the gentleman believe that under this amendment any bank in the country could be compelled to divest itself of its Federal Reserve stock?

Mr. PATMAN. Under this amendment, it could not, but this is a good, long step in the right direction.

Mr. FIESINGER. Mr. Chairman, reserving the right to object, may I ask the gentleman what will happen now if we vote on the Cross amendment? The Cross amendment includes the amendment submitted by the gentleman from Texas [Mr. PATMAN], which we have adopted.

Mr. BROWN of Michigan. Yes.

Mr. FIESINGER. How can we get a separate vote on the Patman amendment?

Mr. BROWN of Michigan. We have already taken a vote on the Patman amendment to the Cross amendment.

Mr. FIESINGER. If we vote down the Cross amendment now, that will also vote down the Patman amendment.

Mr. BROWN of Michigan. That is right; but if you want a vote on the Patman amendment, it could be obtained by reoffering it if the Cross amendment is rejected.

The CHAIRMAN. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. CRAWFORD. Mr. Chairman, will the gentleman yield?

Mr. BROWN of Michigan. I yield.

Mr. CRAWFORD. May I ask what return the member banks receive as owners of this stock?

Mr. BROWN of Michigan. I am pleased the gentleman has asked that question, and I think the committee ought to hear this. All that the member banks in the Federal Reserve System have ever received is 6 percent interest on their stock, and the amount of stock that any bank can hold in the Federal Reserve System is illustrated by the fact that a bank with $100,000 capital and surplus has $6,000 stock, in round figures, in the Federal Reserve System, which means a return to them of $360 per year.

Mr. PATMAN. Mr. Chairman, will the gentleman yield for a correction? As the gentleman knows, they only paid in half their capital stock, or $180 a year; therefore, they will get 6 percent on $3,000.

Mr. BROWN of Michigan. Yes; and they get 6 percent only on the one-half that they paid in, which in the case given is on $3,000 paid in.

Mr. FIESINGER. Does the gentleman agree with the gentleman from Texas [Mr. PATMAN] that the Patman amendment was in the original Federal Reserve Act?

Mr. BROWN of Michigan. No; not the Patman amendment. In the original Federal Reserve Act there was a provision which authorized the Government to purchase stock in the Federal Reserve banks. The Federal Reserve Board could allot such portion of the stock to them as they desired.

Mr. CRAWFORD. Mr. Chairman, will the gentleman yield?

Mr. BROWN of Michigan. I yield to the gentleman from Michigan.

Mr. CRAWFORD. What steps could we take to reduce the return on the stock which they now hold?

Mr. BROWN of Michigan. That could be done by statute law, reducing the amount from 6 percent to 4 percent or 3 percent, or any figure that may be provided by law.

Mr. CRAWFORD. If it were reduced to 3 or 4 percent, would not the banks very likely desire to sell the stock?

Mr. BROWN of Michigan. I do not think so, but possibly it could be done in that way.

I desire to say in line with the assertion made by the gentleman from New York [Mr. WADSWORTH], and also calling attention to the statement of the gentleman from Oregon [Mr. PIERCE] made last Saturday upon this floor, it is a fact that at the present time the bankers of the country have been tremendous losers and not gainers by the fact they have held bank stock during the past 5 years. It seems to me we are in a condition of mind at the present time where we think that these men have reaped an enormous profit from the people of the country, which is not the fact. Bank deposits were an excellent investment, but bank stock was generally a burden.

Mr. McFARLANE. Mr. Chairman, I move to strike out the last three words.

Mr. Chairman, I rise in favor of the Cross amendment as amended by the Patman amendment.

I believe this amendment goes a long way in the right direction in permitting the Government to properly control the credit of the Government of the United States, and it permits the Congress to carry into effect article I of section 8 of the Constitution, which directs the Congress to assume its constitutional duties and coin money and regulate its value.

The amendment does no more or less than this. This is a directory amendment. There is nothing mandatory about it. It simply authorizes the Federal Reserve to buy this $146,000,000 of outstanding stock that is now owned by the Federal Reserve member banks all over the Nation. Why should we not own this stock, so that we can properly control our monetary system as we should control it?

Under the original Federal Reserve Act the Government was authorized to purchase stock in these banks—and these banks have bought only one-half of the stock they were authorized to purchase. I believe it will work out for the best interests of all concerned to buy the stock from these bank members, so that they would then have no legitimate claim to the continued free use of the Government's credit and other supposed claims they are making to rights and privileges they are not entitled to have under the law. If they do not wish to sell, they need not.

Just remember this. I make this prediction, and it will not be long until it happens, just like it happened in the last Congress: There will be a bill brought into this Congress, with both Houses passing it, in which they are going to amend this law and slip a joker in giving at least all existing profits made out of the Federal Reserve System to the holders of the Federal Reserve bank stock. You will remember that we had just such an amendment put over on us in the last session of Congress when the committee put back in free conference an amendment the House struck out which required all excess earnings of the System to go into the Treasury of the United States.

So I say we ought not to tempt them to do that. We ought to take away from them as far as we can through legitimate means and pay them for the value of their stock. They do not have to sell their stock if they do not want to. Let us buy all we can of this stock. If the Government owns it, we will secure excess profits that really belong to the Government but which are now being withheld under the law just mentioned which amounts to now about $300,000,000.

Mr. PATMAN. One hundred and forty-seven million dollars, but they gave it back to the Federal Reserve banks' surplus in the law to encourage Federal Reserve banks to make direct loans to industry.

Mr. McFARLANE. The gentleman, I believe, has in mind the money contributed by this fund to the guaranty deposit insurance fund out of Federal Reserve earnings. We have taken a part of it. Now the balance of the profit made from the Federal Reserve System ought to go into the Treasury of the United States, and if we adopt this amend-

ment you are going a long step in the right direction, not only of placing the surplus of profit made from using the credit of the Government by this private corporation but we will be taking a proper step toward taking over the System so that we can properly manage it and properly control the credit of the Nation for the future. I hope the amendment of the gentleman from Texas, as amended by the amendment of Mr. PATMAN, will be adopted.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas [Mr. CROSS], as amended by the gentleman from Texas [Mr. PATMAN].

The question was taken; and on a division (demanded by Mr. STEAGALL) there were 61 ayes and 112 noes.

So the amendment was rejected.

Mr. BROWN of Michigan. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Page 88, commencing with line 18, strike out all through line 23, and insert in lieu thereof the following:

"SEC. 336. The additional liability imposed by section 4 of the act of March 4, 1933, as amended (D. C. Code, Supp. I, title 5, sec. 300a), upon the shareholders of savings banks, savings companies, and banking institutions, and the additional liability imposed by section 734 of the act of March 3, 1901 (D. C. Code, title 5, sec. 361)."

Mr. BROWN of Michigan. Mr. Chairman, the reference in section 336 of the act of the District of Columbia respecting the liability of stockholders in District banks is wrong. The amendment perfects section 336 and refers to the right statute. I have taken the matter up with the legislative counsel, and he has prepared the amendment to section 336 which I have offered.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Michigan.

The amendment was agreed to.

Mr. HANCOCK of North Carolina. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. HANCOCK of North Carolina: On page 90, in line 13, change the period to a comma and insert the following before the quotation marks: "That no part of the deposits of any bank, banking association, savings bank, or trust company which is not a member of the Federal Reserve System shall be or remain insured under section 12B after July 1, 1938."

Mr. CHRISTIANSON. Mr. Chairman, I make the point of order against the amendment.

The CHAIRMAN. The gentleman will state it.

Mr. CHRISTIANSON. It seems to me that this is a matter that has already been disposed of. It is not germane to this section.

Mr. HANCOCK of North Carolina. Mr. Chairman, I do not think there is any question at all about the germaneness of the amendment. The amendment contained in the bill relates to a class of deposits which are insured under section 12B of the Federal Reserve Act and contemplates the substitution of insured deposits for the security contemplated by the deposit of securities as previously required. The proposed amendment to the section also relates to deposits which are insured under section 12B of the Federal Reserve Act, and is therefore germane to the present bill. The proposed amendment is in effect a limitation upon the preceding provision contained in the bill, in that it provides that the deposits of a bank, banking association, savings bank, or trust company which is not a member of the Federal Reserve System shall not be or remain insured under section 12B after July 1, 1937, and therefore bonds will have to be pledged as security by such banks after that date if deposits of the class referred to are made. It might also be argued that the proposed amendment to section 338 would add additional security to the deposits of funds authorized through the maintenance of sound conditions in such insured member banks by the exercise of the supervisory power vested in the Federal Reserve System.

The CHAIRMAN. The Chair thinks the amendment is an additional limitation and is germane. The point of order is overruled.

Mr. HANCOCK of North Carolina. Mr. Chairman, ladies, and gentlemen of the Committee, this amendment speaks for itself. In my effort to secure unanimous consent for the consideration of an amendment to title I of the act, I undertook in a general way to explain the purpose of the amendment. If you adopt this amendment, on July 1, 1938, we will have in this country a unified system of banking. This amendment changes the existing law merely by extending the time within which nonmember State banks will come into the Federal Reserve System to July 1, 1938, instead of July 1, 1937. In my judgment this legislation, which we are certain to pass today, cannot hope to accomplish in the fullest measure the desirable objectives without a unified banking system. I shall try to avoid repetition in discussing the merits of this amendment. I want you to realize, however, that arguments which heretofore have been directed against a unified system by membership in the Federal Reserve System are no longer applicable. Until the Federal Reserve System could be reorganized and liberalized, I would not have been able to support enthusiastically the amendment which I am asking you to adopt. I do not deem it necessary to review the statistical record of banks during the past 15 years or to make comparisons between banks in the System and banks out of the System with respect to failures. A picture of the operations of the different types of banks is very effectively portrayed in the supplemental opinion of Mr. BROWN of Michigan as a part of the report filed by the House Committee on Banking and Currency. I cannot, however, refrain from emphasizing the importance of the adoption of this amendment, if we hope to accomplish by this legislation stable economic conditions throughout the Nation. I realize that there is serious objection to any program which looks to forcing small banks into a Federal system, and I want to go on record here and now that I would not advocate any plan which I did not conscientiously believe would be for the best interests of the small banks in the outlying districts, and particularly those banks which are really community service stations. I believe, however, that the time has come when we should consider the banking situation from a national standpoint rather than from a local viewpoint. Remember that this is the philosophy behind the heart of the bill which we are now considering. You should also bear in mind that without this viewpoint we could not justify setting up a permanent system of Federal deposit insurance which carries with it the right of the Corporation to make assessments against the entire deposit liabilities of all the banks within the system rather than against the insured liability.

I also fully realize that many big banks are not particularly enthusiastic about this proposal for the reason that it would tend to restrict their business by a removal of the deposits of the smaller banks from the larger correspondent banks to the Federal Reserve System. I am also fully conscious of the fact that many of the small banks are dependent upon their exchange fees for profits. I believe, however, that with the unified system the advantages which would accrue to the smaller banks would greatly offset the loss of this income. We should not forget that in time of stress and strain there is no source other than the Federal Reserve System to which the smaller banks can turn for real financial assistance. I trust you will give me your attention for just a few minutes in my effort to present as effectively as possible the reasons why I think it is desirable for all banks to belong to the Federal Reserve System.

Out of a total of about 16,000 active banks in the United States today, between 6,500 and 7,000 are members of the Federal Reserve System.

Mr. MAY. Mr. Chairman, will the gentleman yield?

Mr. HANCOCK of North Carolina. Yes.

Mr. MAY. Under the gentleman's amendment, every one of the other 9,000 banks, regardless of size, would be required to come into this system?

Mr. HANCOCK of North Carolina. That is correct.

Mr. MAY. Then what would happen to the small State banks that might not be able to qualify under the provisions of this bill relating to the guaranty of deposits?

Mr. HANCOCK of North Carolina. If they were able to qualify for continuing membership in the Federal Deposit Insurance Corporation, they would, on July 1, 1938, be eli-

gible for admission to the Federal Reserve System. Of course there is a provision in the bill which would permit the Federal Reserve authorities to require banks admitted to the System to improve their capital structure within a reasonable time. Such changes would depend upon the relation between unimpaired capital structure and the deposit liabilities of the bank.

Mr. MAY. But if they could not qualify under the Federal Deposit Insurance Corporation, they would go out of business?

Mr. HANCOCK of North Carolina. I expect they would have already gone out of business.

The CHAIRMAN. The time of the gentleman from North Carolina has expired.

Mr. BROWN of Michigan. Mr. Chairman, I ask unanimous consent that the gentleman be allowed to proceed for 5 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. JOHNSON of Texas. Will the gentleman yield?

Mr. HANCOCK of North Carolina. I yield.

Mr. JOHNSON of Texas. Can the gentleman state how many banks are now included in the Federal Deposit Insurance Corporation that are not members of the Federal Reserve?

Mr. HANCOCK of North Carolina. About 8,500. The exact number is available by reference to the able report of Mr. Crowley.

Mr. DONDERO. Will the gentleman yield?

Mr. HANCOCK of North Carolina. I yield.

Mr. DONDERO. And how many are outside the Federal Deposit Insurance?

Mr. HANCOCK of North Carolina. I think there are about 1,100 in all.

Mr. DONDERO. Outside the Deposit Insurance? State banks and other banks I refer to.

Mr. HANCOCK of North Carolina. There are about 1,100.

Mr. DONDERO. Only 1,100 in the country?

Mr. HANCOCK of North Carolina. Outside of the Federal Deposit Insurance Corporation; that is correct.

Mr. CRAWFORD. Will the gentleman yield?

Mr. HANCOCK of North Carolina. I yield.

Mr. CRAWFORD. If I understood the gentleman correctly, he said that all State banks would be eligible to membership in the Federal Reserve System. If they did not carry Federal deposit insurance the business would flow from them, would it not?

Mr. HANCOCK of North Carolina. I expect the tendency would be that way if they were not able to qualify for membership. That is really the way it should be——

Mr. CRAWFORD. Would they then, under any circumstances, with this amendment, be permitted to receive the benefits of the insurance unless they became members of the Federal Reserve System?

Mr. HANCOCK of North Carolina. No; they would not.

Mr. FITZPATRICK. Will the gentleman yield?

Mr. HANCOCK of North Carolina. I yield.

Mr. FITZPATRICK. I understood the gentleman to say there are about 700 banks now that do not come under the insurance system. Is that correct?

Mr. HANCOCK of North Carolina. No; I think there are about 1,100 banks that are not members of the Federal Deposit Insurance Corporation for one reason or another.

Mr. FITZPATRICK. There seems to be a feeling around here that if the gentleman's amendment is adopted there will be about 3,000 more banks eliminated. That seems to be the feeling among the members.

Mr. HANCOCK of North Carolina. I regret that an erroneous impression of that kind has gained ground in the House, because the provisions for admission to the Federal Reserve System are as liberal as they could possibly be made. Of course, if they are not in position to qualify for insurance, they could not expect to be admitted to the System. In this connection you should remember that membership in the F. D. I. C. under existing law depends only on solvency rather than soundness.

Mr. FITZPATRICK. All those that are in the System now could remain in, even if the gentleman's amendment is adopted?

Mr. HANCOCK of North Carolina. That is correct. They would be eligible for admission.

I wish to make this point: If we believe that the time has come in this country when we must have conscious control of the monetary powers vested in a governmental body, and if we believe that through the exercise of those powers we can accomplish the objectives set out so definitely and clearly in the mandate on page 51, it will be absolutely impossible for these powers to be exercised effectively when half of the banks are in the system and half are out. Banks are under our monetary system creators of credit. Remember that 90 percent of the money that we use in this country is check money.

Mr. CHRISTIANSON. Will the gentleman yield?

Mr. HANCOCK of North Carolina. I yield.

Mr. CHRISTIANSON. The purpose of the gentleman's amendment, then, is to put every bank in the United States, State as well as National, under the thumb of the Federal Reserve Board?

Mr. HANCOCK of North Carolina. Yes; for the purpose of helping the banks and protecting the depositors.

Mr. CHRISTIANSON. In other words, the gentleman would practically destroy whatever authority the State banking departments now have over State banks?

Mr. HANCOCK of North Carolina. By this amendment we would do away with 49 degrees of regulation that exist in this country, which has always produced competition in laxity rather than effective regulation and profitable community service.

The CHAIRMAN. The time of the gentleman from North Carolina has again expired.

Mr. SISSON. Mr. Chairman, I ask unanimous consent that the gentleman be allowed to proceed for 15 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. CHRISTIANSON. Will the gentleman yield further?

Mr. HANCOCK of North Carolina. I yield.

Mr. CHRISTIANSON. Does not the gentleman, sitting as he does on the Democratic side of the aisle, believe that we should retain at least some vestige of State rights in this country?

Mr. HANCOCK of North Carolina. I am a strong believer in private ownership and State rights, but it is my candid opinion that if the Federal Government is to extend its authority in any direction whatever in behalf of the protection of the people, it should be in the matter of proper regulation and supervision of our banking and monetary systems. [Applause.]

Mr. PEARSON. Will the gentleman yield?

Mr. HANCOCK of North Carolina. I yield.

Mr. PEARSON. Does the gentleman concede that the adoption of this amendment will mean the immediate closing and involuntary liquidation of some five or six thousand small State banks throughout this Nation?

Mr. HANCOCK of North Carolina. No such construction could possibly be fairly placed upon this amendment.

Mr. PEARSON. Would it not necessarily follow that on account of their inability to meet the restrictions placed upon them by the Federal Reserve System, they would be compelled to liquidate, and be unable to proceed further with the conduct of their business?

Mr. HANCOCK of North Carolina. That conclusion is perfectly incorrect.

Mr. PEARSON. Does the gentleman think that a small bank, with a small capital structure, which is having a struggle to exist even under present conditions, could comply with such restrictions as the Federal Reserve System might place upon it, and still be able to function?

Mr. HANCOCK of North Carolina. I think so. I want to call your attention to this fact: That when the banking crisis came in this country in 1933 all lines were wiped out so far as classes of banks were concerned, and the Federal Reserve System was opened up to every nonmember bank in the United States. These banks were permitted, notwithstanding the fact they were not members, to bring their sound assets to the regional Reserve banks and secure currency, and lest you forget from now on, Mr. Chairman, the only place a bank can get currency in times of distress and emergency in this country will be from the Federal Reserve System. To be a member of the System will inspire confidence and carry assurance of safety and protection to every depositor and borrower.

Mr. COLDEN. Mr. Chairman, will the gentleman yield?

Mr. HANCOCK of North Carolina. I yield.

Mr. COLDEN. Is not the gentleman's amendment very much in the interest of the depositors in the small banks?

Mr. HANCOCK of North Carolina. Yes; and I want to again emphasize that point, although I think perhaps the distinguished gentleman from Michigan [Mr. BROWN], a member of the committee, is better prepared to discuss it than I am; but if you will examine the record of bank failures throughout this country during the past 15 years, you will not hesitate to advise your little bank to come under the wing and protection of the Federal Reserve System as quickly as possible. I must again confess that up until the present time I could not see the real benefits of such requirements, but with the liberalized eligibility provisions of this bill, together with the fact that we are changing the entire monetary system, due to the radical changes in economic conditions, my viewpoint has altered, and personally I cannot understand why the small banks will not welcome the privilege of coming into the Federal Reserve System.

Mr. FIESINGER. Mr. Chairman, will the gentleman yield?

Mr. HANCOCK of North Carolina. I yield.

Mr. FIESINGER. I believe the chairman of the committee said that if this provision were put into effect by 1937, it would put out of business 2,100 banks. Under the gentleman's amendment the time is extended 1 year. Am I correct in my statement about the 2,100 banks?

Mr. HANCOCK of North Carolina. The chairman of our committee always is able to take care of himself and to speak his own opinions. He and I differ widely about this amendment. He has been, as the House knows, against this plan for a long time; all of us appreciate, too, that he is conscientious in his opposition. But in this respect I think that he is wrong and that I am right. I have a mind and he has one, too. As a member of the committee, I do my own thinking. I think the House knows this by now. May I now proceed without interruption to present my proposed argument in favor of the amendment? Reverting to my statement at the beginning, I am satisfied that this bill will not accomplish what we want and expect it to do unless you have a unified system of banks in this country.

The division of authority between the 48 States and the Federal Government over the chartering and supervision of banks has been a source of weakness in the banking structure. It has resulted in excessive ease in granting bank charters, has interfered with the effective supervision of banks, and has fostered unsound banking legislation. Moreover, the fact that so much banking power is represented by institutions which are not members of the Federal Reserve System is an important limiting factor upon the possibility of the Federal Reserve System's assuming responsibility for national monetary policies.

When the national banking system was established during the Civil War, its sponsors believed that by imposing a prohibitive tax on State bank-note issues these banks would be put out of business and a unified banking system under Federal jurisdiction would result. This expectation, however, was not realized, largely because the rapid development of deposit banking enabled State institutions to operate profitably without issuing notes. When the Federal Reserve System was established in 1914, it was hoped that unification of banking would be attained through its membership. All national banks were required to become members of the System and eligible State banks could become members if they wished.

Soon after its organization the Federal Reserve Board expressed the hope that a unified system of banking would develop through the Federal Reserve System, and stated that—

> There can be but one American credit system of Nation-wide extent, and it will fall short of satisfying the business judgment and expectation of the country and fail of attaining its full potentialities if it rests upon an incomplete foundation and leaves out of its membership any considerable part of the banking strength of the country.

The Board extended liberal terms of admission to State banks, but no more than a small fraction of them ever became members of the System.

Before the beginning of this century it had become evident that State banks had many competitive advantages over national banks, notably in the matter of lower minimum capital and other requirements for receiving charters and in more extensive powers and privileges. The granting of similar powers and privileges to national banks tended to remove some of the restrictions previously imposed by the National Bank Act. Thus it was that about the beginning of the present century, or somewhat earlier, there began between the national and the several State systems a form of rivalry which has been described as a competition in laxity. To meet State bank competition the minimum capital requirements for national banks were reduced in 1900, and many other examples of liberalization in the National Bank Act since that time were the direct expressions of a desire to make national-bank charters attractive as compared with State charters.

Bank officials and directors are likely to resent criticism, and the ease with which they may escape existing supervision by changing from one system to another greatly reduces the effectiveness of examining authorities. Effective supervision has been handicapped largely by two factors. In the first place, supervisory authorities, whether national or State, have not been granted adequate powers; and in the second place, they have been unable to make full and effective use of such powers as have been given them. To what extent the failure of legislative bodies to grant adequate powers is due to the dual system is difficult to determine, but the inability of supervisors to make full and effective use of such powers as they have arises out of the fact that banks are able to avoid the supervision of one system by leaving it and entering the other.

Banks which do not belong to the Federal Reserve System and contribute nothing to its support nevertheless are strengthened by the stability which the System gives to the banking structure. During the recent banking crisis when the banks were subjected to the strain of wholesale withdrawals and liquidation, all classes of banks turned for assistance to the Federal Government. Measures taken by the Government to cope with the crisis cut across the lines of distinction between national and State banks and between members and nonmembers of the Federal Reserve System. Distinction between the various classes of banks was of little importance when public confidence was undermined by disclosure of serious weakness anywhere within the System. As a consequence the essential unity of the commercial banking structure has been increasingly recognized, and the movement for overcoming the difficulties arising out of dual control has gained momentum.

The broadening of membership in the Federal Reserve System would be advantageous to the banks and would enable the System to function more effectively. In the past nonmember banks have benefited indirectly from the operations of the System through their contacts with member correspondent banks. Correspondent relationship is not, however, an adequate substitute for membership in the System. It does not give to the nonmember banks the same assurance of credit and currency accommodations in time of need as would actual membership or make available to them direct access to the other services through which the System facilitates the operations of member banks. It does not place the

Federal Reserve banks in direct contact with nonmember banks, which are a source of demand for credit and currency accommodation, or afford them an opportunity to examine or supervise such banks, notwithstanding the fact that the condition and operation of these banks affect the strength of the banking system as a whole.

Members of the Federal Reserve System must conform to rules and regulations which make for sound banking, while nonmembers are subject to different regulations of a varying degree of soundness or laxity; yet these nonmembers, without making contribution to the support of the System, benefit from the stability afforded by it. If all banks were required to be members of the Federal Reserve System, standards of banking conduct could be established to place banking in this country on a much higher plane than it has ever attained. Competition between the two banking systems, resulting in an overbanked condition and lax standards, has materially hampered the effective functioning of Federal instrumentalities; that is, the national banking system and the Federal Reserve System. This has been in some measure responsible for the development of unsound banking practices, the ineffectiveness of supervision, and the serious banking difficulties during the past decade.

BUSINESS FLUCTUATIONS AND CREDIT ADMINISTRATION

At the suggestion of the Governor of the Federal Reserve Board the Committee on Banking and Currency of the House of Representatives would impose upon the Federal Reserve System, as provided in section 11 as amended, a responsibility:

To exercise such powers as it possesses in such manner as to promote conditions conducive to business stability and to mitigate by its influence unstabilizing 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 report of the Committee on Banking and Currency on this bill states in this connection:

In view of the added powers proposed to be conferred on the Federal Reserve Board, and to insure that these powers will be exercised in the public interest, it is desirable for Congress to lay down as definite instructions as are practicable. The present objective, the accommodation of commerce, industry, and agriculture, is inadequate as an expression of the will of Congress. It is felt that what the people really expect of monetary management is that it should be directed toward promoting business stability.

This objective is unequivocally specific and definite as to aims and yet leaves to the Federal Reserve Board discretion as to the choice of means. It would furnish a criterion by which the public and its Representatives in Congress could assess the merits of monetary policy. It would provide an added assurance that monetary control would be exercised in the interest of the Nation as a whole.

In order to work toward the objectives described in this language, the Federal Reserve System will be expected consciously to attempt to influence not only the quality of bank credit but its quantity as well. With a large number of banks of deposit outside the System and its control, its effectiveness in this connection will be limited. For example, at the beginning of this year banks which were not members of the Federal Reserve System, including mutual savings banks, had aggregate deposits of about $16,000,000,000, a figure almost half as large as the deposits controlled at that time by members of the Federal Reserve System. It is apparent from these figures to what extent it would be possible to have an extensive increase in bank credit over which the Federal Reserve System would have no control. Such an increase might result at one time or another in serious instability.

If the Federal Reserve System is to be charged with taking action in the monetary and credit fields looking to mitigation of unstabilizing fluctuations, every effort should be made to bring all banks of deposit in this country under its jurisdiction. It would be unfair to the Federal Reserve System and dangerous for the country to increase the powers of the System, to impose upon it additional responsibilities, and yet to continue our haphazard, conflicting, and unwieldy plan of having banks under 49 different jurisdictions which have the power to influence the volume of money available to transact the Nation's business. [Applause.]

Mr. WOLCOTT. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, the gentleman from North Carolina in presenting his amendment with his usual clarity has created the impression that all requirements for membership in the Federal Reserve System are waived in order to allow all State nonmember banks to come in. This is true with certain restrictions and within certain limitations. Section 202 of the bill, appearing at page 47, provides that—

Upon application to the Federal Reserve Board by any nonmember bank which at the time of such application has been admitted to the benefits of insurance by the Federal Deposit Insurance Corporation under section 12B of this act, the Federal Reserve Board, in its discretion, in order to facilitate the admission of such bank to membership in the Federal Reserve System, may waive in whole or in part the requirements of this section relating to the admission of such bank to membership: *Provided*, That if such bank is admitted with a capital less than that required for the organization of a national bank in the same place and its capital and surplus are not, in the judgment of the Federal Reserve Board, adequate in relation to its liabilities to depositors and other creditors, the Federal Reserve Board may, in its discretion, require such bank to increase its capital and surplus to such amount as the Board may deem necessary within such period prescribed by the Board as in its judgment shall be reasonable in view of all the circumstances: *Provided, however*, That no such bank shall be required to increase its capital to an amount in excess of that required for the organization of a national bank in the same place.

Thus, the Federal Reserve Board, if this amendment is adopted, is given jurisdiction of every State nonmember bank in every four corners of this country, and a situation is created whereby the Federal Reserve Board can compel any State nonmember bank to increase its capital as it, the Federal Reserve Board, within its discretion, may deem necessary.

Those of us who represent communities where there are a few small State banks, which are not members of the Federal Reserve System, realize what yeoman service these little banks are doing in these communities. They have not the perspective of Wall Street; they have not the objectives of the banks in the big urban communities; they serve that little community and they grow with that community, and the community grows with the banks. They are there for a specific purpose, to give credit to that little community; and their sphere of activity is restricted to the limits of the community; they have no relationship whatsoever with Wall Street, Detroit, Chicago, or any other big city. They are doing a strictly local banking business, and the Federal Reserve Board has no more right to come in there and establish for them their policy than it has to establish the policy to be followed by some merchant trying to do a little business in the community.

Mr. KNUTSON. Mr. Chairman, will the gentleman yield?

Mr. WOLCOTT. I yield.

Mr. KNUTSON. I have received several communications from small bankers expressing apprehension that if something along the line of the amendment proposed by the gentleman from North Carolina is inserted in this bill it will put the little banks of the country out of business. Is that right?

Mr. WOLCOTT. The Federal Reserve Board will have the authority to put that bank out of business by establishing an arbitrary and unwarranted capital requirement up to which that bank must build.

[Here the gavel fell.]

Mr. WOLCOTT. Mr. Chairman, I ask unanimous consent to proceed for 5 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. SISSON. Mr. Chairman, will the gentleman yield?

Mr. WOLCOTT. I yield.

Mr. SISSON. In this connection, I ask the gentleman if it is not his construction of the legislation, that is, the present legislation and the legislation proposed by the amendment of the gentleman from North Carolina [Mr.

HANCOCK], that if a bank can qualify to become or remain a member of the Federal Deposit Insurance Corporation and have for its depositors the benefit of the Federal insurance of deposit, that automatically it will become eligible to be a member of the Federal Reserve System?

Mr. WOLCOTT. Not necessarily, because the Federal Deposit Insurance Corporation and the Federal Reserve System should be as completely divorced as are the Treasury of the United States and the treasury of the city of Port Huron, Mich.

Mr. SISSON. Should be, but are not under present law.

Mr. WOLCOTT. Mr. Chairman, I cannot yield further.

The Federal Deposit Insurance Corporation to me is so much bigger and more important than the Federal Reserve System and I am so concerned that it operate successfully that I do not want to see the Federal Deposit Insurance Corporation used as a club to force these banks into the Federal Reserve System.

What we are creating here is just that situation whereby you force all of the State banks to come into the Federal Deposit Insurance Corporation. They are forced in because of public sentiment, and you gentlemen are taking advantage of the public sentiment behind the Federal Deposit Insurance Corporation to compel these small banks to come into the Federal Reserve System. I repeat that there is no more comity of interest between the Federal Reserve System and the small banks in my district in Michigan than there is between the Treasury of the United States and the treasury of my home city. I hope the House in its wisdom will not force these small banks into a situation where they may be forced out of existence by being compelled to increase their capital to the extent that the bank will cease to become the agency by which our small merchants and our farmers get the necessary credit to carry on business in those communities.

Mr. MAY. Will the gentleman yield?

Mr. WOLCOTT. I yield to the gentleman from Kentucky.

Mr. MAY. As a matter of fact, the Federal Reserve System will have power not only to say what amount of capital they shall have, but they can make other rules and regulations?

Mr. WOLCOTT. My fear, as expressed the other day, is if we force a situation whereby all of these banks come under the jurisdiction of the Federal Reserve Board, it will not be more than 2 years before the Federal Reserve Board at Washington, under political control, will be establishing the loan policies of every bank in the United States, and I think I am justified in saying in that connection that the President of the United States will be dictating that policy. So far as I am concerned, I shall never vote to uphold a situation whereby Wall Street, Washington, or any other banking center is going to tell the small independent banks in what manner and to whom they shall lend money and extend credit, to the prejudice of the farmers and the small industries in my district.

[Here the gavel fell.]

Mr. DIRKSEN. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, there are approximately 8,800 State banks in the United States. Just fasten that number in mind. Of that number 7,700 are now insured, which means that of the 8,800 State banks in the United States there are only 1,100 that are not now carrying insurance. There are only 980 State banks out of the 8,800 that are members of the Federal Reserve bank. You may wonder why only such a small percentage has joined the Federal Reserve System. The reason is that the Federal Reserve has never wanted them to join and has not invited them particularly to join. Here comes an amendment which, through indirection, seeks to force them into the Federal Reserve System.

Mr. SISSON. Will the gentleman yield?

Mr. DIRKSEN. I yield to the gentleman from New York.

Mr. SISSON. I know the gentleman does not want to mislead the House, but does not the gentleman know that under existing law they must eventually become members of the Federal Reserve System in order to participate in the benefits of the Federal deposit insurance?

Mr. DIRKSEN. I appreciate that; but the fact is we struck that provision out of the bill in committee, and this is merely an attempt to reinsert it in the bill at this time.

Mr. SISSON. We struck it out of the bill in committee against the recommendation of every monetary authority and against the advice coming from every Government and every administrative representative. We struck it from the present law, so the gentleman should not speak of it as a change in existing law. Does not the gentleman concede also that the nonmember State banks will never come into the Federal Reserve System if they can get all of the benefits of the Federal deposit insurance without coming in, in order to have strength in the structure and afford that protection to their depositors?

Mr. DIRKSEN. I may say to the gentleman from New York that there has never been any occasion for the little banks to come into the Federal Reserve System. The fact of the matter is that 43 percent of all the little State banks, somewhere around four or five thousand, are situated in towns of less than 1,000 population. They are scattered all through the Western and Southern States. There has never been anything more than an academic contention here on the floor as to why these little banks should join the Federal Reserve System. I think the gentleman from New York [Mr. SISSON] will agree that in the present bill we provide that the Federal Deposit Insurance Corporation may terminate the insurance of an unsound bank.

Mr. SISSON. Does not the gentleman think the Federal Deposit Insurance Corporation ought to have that power?

Mr. DIRKSEN. Why, certainly. I am only elaborating upon the powers we have conferred on the Federal Deposit Insurance Corporation for the purpose of protecting the depositors and the soundness of these various banks participating in the insurance.

Secondly, the Federal Deposit Insurance Corporation can regulate the interest payments, insofar as nonmembers are concerned, on time deposits precisely as the Federal Reserve does it, insofar as the member banks are concerned.

Next, the Federal Deposit Insurance Corporation can require burglary and fidelity insurance, so that there will be no difficulty attending a bank in case there is a hold-up of some kind.

Fourth. The Federal Deposit Insurance Corporation must give approval for any kind of a merger or consolidation or for a reduction in the capital of one of these State banks.

Here are 7,700 banks that have insurance at the present time, and they have qualified under all the provisions of the law.

[Here the gavel fell.]

Mr. DIRKSEN. Mr. Chairman, I ask unanimous consent to proceed for 3 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. HANCOCK of North Carolina. Will the gentleman yield?

Mr. DIRKSEN. I yield to the gentleman from North Carolina.

Mr. HANCOCK of North Carolina. I am very much interested in the argument which the gentleman is making. I know he is sincere in making the argument, but he has referred to small banks all over the country, and I would like to know whether the gentleman would be willing to support an amendment which would tend to bring into the System all nonmember banks with deposits of $500,000 or more?

Mr. DIRKSEN. I may say to the gentleman that that matter is not pending now. We are discussing the pending amendment, and I would rather not be led astray.

Let me continue for just a moment. The Federal Deposit Insurance Corporation can require reports of conditions from all these State banks. So there is not a thing left undone in this law to insure the solvency and the soundness

of every bank that participates in insurance. There is careful scrutiny at all times, and yet, under this amendment, you are going to say arbitrarily that on the first of July 1938 this insurance shall be taken away unless they join the Federal Reserve, irrespective of whether they have any use for the Federal Reserve or not. How much use does a little bank in a town of 600 or 1,000 people have for the rediscount facilities of the Federal Reserve System? Very little, if any, and yet they will have to subscribe for 6 percent of their capital stock and surplus and pay half cash, although they have no use for it whatsoever, because they are amply protected under this law.

It has been said that the record of failures so far as State banks are concerned is a bad one. Let us look at the capital investment of the Reconstruction Finance Corporation in all banks at the present time. The R. F. C. has a capital investment in 5,412 banks right now and this capital investment amounts to $810,000,000. How is this classified? First of all, 1,759 national banks, 296 State member banks and 3,357 nonmember banks. How much does the R. F. C. have invested in these respective banks?

[Here the gavel fell.]

Mr. DIRKSEN. Mr. Chairman, I ask unanimous consent to proceed for 2 more minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. DIRKSEN. Of the 1,759 national banks, the R. F. C. has a capital investment of $440,000,000 and the average is $250,000 for the national banks.

Of the 296 State member banks, it has $175,000,000 invested, or approximately $580,000 per bank.

In the 3,357 nonmember State banks, the R. F. C. capital investment, right now, is $204,000,000, or an average of only $61,000 as against $250,000 for the national banks and $580,000 for the State member banks.

This indicates pretty well what kind of banks have to have the most capital help from the Reconstruction Finance Corporation, and the figures that have been adduced heretofore to show how bad was the State banking structure, I think, are fully dissipated by the figures of the R. F. C., and the thing for this committee to remember is that if this amendment passes you arbitrarily cover over 7,000 State banks into the Federal Reserve System and if they do not come in you say to them, "We are sorry, but on the first of July 1938 your insurance will be automatically terminated."

[Here the gavel fell.]

Mr. SISSON. Mr. Chairman, I move to strike out the last five words.

Mr. BROWN of Michigan. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. BROWN of Michigan. Do I understand that debate has been limited?

The CHAIRMAN. Debate is always limited in Committee of the Whole to 5 minutes on the side on each amendment, and there has been 30 minutes' debate on this amendment.

Mr. SISSON. Mr. Chairman, I hope before the members of the Committee decide this important question they will at least read the supplemental report of the gentleman from Michigan [Mr. BROWN], which is attached to the committee report and which contains, I believe, an unanswerable argument in support of what is substantially the present law and in support of the Hancock amendment. The report contains the figures which are indisputable of the banking history of this country for the period of 1921 to 1933 before we had Federal deposit insurance.

This shows the enormously greater losses to the depositors of America who had their deposits in nonmember State banks than those who had their deposits in either national banks or member State banks.

I am in entire sympathy with the argument of men like my friend the gentleman from Minnesota [Mr. CHRISTIANSON] and others who have spoken about wanting to take care of the small State banks and not lose to the business life of these little communities their present banking facilities, and the Hancock amendment is not going to cause them to close up at all. Such a statement is entirely misleading and without foundation.

What is the present legislative status? Under existing law these banks, as a part of the consideration for having their deposits insured up to the extent of $5,000 per deposit through the Federal Deposit Insurance Corporation, must, by the 1st of July 1937, come into the Federal Reserve System. In addition to this, the present law, together with the Hancock amendment, brings it about that if they are qualified to remain in the Federal Deposit Insurance Corporation and have this benefit, they are automatically qualified to come into the Federal Reserve System.

This is the whole purpose, and the committee ought to come out frankly and tell the House the history of it and not mislead the House by statements such as have been made, I am sorry to say, by my friend from Illinois [Mr. DIRKSEN], because it does not mean that these seven-thousand-and-odd nonmember State banks are going to be put out of business. If they are qualified to remain in the Federal Deposit Insurance Corporation, then they automatically are made eligible to go into the Federal Reserve System. And, if they are not qualified to remain in the Federal Deposit Insurance Corporation, do you think they ought to continue? If they are qualified, they automatically become qualified to go into the Federal Reserve System, and all we are asking is that they shall come in and strengthen the whole banking structure and protect depositors all over the country. This is what I am arguing for. [Applause.]

Mr. STEAGALL. Mr. Chairman, the House will remember the circumstances under which the law establishing the Federal Deposit Insurance Corporation was enacted. On two separate occasions this House expressed itself against the proposal that would require nonmember banks to become members of the Federal Reserve System in order to join the Federal Deposit Insurance Corporation. A compromise was worked out in conference because of the practical situation that had to be met if the Federal Deposit Insurance Corporation Act was to be adopted.

Now, what is the situation? We have 960 banks joining the Federal Reserve System voluntarily. They are State banks that came in of their own motion.

That is the number that joined the Federal Reserve System in 20 years.

The Federal Deposit Insurance Corporation, just as did the Federal Reserve Act, automatically covered into its benefits every national bank and every State member bank; 7,638 State nonmember banks have voluntarily joined the Federal Deposit Insurance Corporation in less than 1½ years.

It is a sad commentary that the Federal Reserve System, after failing for 20 years to induce State banks to join the System, unable to persuade nonmember banks to enter the System for business reasons, are now seeking to drive them in. [Applause.] It means no more nor less than that. You who are informed of this situation know not only that the Federal Reserve officials want to enlarge the System and get control of the entire banking structure of the Nation, but that they do not believe there is any justification for many of the small community banks.

It is also well known, deep down in their hearts they feel that many State banks should be destroyed, and that is exactly what is involved in the proposal to drive them into the Federal Reserve System. They do not wish to join the System because the connection is not desirable. They would be denied compensation for services rendered in remitting checks, and subjected to other requirements and regulations obnoxious to them. It would curtail their earnings, and no bank can operate safely that cannot make profits. The Deposit Insurance Act provides that nonmember banks shall be permitted to participate in the benefits of the Federal Deposit Insurance Corporation upon terms of equality with member banks and without regard to capital. Any bank with capital of $25,000 is eligible to membership in the Federal Reserve System if its deposits are insured. The bill before the House proposes to liberalize the requirements for membership as to nonmember banks. But there is a provision

that would authorize the Federal Reserve Board to raise the capital requirements above those prescribed in the Banking Act of 1933. These requirements would exclude many nonmember banks.

The Chairman of the Board of the Federal Insurance Corporation, in a statement 1 week ago, said that 2,314 State banks in the United States were unequipped to meet the technical requirements for membership in the Federal Reserve System. This proposal would destroy those banks. These banks could not live without deposit insurance, and if this number had to close, it would inevitably result in closing hundreds of others. These community banks, built up out of community spirit and community pride, for the advancement of community life are the foundation of the Nation's progress and development. They have weathered the storms of these distressing years and are still serving their communities. Many were destroyed by the collapse of the big banks in 1933, but nearly 9,000 are still carrying on. They constitute the mud sill of the Nation's banking structure. Mr. Chairman, this proposal is an effort to standardize our economic life, to centralize all power and all authority over these institutions. It is not necessary to do this in order to effectuate any policy adopted by the Federal Reserve Board. These banks have only 15 percent of the bank deposits of the country. Fifteen hundred of these banks have only $100,000,000 of deposits. Most of them do not deal in securities that are handled in open-market operations. This proposal is a cruel, destructive, indefensible thing. It ought not to be done. [Applause.]

Mr. BROWN of Michigan. Mr. Chairman, I move to strike out the last six words. I hesitate very much to cross swords with the eloquent chairman of our committee. So far, upon the main provisions of this bill, I have been in agreement with him and in agreement with the majority of the committee; but I have a very pronounced and deep conviction upon this subject of unified banking in the United States. I think there is something inconsistent in the position of the majority of my committee. The entire purpose of this bill is to establish a unified national banking system, to establish a Government policy in regard to money and banking. It cannot be accomplished under 49 banking systems. By the action of the committee in striking this provision from the original Steagall bill, introduced by the chairman of this committee, our committee no longer followed the administration. Their action tends to break down the banking system proposed by Governor Eccles, Comptroller O'Connor, and I believe I have the right to say the Chairman of the Federal Deposit Insurance Corporation, Mr. Crowley.

The adoption of this measure, as amended in committee, will tend to drive many banks out of the national banking system and out of the Federal Reserve System. This is directly contrary to the purpose of the bill as first introduced—H. R. 5357. Changes in committee, certainly not in line with the desire of the administration, if the original bill expressed that desire, were made. No one ventured to assert in committee that the changes made, which I will discuss, were desired by the President, the Comptroller, or the Federal Deposit Insurance Corporation, or the Federal Reserve Board, but many times the committee was informed that the bill as introduced—H. R. 5357—had the approval of the various agencies affected.

A fairly well unified banking system could be brought about by legislation which would encourage the chartering and extension of national banks and inclusion of State banks in the Federal Reserve System. This bill, together with the existing law unaffected by it, will discourage national banking. It will break down and reverse the policy of our last two banking bills which encouraged a unified, democratic form of banking where each bank was independent in the matter of local credit and at the same time was able to call on the system for aid in extending credit and for aid in time of financial stress.

Under existing law the nonmember banks of the country were admitted as insured banks in the Federal Deposit Insurance Corporation with the understanding that in 1937 such insured banks would have to join the Federal Reserve System or terminate their membership in the Federal Deposit Insurance Corporation. Under this bill the committee definitely abandons this policy and permits for all time nonmember banks to participate in the Federal Deposit Insurance Corporation without membership in the Federal Reserve System. Every act of Congress heretofore passed relating to this subject has announced the policy that insured banks must become members of the Federal Reserve System. In my judgment, if this provision is repealed as is contemplated in H. R. 7617, the pending bill, a unified system of banking with individual autonomy and control of the separate banks is gone.

Mr. O'CONNOR. Mr. Chairman, will the gentleman yield?

Mr. BROWN of Michigan. Yes.

Mr. O'CONNOR. As I understand it, the amendment offered by the gentleman from North Carolina [Mr. HANCOCK] was in the original bill, was intended to be left in there, and is a part of the program, probably as vital a part as any other part of the program from the administration's standpoint.

Mr. BROWN of Michigan. The gentleman is absolutely correct.

Mr. GOLDSBOROUGH. But is it not a fact that the chairman of the Board of the Corporation testified before the Senate committee about a week ago that he was not in favor of the Hancock amendment, and that the effect of it would be to close about 2,300 State banks in the country.

Mr. BROWN of Michigan. I do not know whether it is a fact or not. I have not read the hearings in the Senate, but if my friend says so, it must be so.

Mr. GOLDSBOROUGH. I say to my friend that it is a fact.

Mr. BROWN of Michigan. I know that the first Steagall bill came from a committee of the three departments of the Government, the Federal Deposit Insurance Corporation, the Treasury Department, and the Federal Reserve Board, and the bill was the united work of those three departments of the Government, and it contained the provision now offered by Mr. HANCOCK of North Carolina.

Mr. SISSON. And is it not a fact that Mr. Crowley, the Chairman of the Board of the Federal Deposit Insurance Corporation, testified at length before this committee, the House Banking and Currency Committee, and recommended that the provisions of the existing law remain?

Mr. BROWN of Michigan. The Chairman of the Federal Deposit Insurance Corporation recommended the passage of the original Steagall bill, which contains the amendment offered by the gentleman from North Carolina.

Mr. HANCOCK of North Carolina. And is it not a fact that if this amendment is adopted it will greatly strengthen the Federal Deposit Insurance Corporation?

Mr. BROWN of Michigan. It certainly will, in my estimation.

The CHAIRMAN. The time of the gentleman from Michigan has expired.

Mr. BROWN of Michigan. Mr. Chairman, I ask unanimous consent to proceed for 5 minutes more.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. GOLDSBOROUGH. Is it not a fact that Mr. Crowley, Chairman of this Board of the Federal Deposit Insurance Corporation, testified before our committee that he thought Congress had more sense than to force out of existence some 2,300 State banks?

Mr. BROWN of Michigan. The record will show what the testimony of Mr. Crowley is. I know that Mr. Crowley advocated the passage of the original bill, which contained the substance of the Hancock amendment.

Mr. MOTT. Mr. Chairman, will the gentleman yield?

Mr. BROWN of Michigan. Yes.

Mr. MOTT. As I get it here, the great issue seems to be whether a standing committee of the House had any moral right to change a bill coming in from the executive departments.

Mr. BROWN of Michigan. That may be so, but I am for the amendment, because it is right, and the administration is usually right. I call the attention of the House to the fact that we have not talked very much about the safety to depositors. If you have read the report filed by myself, you will find an amazing record in that respect. I am going to give you a very few of those figures.

Now, we are talking about the most vital thing there is in the banking business; that is, safety to depositors.

Mr. FITZPATRICK. Will the gentleman yield?

Mr. BROWN of Michigan. I yield.

Mr. FITZPATRICK. Will the gentleman give the total amount of money involved in that?

Mr. BROWN of Michigan. I am about to do so.

One cannot contemplate the record of the past without realizing that National and Federal control is highly desirable from the standpoint of the depositor, whose interest is paramount. Let us look at the record.

The record of national, State member, and nonmember banks from 1921 to 1932 shows the superior safety of national banks. Mutual savings banks are not included in these figures with nonmember banks, as they are of a different character. The figures are based on the 1933 report of the Federal Reserve Board.

In 1921 there were 8,150 national banks, with total deposits of $12,991,000,000. There were 1,595 member State banks, with deposits of $7,646,000,000. There were 20,181 nonmember banks, with deposits of $9,529,000,000. In 1932 open national banks had diminished in number from 8,150, 12 years before, to 6,080; the State member banks from 1,595 to 824; the nonmember banks from 20,181 to 11,296.

During the 12-year period just before the abnormal situation of 1933 the average annual number of national banks closing per year were 138, or 1.6 percent of the 1921 total; State member banks, 35 per year, or 2.2 percent; nonmember banks, 732 per year, or 3.6 percent.

In the matter of deposits, the 12-year period shows that the total deposits in national banks suspended was $1,187,000,000; in State member banks, $680,000,000; and in nonmember banks, $3,017,000,000.

When one stops to consider that the 1932 member banks' deposits were three and one-half times the nonmember deposits, and that the deposits in suspended nonmember banks for the 12 preceding years were practically twice the amount of deposits in suspended member banks, it is plain and apparent that a unified system is immensely superior in safety to depositors. The National and Federal Reserve Systems have proven their superiority in the commercial banking field. Figures for the period from 1933 to date are not available, but I am assured, on authority I consider reliable, that the record, when written, will fully sustain the conclusions here reached.

These figures demonstrate that a unified system such as we have should be continued, encouraged, and perfected. This bill will break it down. Give national banks the same rights and privileges State banks have and no more. Give the little bank the same right as you do the big bank, and extend insurance of deposits to all banks that will join the Federal Reserve System and you will assist in the general unification and strengthening of our banking structure.

If we take the record of the closed insured banks, we find experience pointing in the same direction. Up to the 2d of May this year we have had 16 failures of banks in the Federal Deposit Insurance System. Two of them were members of the Federal Reserve System and 14 were nonmembers. The two member banks had total deposits of $360,000. The 14 nonmember banks had deposits of over $3,000,000. Expressed in another way, aside from deposit insurance, if your money was in a member bank of the Federal Reserve System, your chance of getting it back was about as 300,000 to 1, but in a nonmember bank, based on the experience of the insured nonmember banks, your chances were about 1,500 to 1. In other words, your money was 200 times safer in the Federal Reserve System. Remember that this indicates the additional risk the Deposit Corporation undertakes when it insures nonmember banks based on the experience of the past 16 months, the only experience we have. The figures are based on the official reports of the F. D. I. C.

Mr. CHRISTIANSON. Does the gentleman believe that was due to the fact that they were nonmembers or that the nonmember banks were smaller banks in smaller communities and did not have as widely diversified portfolios and were not able to withstand the strain?

Mr. BROWN of Michigan. I believe it was due to the superior safety provided by the Federal Reserve System.

I am for the Hancock amendment because, first, it will assure greater safety; second, it will enable the people of the Nation to control its cash and credit money. These, I think, are the main purposes of the bill.

The CHAIRMAN. The time of the gentleman from Michigan has again expired.

The question is on the amendment offered by the gentleman from North Carolina [Mr. HANCOCK].

The amendment was rejected.

Mr. GOLDSBOROUGH. Mr. Chairman, I move to strike out the last five words.

Mr. Chairman, in a few minutes the Committee of the Whole House on the state of the Union will rise, and the gentleman from Ohio [Mr. HOLLISTER] will offer a motion to recommit the bill. He will then move the previous question on his motion. Those who are in favor of the Goldsborough amendment should vote against the previous question. If the previous question is defeated, I will then offer to amend the motion of the gentleman from Ohio to recommit, by striking it out and substituting the Goldsborough amendment. [Applause.]

Mr. O'CONNOR. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. HOLLISTER. Mr. Chairman, I ask recognition in opposition to the pro forma amendment. I am a member of the committee.

Mr. O'CONNOR. Very well, Mr. Chairman. I yield to the gentleman.

Mr. HOLLISTER. Mr. Chairman, I move to strike out the last six words.

Mr. Chairman, I am asking recognition for a few moments, inasmuch as the gentleman from Maryland has raised the question of the motion to recommit, to explain what the motion to recommit will be. I expect, if recognized by the Speaker, to offer a motion to recommit the bill to the Committee on Banking and Currency with instructions to return the same forthwith, striking out sections 201, 203, 205, and 209 of title II. Those are the four steps which build up additional power in the Executive; first, over the Federal Reserve Board, and through the Federal Reserve Board, over the operations of the Federal Reserve banks, over the activities of the Federal Reserve banks, and, with respect to some matters, over the member banks. Those are the mandatory provisions to which I have heretofore referred, as distinguished from the permissive provisions. Some of these permissive provisions are not correct, but they are at least purely permissive with respect to the banks, and are not mandatory, and I have, therefore, not included them in the motion to recommit.

I urge every Member who feels that there should not be an extension of power over the operation of the Federal Reserve banks and of the member banks, in any body which may be politically controlled, irrespective of any administration which may be in power, to join in supporting the motion to recommit.

Mr. HANCOCK of North Carolina. Mr. Chairman, will the gentleman yield for a question?

Mr. HOLLISTER. I yield.

Mr. HANCOCK of North Carolina. The four sections to which the gentleman refers constitute the heart of title II, do they not?

Mr. HOLLISTER. These four sections constitute the extension of administration power over the Federal Reserve System of the country.

Mr. FULLER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. FULLER: On page 91, after line 25, insert the following as a new section:

"SEC. 341. That no postal-savings depository located in a city, town, or village in which is located a banking institution which is not closed or in process of liquidation if such banking institution is a member bank of the Federal Reserve System or if its deposits are insured by the Federal Deposit Insurance Corporation shall, under the provisions of the act entitled "An act to establish postal-savings depositories for depositing savings at interest with the security of the Government for repayment thereof, and for other purposes", approved June 25, 1910, as amended and supplemented (U. S. C., title 39, ch. 20), (a) permit a new postal-savings account to be opened, (b) accept any deposit from any person having a postal-savings account (but interest may be allowed and credited on any such deposit), (c) accept any postal-savings stamps for the purpose of making a postal-savings deposit, or (d) sell any postal-savings stamps."

Mr. FULLER. Mr. Chairman, I have given some little thought to the preparation of this amendment and have consulted the legal staff of the House, which approved the language. All that is sought by this amendment is to provide that in those communities where there is a bank which is a member of the Federal Deposit Insurance Corporation, that the Post Office Department cannot accept postal savings.

The CHAIRMAN. The question is on the amendment of the gentleman from Arkansas.

The amendment was rejected.

Mr. RANKIN. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I have moved to strike out the last word in order to answer the "lecture" of the gentleman from New York [Mr. O'CONNOR], on the right of the Membership of this House to vote on the motion to amend the motion to recommit.

I do not presume to be any bigger than any other Member of this House, but I contend that every Member has rights and responsibilities here and that no Member needs to be dictated to by any man who assumes that duty on this floor. I drop this mild hint at this point of the argument.

On the motion to recommit we have the right to vote down the previous question. Then we have the right to vote to amend the motion to recommit, and any argument to the effect that we are taking away anybody's rights is nonsense. Under the rules of the House any member of the committee handling the bill who is opposed to the measure, whether he be on the minority side or on the majority side, has the right to make a simple motion to recommit, and that will take precedence over all other motions to recommit. The only recourse the Membership of the House then has is to vote down the previous question on the motion to recommit, and then amend the motion.

Mr. O'CONNOR. Mr. Chairman, will the gentleman yield?

Mr. RANKIN. I yield.

Mr. O'CONNOR. The gentleman stated that any Member of the majority or minority side could move to recommit a bill. The gentleman knows that under the established practice of this House the motion must be made by a Member on the minority side.

Mr. RANKIN. Not at all. The gentleman from Mississippi knows what he is talking about without having to ask the gentleman from New York. Any member of the committee who is opposed to the bill under consideration has the right to be recognized to make a motion to recommit. I have seen situations where every member of the committee from the minority side were in favor of a bill, when no man on the minority side who was a member of the committee could make the motion to recommit, but some member of the committee from the majority side, a member who was opposed to the bill, would make the motion to recommit.

Mr. HOLLISTER. Mr. Chairman, will the gentleman yield?

Mr. RANKIN. I yield.

Mr. HOLLISTER. But as a matter of custom and practice the minority side is recognized to make the motion to recommit.

Mr. RANKIN. Of course; but that does not shut off the rest of the Members of the House from voting down the previous question and amending the motion to recommit. If this were not the rule, if we were not permitted to give the Membership of the House the right to vote on the previous question, and then, if it were voted down, the right to amend, then we should amend the rules of the House so as to provide that the previous question shall be considered as ordered, as is so frequently done in rules brought in by the Rules Committee.

I submit that we are within our rights in this matter, and I for one expect to vote against ordering the previous question. If it is voted down, then I shall vote to amend the motion to recommit to include the Goldsborough amendment. [Applause.]

Mr. STEAGALL. Mr. Chairman, I move that the Committee do now rise.

The CHAIRMAN. Under the rule the Committee rises.

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, having had under consideration the bill (H. R. 7617) to provide for the sound, effective, and uninterrupted operation of the banking system, and for other purposes, pursuant to House Resolution 205, he reported the bill back to the House with sundry amendments adopted by the Committee.

The SPEAKER. Under the rule the previous question is ordered.

Is a separate vote demanded on any amendment? If not, the Chair will put them en gros.

The amendments were agreed to.

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

Mr. HOLLISTER. Mr. Speaker, I offer a motion to recommit.

The Clerk read as follows:

Mr. HOLLISTER moves to recommit the bill to the Committee on Banking and Currency with instructions to strike out sections 201, 203, 205, and 209 and report the bill back immediately as thus amended.

Mr. STEAGALL. Mr. Speaker, I move the previous question on the motion to recommit.

The question was taken; and on a division (demanded by Mr. GOLDSBOROUGH) there were—ayes 196, noes 91.

Mr. GOLDSBOROUGH. Mr. Speaker, I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 221, nays 159, not voting 51, as follows:

[Roll No. 69]

YEAS—221

Andrew, Mass.	Claiborne	Ellenbogen	Johnson, W. Va.
Andrews, N. Y.	Clark, N. C.	Engel	Kahn
Bacon	Colden	Englebright	Kee
Barden	Cole, Md.	Evans	Kelly
Beam	Cole, N. Y.	Fenerty	Kennedy, Md.
Beiter	Collins	Fiesinger	Kenney
Bell	Cooley	Fitzpatrick	Kerr
Berlin	Cooper, Ohio	Focht	Kinzer
Biermann	Corning	Ford, Calif.	Kleberg
Blackney	Costello	Fuller	Kloeb
Bland	Cox	Gassaway	Kramer
Bloom	Crosby	Gavagan	Lambeth
Boehne	Crowe	Gifford	Larrabee
Boland	Crowther	Gingery	Lea, Calif.
Bolton	Cullen	Goodwin	Lehlbach
Boylan	Cummings	Granfield	Lewis, Colo.
Brennan	Daly	Green	Lewis, Md.
Brewster	Darden	Greever	Lord
Brooks	Darrow	Haines	Lucas
Brown, Mich.	Delaney	Halleck	McCormack
Brunner	Dempsey	Hancock, N. Y.	McKeough
Buchanan	Dickstein	Hancock, N. C.	McLaughlin
Buck	Dingell	Harlan	McLean
Bulwinkle	Ditter	Hart	McLeod
Burch	Dondero	Hartley	McReynolds
Burnham	Dorsey	Hennings	McSwain
Caldwell	Doughton	Hess	Maloney
Carmichael	Doutrich	Higgins, Mass.	Mansfield
Carter	Drewry	Hill, Ala.	Mapes
Casey	Driscoll	Hobbs	Marshall
Cavicchia	Duffey, Ohio	Hoffman	Martin, Mass.
Celler	Duffy, N. Y.	Hollister	Merritt, Conn.
Chandler	Eaton	Holmes	Merritt, N. Y.
Christianson	Eckert	Huddleston	Michener
Church	Edmiston	Igoe	Millard
Citron	Ekwall	Jenkins, Ohio	Mitchell, Ill.

Moritz	Ransley	Smith, Conn.	Turpin
Mott	Rayburn	Smith, Va.	Umstead
Murdock	Reece	Smith, W. Va.	Vinson, Ga.
O'Brien	Reed, Ill.	Snell	Wadsworth
O'Connell	Reed, N. Y.	Somers, N. Y.	Walter
O'Connor	Reilly	Starnes	Welch
O'Leary	Rich	Steagall	West
Oliver	Richardson	Stewart	Wigglesworth
O'Neal	Robertson	Sullivan	Wilcox
Owen	Robinson, Utah	Sumners, Tex.	Williams
Palmisano	Rogers, Mass.	Sutphin	Wilson, Pa.
Patton	Rogers, Okla.	Taber	Wolcott
Perkins	Rudd	Tarver	Wolfenden
Peterson, Fla.	Russell	Taylor, Colo.	Wolverton
Pfeifer	Schaefer	Taylor, S. C.	Woodruff
Powers	Seger	Thomason	Woodrum
Quinn	Shanley	Tinkham	Zioncheck
Rabaut	Short	Tolan	
Ramspeck	Sirovich	Tonry	
Randolph	Sisson	Treadway	

NAYS—159

Adair	Eagle	Knutson	Pittenger
Allen	Eicher	Kocialkowski	Plumley
Amlie	Faddis	Kopplemann	Polk
Andresen	Ferguson	Kvale	Ramsay
Arends	Fernandez	Lambertson	Rankin
Arnold	Fletcher	Lanham	Richards
Ashbrook	Ford, Miss.	Lee, Okla.	Rogers, N. H.
Ayers	Fulmer	Lemke	Ryan
Bacharach	Gearhart	Lesinski	Sadowski
Binderup	Gehrmann	Lloyd	Sanders, Tex.
Blanton	Gilchrist	Luckey	Sauthoff
Boileau	Gildea	Ludlow	Schneider
Brown, Ga.	Gillette	Lundeen	Schulte
Buckbee	Goldsborough	McClellan	Scott
Buckler, Minn.	Gray, Ind.	McFarlane	Scrugham
Burdick	Gray, Pa.	McGroarty	Secrest
Cannon, Mo.	Greenway	McMillan	South
Carlson	Greenwood	Maas	Spence
Carpenter	Gregory	Mahon	Stefan
Cary	Griswold	Marcantonio	Taylor, Tenn.
Castellow	Guyer	Martin, Colo.	Terry
Chapman	Gwynne	Mason	Thompson
Coffee	Hamlin	Massingale	Thurston
Colmer	Harter	May	Tobey
Connery	Healey	Mead	Truax
Cooper, Tenn.	Hildebrandt	Meeks	Turner
Cravens	Hill, Knute	Miller	Underwood
Crawford	Hill, Samuel B.	Mitchell, Tenn.	Utterback
Cross, Tex.	Hoeppel	Monaghan	Wallgren
Crosser, Ohio	Hook	Moran	Warren
Culkin	Hope	Nelson	Wearin
Deen	Houston	Nichols	Weaver
Dies	Imhoff	Parks	Werner
Dietrich	Jacobsen	Parsons	Whelchel
Dirksen	Jenckes, Ind.	Patman	White
Disney	Johnson, Okla.	Patterson	Whittington
Dobbins	Johnson, Tex.	Pearson	Withrow
Doxey	Keller	Peterson, Ga.	Young
Duncan	Kimball	Pettengill	Zimmerman
Dunn, Pa.	Kniffin	Pierce	

NOT VOTING—51

Bankhead	Fish	Maverick	Sears
Buckley, N. Y.	Flannagan	Montague	Shannon
Cannon, Wis.	Frey	Montet	Smith, Wash.
Carden	Gambrill	Norton	Snyder
Cartwright	Gasque	O'Day	Stack
Clark, Idaho	Higgins, Conn.	O'Malley	Stubbs
Cochran	Hull	Peyser	Sweeney
Dear	Jones	Robsion, Ky.	Thom
DeRouen	Kennedy, N. Y.	Romjue	Thomas
Dockweiler	Lamneck	Sabath	Vinson, Ky.
Driver	McAndrews	Sanders, La.	Wilson, La.
Dunn, Miss.	McGehee	Sandlin	Wood
Farley	McGrath	Schuetz	

So the previous question was ordered.

The Clerk announced the following pairs:

General pairs:

Mr. Cochran with Mr. Fish.
Mr. Romjue with Mr. Higgins of Connecticut.
Mr. Flannagan with Mr. Robsion of Kentucky.
Mr. McGehee with Mr. Thomas.
Mr. O'Malley with Mr. Hull.
Mrs. Norton with Mr. Frey.
Mr. Bankhead with Mr. Gambrill.
Mr. Driver with Mr. Farley.
Mr. Sanders of Louisiana with Mr. Clark of Idaho.
Mr. Carden with Mr. Smith of Washington.
Mr. Dear with Mr. Lamneck.
Mr. Schuetz with Mr. Stack.
Mr. Cartwright with Mr. Wood.
Mr. Jones with Mr. Stubbs.
Mr. Dockweiler with Mr. Cannon of Wisconsin.
Mr. Maverick with Mr. Dunn of Mississippi.
Mr. Sweeney with Mr. McGrath.
Mr. Vinson of Kentucky with Mr. Montague.
Mr. Wilson of Louisiana with Mr. Thom.
Mr. DeRouen with Mr. Peyser.
Mr. Montet with Mr. McAndrews.
Mr. Gasque with Mr. Sandlin.
Mr. Sabath with Mr. Sears.

Mr. GRAY of Pennsylvania, Mr. LESINSKI, and Mr. BUCKBEE changed their votes from "yea" to "nay."

Mr. HENNINGS changed his vote from "nay" to "yea."

Mr. CULLEN. Mr. Speaker, my colleagues, the gentlewoman from New York, Mrs. O'DAY, the gentleman from New York, Mr. KENNEDY, and the gentleman from New York, Mr. BUCKLEY, are unavoidably detained. If they were present, they would vote "yea."

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

The SPEAKER. The question is on the motion of the gentleman from Ohio [Mr. HOLLISTER] to recommit the bill.

Mr. HOLLISTER. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 117, nays 261, not voting 54, as follows:

[Roll No. 70]

YEAS—117

Allen	Dirksen	Kimball	Reed, Ill.
Andresen	Ditter	Kinzer	Reed, N. Y.
Andrew, Mass.	Dondero	Kloeb	Rich
Andrews, N. Y.	Doutrich	Knutson	Richardson
Arends	Eaton	Lambertson	Robertson
Bacharach	Eicher	Lanham	Rogers, Mass.
Bacon	Ekwall	Lehlbach	Secrest
Blackney	Engel	Lord	Seger
Bland	Englebright	Ludlow	Short
Boehne	Fenerty	McLean	Smith, Va.
Bolton	Focht	McLeod	Snell
Brewster	Gearhart	Maas	Stewart
Buckbee	Gifford	Mapes	Taber
Burch	Gilchrist	Marshall	Tarver
Burnham	Goodwin	Martin, Mass.	Taylor, Tenn.
Carlson	Guyer	May	Thurston
Carter	Gwynne	Merritt, Conn.	Tinkham
Castellow	Halleck	Michener	Treadway
Cavicchia	Hancock, N. Y.	Millard	Turpin
Christianson	Hartley	Mott	Umstead
Church	Hess	O'Neal	Wadsworth
Cole, N. Y.	Hobbs	Pearson	Wigglesworth
Collins	Hoeppel	Perkins	Wilson, Pa.
Connery	Hoffman	Pettengill	Wolcott
Cooper, Ohio	Hollister	Pittenger	Wolfenden
Corning	Holmes	Plumley	Wolverton
Crawford	Hope	Powers	Woodruff
Crowther	Jenkins, Ohio	Ramspeck	
Culkin	Kahn	Ransley	
Darrow	Kenney	Reece	

NAYS—261

Adair	Cox	Gingery	Larrabee
Amlie	Cravens	Goldsborough	Lea, Calif.
Arnold	Crosby	Granfield	Lee, Okla.
Ashbrook	Cross, Tex.	Gray, Ind.	Lemke
Ayers	Crosser, Ohio	Gray, Pa.	Lesinski
Barden	Crowe	Green	Lewis, Colo.
Beam	Cullen	Greenway	Lewis, Md.
Beiter	Cummings	Greenwood	Lloyd
Bell	Daly	Greever	Lucas
Berlin	Deen	Gregory	Luckey
Biermann	Delaney	Griswold	Lundeen
Binderup	Dempsey	Haines	McClellan
Blanton	Dickstein	Hamlin	McCormack
Bloom	Dietrich	Hancock, N. C.	McFarlane
Boileau	Dingell	Harlan	McGroarty
Boland	Disney	Hart	McKeough
Boylan	Dobbins	Harter	McLaughlin
Brennan	Dorsey	Healey	McMillan
Brooks	Doughton	Hennings	McReynolds
Brown, Ga.	Doxey	Higgins, Mass.	McSwain
Brown, Mich.	Drewry	Hildebrandt	Mansfield
Brunner	Driscoll	Hill, Ala.	Marcantonio
Buchanan	Duffey, Ohio	Hill, Knute	Martin, Colo.
Buck	Duffy, N. Y.	Hill, Samuel B.	Mason
Buckler, Minn.	Duncan	Hook	Massingale
Bulwinkle	Dunn, Pa.	Houston	Mead
Burdick	Eagle	Huddleston	Meeks
Caldwell	Eckert	Igoe	Merritt, N. Y.
Cannon, Mo.	Edmiston	Imhoff	Miller
Carmichael	Ellenbogen	Jacobsen	Mitchell, Tenn.
Carpenter	Evans	Jenckes, Ind.	Monaghan
Casey	Faddis	Johnson, Okla.	Moran
Celler	Ferguson	Johnson, Tex.	Moritz
Chandler	Fernandez	Johnson, W. Va.	Murdock
Chapman	Fiesinger	Jones	Nelson
Citron	Fitzpatrick	Kee	Nichols
Claiborne	Fletcher	Keller	O'Brien
Clark, Idaho	Ford, Calif.	Kelly	O'Connell
Clark, N. C.	Ford, Miss.	Kennedy, Md.	O'Connor
Coffee	Fuller	Kerr	O'Leary
Colden	Fulmer	Kleberg	Oliver
Cole, Md.	Gassaway	Kniffin	Owen
Colmer	Gavagan	Kocialkowski	Palmisano
Cooley	Gehrmann	Kopplemann	Parks
Cooper, Tenn.	Gildea	Kramer	Parsons
Costello	Gillette	Lambeth	Patman

Patterson	Ryan	Starnes	Wallgren
Patton	Sabath	Steagall	Walter
Peterson, Fla.	Sadowski	Stefan	Warren
Peterson, Ga.	Sanders, Tex.	Sullivan	Wearin
Pfeifer	Sauthoff	Sumners, Tex.	Weaver
Pierce	Schaefer	Sutphin	Welch
Polk	Schneider	Taylor, Colo.	Werner
Quinn	Schulte	Taylor, S. C.	West
Rabaut	Scott	Terry	Whelchel
Ramsay	Scrugham	Thomason	Whittington
Randolph	Shanley	Thompson	Wilcox
Rankin	Sirovich	Tobey	Williams
Rayburn	Sisson	Tolan	Withrow
Reilly	Smith, Conn.	Tonry	Wood
Richards	Smith, W. Va.	Truax	Woodrum
Robinson, Utah	Snyder	Turner	Young
Rogers, N. H.	Somers, N. Y.	Underwood	Zimmerman
Rogers, Okla.	South	Utterback	Zioncheck
Rudd	Spence	Vinson, Ga.	The Speaker
Russell			

NOT VOTING—54

Bankhead	Farley	Mahon	Schuetz
Buckley, N. Y.	Fish	Maloney	Sears
Cannon, Wis.	Flannagan	Maverick	Shannon
Carden	Frey	Mitchell, Ill.	Smith, Wash.
Cartwright	Gambrill	Montague	Stack
Cary	Gasque	Montet	Stubbs
Cochran	Higgins, Conn.	Norton	Sweeney
Darden	Hull	O'Day	Thom
Dear	Kennedy, N. Y.	O'Malley	Thomas
DeRouen	Kvale	Peyser	Vinson, Ky.
Dies	Lamneck	Robsion, Ky.	White
Dockweiler	McAndrews	Romjue	Wilson, La.
Driver	McGehee	Sanders, La.	
Dunn, Miss.	McGrath	Sandlin	

The SPEAKER. The Clerk will call my name.

The Clerk called the name of Mr. BYRNS, and he answered "no."

So the motion to recommit was rejected.

The Clerk announced the following additional pairs:

On this vote:

Mr. Thomas (for) with Mr. Maverick (against).
Mr. Darden (for) with Mr. Wilson of Louisiana (against).
Mr. Higgins of Connecticut (for) with Mr. Sandlin (against).
Mr. Fish (for) with Mr. Montet (against).
Mr. Robsion of Kentucky (for) with Mr. Sanders of Louisiana (against).

Until further notice:

Mr. Cochran with Mr. Hull.
Mr. Dies with Mr. Kvale.
Mrs. Norton with Mr. Frey.
Mr. Bankhead with Mr. Farley.
Mr. Driver with Mr. Gambrill.
Mr. Carden with Mr. Smith of Washington.
Mr. Dear with Mr. Lamneck.
Mr. Schuetz with Mr. Stack.
Mr. Cartwright with Mr. Stubbs.
Mr. Dockweiler with Mr. Cannon of Wisconsin.
Mr. Sweeney with Mr. McGrath.
Mr. Vinson of Kentucky with Mr. Montague.
Mr. DeRouen with Mr. McAndrews.
Mr. Flannagan with Mr. Mahon.
Mr. Gasque with Mr. O'Malley.
Mr. Dunn of Mississippi with Mr. Thom.
Mr. Sears with Mr. McLaughlin.
Mr. Peyser with Mr. Mitchell of Illinois.
Mr. Cary with Mr. Maloney.

Mr. KVALE. Mr. Speaker, I desire to vote "no."

The SPEAKER. Was the gentleman in the Chamber listening when his name was called?

Mr. KVALE. I was called away from the Chamber, Mr. Speaker, and was not present when my name was called.

The SPEAKER. The gentleman does not qualify.

Mr. HUDDLESTON changed his vote from "yea" to "nay."

Mr. CULLEN. Mr. Speaker, my colleagues the gentlewoman from New York, Mrs. O'DAY, and the gentleman from New York, Mr. BUCKLEY, and the gentleman from New York, Mr. KENNEDY, are unavoidably absent. If present, they would vote "no."

Mr. WILLIAMS. Mr. Speaker, my colleague the gentleman from Missouri, Mr. ROMJUE, is unavoidably absent. If present, he would vote "no" on this motion to recommit.

Mr. FORD of Mississippi. Mr. Speaker, I desire to announce that my colleague the gentleman from Mississippi, Mr. MCGEHEE, is necessarily detained from the Chamber. If present, he would vote "no" on this motion to recommit.

The result of the vote was announced as above recorded.

The SPEAKER. The question is on the passage of the bill.

Mr. STEAGALL and Mr. SNELL demanded the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 271, nays 110, answered "present" 2, not voting 49, as follows:

[Roll No. 71]

YEAS—271

Adair	Dorsey	Kloeb	Richards
Arnold	Doughton	Kniffin	Richardson
Ashbrock	Doxey	Kocialkowski	Robertson
Ayers	Drewry	Kopplemann	Robinson, Utah
Barden	Driscoll	Kramer	Rogers, N. H.
Beam	Duffy, N. Y.	Kvale	Rogers, Okla.
Beiter	Duncan	Lambeth	Rudd
Bell	Dunn, Pa.	Larrabee	Russell
Berlin	Eagle	Lea, Calif.	Ryan
Biermann	Eckert	Lee, Okla.	Sabath
Bland	Edmiston	Lesinski	Sadowski
Blanton	Ellenbogen	Lewis, Colo.	Sanders, Tex.
Bloom	Evans	Lewis, Md.	Sauthoff
Boehne	Faddis	Lloyd	Schaefer
Boileau	Ferguson	Lucas	Schulte
Boland	Fernandez	Luckey	Scott
Boylan	Fitzpatrick	Ludlow	Scrugham
Brennan	Fletcher	McClellan	Secrest
Brooks	Ford, Calif.	McCormack	Shanley
Brown, Ga.	Ford, Miss.	McFarlane	Sirovich
Brown, Mich.	Fuller	McKeough	Sisson
Brunner	Fulmer	McLaughlin	Smith, Conn.
Buchanan	Gassaway	McMillan	Smith, Va.
Buck	Gavagan	McReynolds	Smith, W. Va.
Buckler, Minn.	Gehrmann	Mahon	Snyder
Bulwinkle	Gildea	Maloney	Somers, N. Y.
Burch	Gillette	Mansfield	South
Caldwell	Gingery	Martin, Colo.	Spence
Cannon, Mo.	Goldsborough	Mason	Starnes
Carmichael	Granfield	Massingale	Steagall
Carpenter	Gray, Pa.	May	Stefan
Cary	Green	Mead	Sullivan
Casey	Greenway	Meeks	Sumners, Tex.
Castellow	Greenwood	Merritt, N. Y.	Sutphin
Celler	Greever	Miller	Tarver
Chandler	Gregory	Mitchell, Tenn.	Taylor, Colo.
Chapman	Griswold	Monaghan	Taylor, S. C.
Citron	Haines	Moran	Terry
Claiborne	Hamlin	Moritz	Thomason
Clark, Idaho	Hancock, N. C.	Murdock	Thompson
Clark, N. C.	Harlan	Nelson	Tolan
Coffee	Hart	Nichols	Tonry
Colden	Harter	O'Brien	Turner
Cole, Md.	Healey	O'Connell	Umstead
Colmer	Hennings	O'Connor	Underwood
Cooley	Hildebrandt	O'Leary	Utterback
Cooper, Tenn.	Hill, Ala.	O'Neal	Vinson, Ga.
Corning	Hill, Knute	Owen	Wallgren
Costello	Hill, Samuel B.	Palmisano	Walter
Cox	Hobbs	Parks	Warren
Cravens	Hook	Parsons	Wearin
Crosby	Houston	Patman	Weaver
Cross, Tex.	Huddleston	Patterson	Welch
Crosser, Ohio	Igoe	Patton	Werner
Crowe	Imhoff	Pearson	West
Cullen	Jacobsen	Peterson, Fla.	White
Cummings	Jenckes, Ind.	Pettengill	Whittington
Daly	Johnson, Okla.	Pfeifer	Wilcox
Darden	Johnson, Tex.	Pierce	Williams
Deen	Johnson, W. Va.	Polk	Withrow
Delaney	Jones	Quinn	Wolverton
Dempsey	Kee	Rabaut	Wood
Dickstein	Keller	Ramsay	Woodrum
Dies	Kelly	Ramspeck	Young
Dietrich	Kennedy, Md.	Randolph	Zimmerman
Dingell	Kenney	Rankin	Zioncheck
Disney	Kerr	Rayburn	The Speaker
Dobbins	Kleberg	Reilly	

NAYS—110

Allen	Crowther	Hess	Merritt, Conn.
Amlie	Culkin	Higgins, Mass.	Michener
Andresen	Darrow	Hoeppel	Millard
Andrew, Mass.	Dirksen	Hoffman	Mott
Andrews, N. Y.	Ditter	Hollister	Perkins
Arends	Dondero	Holmes	Peterson, Ga.
Bacharach	Doutrich	Hope	Pittenger
Bacon	Duffey, Ohio	Jenkins, Ohio	Plumley
Binderup	Eaton	Kahn	Powers
Blackney	Eicher	Kimball	Ransley
Bolton	Ekwall	Kinzer	Reece
Brewster	Engel	Knutson	Reed, Ill.
Buckbee	Englebright	Lambertson	Reed, N. Y.
Burdick	Fenerty	Lehlbach	Rich
Burnham	Fiesinger	Lemke	Rogers, Mass.
Carlson	Focht	Lord	Schneider
Carter	Gearhart	Lundeen	Seger
Cavicchia	Gifford	McGroarty	Short
Christianson	Gilchrist	McLean	Snell
Church	Goodwin	McLeod	Stewart
Cole, N. Y.	Guyer	Maas	Taber
Collins	Gwynne	Mapes	Taylor, Tenn.
Connery	Halleck	Marcantonio	Thurston
Cooper, Ohio	Hancock, N. Y.	Marshall	Tinkham
Crawford	Hartley	Martin, Mass.	Tobey

Treadway	Wadsworth	Wilson, Pa.	Wolfenden
Truax	Whelchel	Wolcott	Woodruff
Turpin	Wigglesworth		

ANSWERED "PRESENT"—2

Gray, Ind. Lanham

NOT VOTING—49

Bankhead	Flannagan	Mitchell, Ill.	Sears
Buckley, N. Y.	Frey	Montague	Shannon
Cannon, Wis.	Gambrill	Montet	Smith, Wash.
Carden	Gasque	Norton	Stack
Cartwright	Higgins, Conn.	O'Day	Stubbs
Cochran	Hull	Oliver	Sweeney
Dear	Kennedy, N. Y.	O'Malley	Thom
DeRouen	Lamneck	Peyser	Thomas
Dockweiler	McAndrews	Robsion, Ky.	Vinson, Ky.
Driver	McGehee	Romjue	Wilson, La.
Dunn, Miss.	McGrath	Sanders, La.	
Farley	McSwain	Sandlin	
Fish	Maverick	Schuetz	

The SPEAKER. The Clerk will call my name.

The Clerk called the name of Mr. BYRNS, and he answered "yea."

So the bill was passed.

The following pairs were announced:

On this vote:

Mr. Maverick (for) with Mr. Thomas (against).
Mr. Sandlin (for) with Mr. Higgins of Connecticut (against).
Mr. Montet (for) with Mr. Fish (against).
Mr. Sanders of Louisiana (for) with Mr. Robsion of Kentucky (against).

General pairs:

Mr. Cochran with Mr. Hull.
Mrs. Norton with Mr. Oliver.
Mr. Bankhead with Mr. Farley.
Mr. Driver with Mr. Gambrill.
Mr. Carden with Mr. Smith of Washington.
Mr. Dear with Mr. Lamneck.
Mr. Schuetz with Mr. Wilson of Louisiana.
Mr. Cartwright with Mr. Stubbs.
Mr. Dockweiler with Mr. Cannon of Wisconsin.
Mr. Sweeney with Mr. McGrath.
Mr. DeRouen with Mr. Frey.
Mr. Gasque with Mr. O'Malley.
Mr. Dunn of Mississippi with Mr. Thom.
Mr. Peyser with Mr. Mitchell of Illinois.
Mr. Sears with Mr. Stack.
Mr. McSwain with Mr. McAndrews.

Mr. CULLEN. Mr. Speaker, the lady from New York, Mrs. O'DAY, the gentleman from New York, Mr. BUCKLEY, and the gentleman from New York, Mr. KENNEDY, are unavoidably absent, and if present would vote "aye."

Mr. SPENCE. Mr. Speaker, the gentleman from Kentucky, Mr. VINSON, was called home on account of the death of his mother. I ask unanimous consent that he be given an indefinite leave of absence.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. WILLIAMS. Mr. Speaker, my colleague, Mr. ROMJUE, is absent on account of sickness in his family. If present, he would vote "aye."

Mr. FORD of Mississippi. Mr. Speaker, my colleague, Mr. MCGEHEE, is unavoidably absent. If present, he would vote "aye."

Mr. BLAND. Mr. Speaker, my colleague, Mr. FLANNAGAN, is unavoidably detained by illness in his family. If present, he would vote "aye."

Mr. MAHON. Mr. Speaker, I was unavoidably called from the Chamber on the motion to recommit. If I had been present, I would have voted "no."

The result of the vote was announced as above recorded.

On motion of Mr. STEAGALL, a motion to reconsider the vote whereby the bill was passed was laid on the table.

JOINT COMMITTEE TO GREET REAR ADMIRAL BYRD

The SPEAKER. Pursuant to the provisions of Public Resolution No. 16, the Chair appointed as members of the joint committee to greet Rear Admiral Richard E. Byrd upon his arrival at the navy yard on May 10, 1935, the following Members of the House of Representatives: Mr. ROBERTSON, of Virginia; Mr. SCRUGHAM, of Nevada; Mr. DARDEN, of Virginia; Mr. MARTIN, of Massachusetts; and Mr. HANCOCK, of New York.

EXTENDING THE TIME DURING WHICH DOMESTIC ANIMALS WHICH HAVE CROSSED THE BOUNDARY LINE MAY BE RETURNED DUTY FREE

Mr. DEMPSEY. Mr. Speaker, I ask unanimous consent for the present consideration of the bill (H. R. 6143) to extend the time during which domestic animals which have crossed the boundary line into foreign countries may be returned duty free.

The Clerk read the bill, as follows:

Be it enacted, etc., That notwithstanding the provisions of subparagraph (c) of paragraph 1606 of title II of the Tariff Act of 1930, horses, mules, asses, cattle, sheep, and other domestic animals, straying across the boundary line into any foreign country, or which have been driven across such boundary line by the owner for temporary pasturage purposes only, or which may so stray or be driven before November 1, 1935, and the offspring and increase of any such animals, shall be admitted free of duty under regulations heretofore or to be hereafter prescribed by the Secretary of the Treasury, if brought into the United States at any time before June 30, 1936.

With the following committee amendments:

Page 1, line 10, after the word "animals", insert "whether or not accompanying the parent animals."
Page 2, line 2, after the word "regulations", strike out "heretofore or."
Page 2, line 3, strike out the word "hereafter."

The committee amendments were agreed to.

The bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

THE AIR MAIL

Mr. BRUNNER. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by inserting a speech I made today over the radio.

The SPEAKER. Is there objection?

There was no objection.

Mr. BRUNNER. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following radio address delivered by myself today:

Friends of the farm and home hour, as a resident of Rockaway Beach, New York City, where the first successful trans-Atlantic flight was started on May 16, 1919, and as chairman of the subcommittee on Air Mail Service, I was very happy to accept the invitation of the Post Office Department to bring you a message from our standpoint concerning the air mail.

It was just 16 years ago that the first regular air mail line was inaugurated between Washington and New York, a distance of 218 miles. The service was inaugurated with a few remodeled Army planes and was more or less uncertain and undependable.

Today the domestic air mail system covers a total of 28,967 route miles and employs daily in this service 408 modern planes operated by 645 highly trained pilots.

During the first year of operation 30,000 miles were flown over the route between New York and Washington. At the present time the schedules provide for 40,000,000 flying miles a year.

The first planes required between 2½ and 3 hours to fly from Washington to New York. Today this route is covered in 80 minutes, and service is maintained several times a day over the route.

In the past year there has been an increase of 3,719 route miles in the domestic service, which means an increase of 5,000,000 flying miles. It is expected that if present recommendations are approved by Congress that 3,000 additional miles will be added to the routes within the year. Notwithstanding the increases in the number of routes, miles, and frequency of trips, the Post Office Department today is spending only half as much for the Air Mail Service as was spent in 1932. This great air mail system gives direct service to 46 States and indirect service to the other 2, and even the Hawaiian Islands have an interisland service.

The volume of air mail carried is increasing by leaps and bounds. In December 1934 there were transported by air mail 931,425 pounds; roughly more than 30,000,000 letters, which is more than a million letters a day. The volume is almost six times as great as was carried during the same month in 1927.

The rates on air mail have been reduced so that today a person pays but 6 cents an ounce regardless of the distance any place within the United States. This lower rate has brought a great increase in the volume and the volume has increased to such a point that the receipts are almost as great today as those received under the former high rates.

The speed of your air mail is almost inconceivable. The planes attain a speed in excess of 200 miles per hour, which is almost half the speed of a rifle bullet.

The banker in Los Angeles today calls his correspondent in New York for valuable papers which must be in his hands by tomorrow. If these papers are sent at the close of banking hours this afternoon they will be in the hands of the banker in Los

Angeles in the forenoon of tomorrow, without the loss of a single business day or hour.

A letter will travel between New Orleans and New York from sunset to sunrise. The recent experimental flight from San Francisco to the Hawaiian Islands and return, completed within the last month, brings vividly home to us the entire practicability of transoceanic mail transport within the very near future. Air transport has already made less effective the navies of the past as a means of defense; it has necessitated the reorganization of armies; it is causing the railroads and other forms of transportation to adopt more efficient trains and types of equipment. Having in mind the value of this great system, not only for the transmission of mails and the transportation of passenger traffic but its absolute need as one of the vital forces for a national defense, both my colleagues and myself on this committee will be ever alert to see that air transport in the United States will always be kept in the forefront of the nations of the world.

May I also add at this time that Amelia Earhart Putnam's flight yesterday from Mexico City to New York established another milestone in air mail history, because Mrs. Putnam, who is a New Yorker, is also a licensed air mail pilot.

COTTON VERSUS JUTE

Mr. FULMER. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. FULMER. Mr. Speaker, much has been said recently by the representatives of the textile industry and several Members in Congress about losing our foreign cotton markets, placing the blame on the present farm program and the processing tax. However, I have not heard a word from these complainants about new uses for cotton or using our own perfectly good American cotton instead of foreign products.

Annually the Post Office Department consumes around 1,000,000 pounds of twine to tie the mails of the United States. Its purchases are confined to jute twine. Why? Because jute is cheaper than cotton. In other words, it appears to be satisfactory and good business on the part of our Government to spend millions to plow under cotton, for which it receives no returns, but it is unwise to spend a few thousand dollars, the difference in the prices of jute and cotton twine, and thereby consume around 200 bales more cotton annually. Legislation was passed some 2 years ago requesting the Government to give preference to American products and articles manufactured from American products although the price might be somewhat higher. However, the jute mills of New England, the section where the complaints against the agricultural program are coming from, are always able to get the business.

I have a bill pending making it possible to use millions of dollars' worth of cotton, utilizing cotton, stalks, bolls, and leaves, in the manufacture of cellulose which can be used in making paints, varnishes, paper, ammunition for war purposes, and many other articles. However, I have no assistance from these grumblers and the mourners of the loss of our foreign markets.

I have a net-weight bill pending that would permit the using of cotton bagging in covering cotton instead of old, heavy, ragged, disgraceful jute, thereby consuming 200 additional bales of cotton, but these tariff barons and representatives of the jute interests are opposing my bill.

Also, I have a bill pending proposing to put a proper tariff on jute and jute products which would give additional markets for 2,000,000 bales annually, but no assistance is given me from New England in passing this bill.

You are clamoring for increased tariffs on foreign textiles, kicking about farmers controlling their production, which is in line with the policy of the textile mills, but you are not willing to pass constructive legislation in the interest of cotton farmers and that would mean everything to textile mills and textile employees.

I have been notified by the Post Office Department that bids have been requested on 40,000 pounds of twine, bids to be submitted not later than May 28. If you are really interested in the cotton farmers of the South and our textile mills, I am hoping that you will join with me in seeing to it that the order is given for cotton twine.

If you want a larger production of cotton and if you want to do away with the processing tax, I challenge you to join with me in passing legislation that will bring about new uses for cotton and the protection of our own markets for our own American cotton.

LETTER TO SECRETARY WALLACE

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

MY DEAR MR. WALLACE: The purchasing agent of the Post Office Department has notified me that bids will be requested on 40,000 pounds of twine, to be filed with the Department not later than May 28. This invitation for bids specifies:

Twine, jute, wrapping (unfinished), 6-ply.

Twine, cotton, wrapping (unfinished), white.

Sometime ago I had placed in one of the appropriation bills an amendment providing that preferences should be given, in purchasing for the Government, to products of the United States, although higher in price, unless the difference was unreasonable.

We all know that cotton twine is higher than jute twine. However, yard for yard, cotton will go much farther than jute. In the meantime, it makes a neater package, much easier to handle, and, although higher in price, because of the cotton situation, certainly, the Post Office Department should buy cotton twine.

With all of the complaints coming from the cotton industry, textile workers, and on account of the millions of dollars that we are spending indirectly in special benefits to farmers, even plowing under and giving away cotton, as stated, the Post Office Department should certainly give the order to the cotton-textile industry.

I cannot understand why we plow under perfectly good cotton and pay for same, then refuse to buy cotton twine, although higher than jute. In other words, we paid farmers twenty million or more for plowing under cotton and refuse to contribute the difference between the price of jute twine and cotton twine.

It is my belief that if you will take this matter up with General Farley, you will be able to secure this order for the cotton textile industry, which would not only be proper thing to do, but should certainly put a good taste in the mouth of the textile interests, cotton farmers, and textile workers.

I would like to know whether or not you propose to vigorously look after this important matter, or whether or not you are perfectly willing to spend millions, considered by many people nothing more than a dole, and permit the Government to continue to purchase jute, which is imported from India, the second and next largest cotton-producing country to the United States, and which country—it is claimed by the textile industry—is increasing its cotton production, all of which is destroying our cotton export.

Yours very sincerely,

H. P. FULMER, M. C.

THE IDEALS OF THOMAS JEFFERSON

Mr. WHITE. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. WHITE. Mr. Speaker, under the permission to extend my remarks in the RECORD, I desire to include the address of Hon. George A. Meffan, former State Senator, now United States marshal for Idaho, on the ideals of Thomas Jefferson, delivered at Twin Falls, Idaho, on April 15, as follows:

My friends, we are assembled here tonight to commemorate the natal day of one whose life was worthy of the emulation of every true American. * * * He was a lawyer, statesman, diplomat, founder of the University of Virginia, author of the Declaration of Independence, cofounder of a new nation, a new freedom, and third President of the United States of America—Thomas Jefferson.

Much time is spent in this country paying lip tribute to the dead, but, in my opinion, men of the high type and character of Jefferson—if he could return to the realm of the living—would rather observe the people of the Republic he so materially aided in formation, holding high the torch he left radiantly burning, and by active execution of his lofty principles, carry on, than be the beneficiary of worship without deeds.

The record of his generous life runs like a vine around the memory of our dead, and every sweet, unselfish act is now a perfumed flower.

Jefferson was a real humanitarian, a man of defiance, unusual mentality, courage, and success in its broadest meaning. He carried to his heart the burdens of our race. He looked through pity's tears upon the faults and frailties of mankind. He knew the springs and seeds of thought and deed, and saw with cloudless eyes through all the winding ways of greed, ambition, and deceit (where folly vainly plucks with thorn-pierced hands the fading flowers of selfish joy) the highway of eternal right.

The creed that Jefferson gave American democracy is expressed in these words: "Man over money, human rights over property rights, equal and exact justice to the rich and the poor, with special privilege to none." Like all men of vision, and leaders in advanced thought, he had much opposition, but I know that in the court where his own conscience sat as judge he stood acquitted—pure as light and stainless as a star.

What I have outlined to say to you tonight, in my humble opinion, will be similar to the broad viewpoint of justice, as the records

of Jefferson reflect his views when molding a new code of government.

There are those, of course, who scorn new ideas, reformation, and new deals; those whom the orthodox in all forms of social and economic life will suffice and rebel against progress. This type of mentality always was and always will be. Then there are those who care naught what the old calls the new; what last year's leaf says to this year's bud. The Athenians had the same opinion of Socrates; the Jews so regarded Christ.

It is gratifying to millions of Americans to know that America today has again a man in our worthy President, who thus far has displayed wisdom and courage. He who took charge of a government at a time when its foundation was crumbling, the walls cracked, the pillars leaning, and the great dome swaying and about to fall. Never in American history were we as a nation so close to absolute chaos as when this man of the hour took over the task of strengthening the foundation, repairing the walls and pillars, and now from its great dome radiates the beams of hope. In the new deal I believe that our President's philosophy is in keeping with the thought of the poet who said:

"Why greet the new day, if it is to be
A copy of the day that went before—
A tale of wrongs unrighted, golden ore unmined,
Of victory that infirm hands let slip—
Of children's tears that no one tried to dry?
How dare we write another page, unless it set alight
A beacon for the marchers down the years?

"Now by our vision of a brighter day,
Our hope of dawn in everlasting night,
Let this day see us farther on the way
That winds through darkness to the sun-crowned height—
Where gleams a shining city. Ah, behold—
And make the new day better than the old."

Those of the old school of political thought, if they are imbued with the slightest degree of patriotism and righteousness should yield to the reformation. Americans are not surrendering their homes for lairs to satisfy the avarice and greed of plutocrats; Americans are not discarding Jeffersonian Democracy for aristocracy. We had an old school of thought in centuries of the past, whose advocates rebelled against progress and human rights. For thousands of years a "thinker" was hunted down like an escaped convict. To him who had braved public opinion every door was shut—every knife was open. To shelter him from the wild storm, to give him a crust when dying, to put a cup of water to his cracked and bleeding lips—these were all crimes, not one of which power could forgive. They were exterminated as scorpions and vipers. But we are not retrogressing toward those days.

When I hear and read the opposition of the old school of thought scornfully and viciously attack the President of our Government and his departure from the old order—with claims of radicalism, in the light of his efforts to provide employment, perpetuate financial institutions, to make it possible for agrarians to stay with their farm problems, and his Government aid to home owners, when both borrower and lender knew not which way to turn; the aid to sheep and cattle men, mining men, expansion of currency; his Bank Guaranty Act, the embargo against gold exports; the public-works program and the civic-works activities; the thousands of young men assigned to C. C. C. camps; the drive against crime, with its marked results; direct relief to the needy, and many other splendid accomplishments in the last 2 years, I cannot but classify the ingrates of the present with the intolerance, narrowness, and bigotry of the past.

Thomas Jefferson was ridiculed in his day by the same type of mentality who howl today about the sacredness of the gold standard; the violation of the Constitution. By that same type who have been willing to plunge a nation into debt for war profits to themselves but strike at the humane impulse which creates debt to perpetuate life and security for millions of destitute American citizens. The United States Chamber of Commerce (the mouthpiece of all big-business monopolies and financial institutions), the Liberty League, and other selfish and unpatriotic agencies are today hindering progress, after their members were saved from ruin by the administration they censure.

Those in Washington today are required to use supercourage in resisting the cunning and tremendous lobby of special interest. Much progressive legislation must yet be passed, and we can but hope that the President and his Congress, after the splendid record of the last 2 years—preserving our Government—will carry on with their reformation for permanent recovery and security for all as will prevent a repetition of the disaster from which we are gradually recovering. Labor and agriculture represent the bulwark of our Nation. Happy is the country where those who toil and cultivate the land, own their homes and the land they till. And this must be made possible. Patriotism is born in the woods and fields, by lakes and streams, by crags and plains. In homes, be they where they are, large or small, farming ought to be reasonably profitable. The farmers and laborers have not attended to their own interests as they should. They have in many years gone by been robbed and plundered in a hundred ways. Cunning avarice grasps and holds the net profits of honest toil, and I sincerely trust that when the "new dealers" finish the picture they have started it will reflect the sunset of excess tribute and ours will then be the most prosperous country in the world.

Long ago those in high governmental offices, captains of industry and finance have realized the truth in the fact that present robbery means future bankruptcy.

We hope to reclaim America so that the millions of good, honest working people will be home owners and lovers of home; so that they may have employment at living wages in order to maintain homes as they should be kept and equipped. Homes make patriots. He who has sat by his own fireside with wife and children will defend it. When he hears the word "country" pronounced he thinks of home. It was this type of people who created this Government, defended its honor in battle, pioneered its wilds, developed new land, and through their brains, brawn, and genius raised the standard of American life.

The tax burden on this classification of our citizens has been entirely out of proportion and they should be relieved by the mandate that there shall be no tax-exempt wealth. In this country today there are tens of billions of tax-exempt, interest-bearing securities. Tens of billions of tax-exempt, high-interest-bearing mortgages, while the small home and farm owner is required to submit to a double tax burden to make possible the escape from taxes those far more able to pay.

Today President Roosevelt is keenly interested in the development of hydroelectric power and its distribution to the consuming public. The Bonneville Dam, the Tennessee Valley project, and others prove his determination to adjust a long-existing condition where special privilege has performed without conscience. However, this program, as well as his price-fixing program, and that splendid act which provides for the payment in legal tender in lieu of gold as regards public and private debts, has been taken into Federal courts by certain groups. I rejoice in the victory for the administration as regards the gold clause, but lament the various decisions whereby certain Federal judges decided against the Government in that it has no right to sell power which the Government (and the Government is the people) produces to communities in competition with the excessive rates and established special privileges. I do not condemn the judges of these courts for their adverse decisions in the power question, as they may be complying with their individual interpretations of the Constitution of our Government. They must stay within the word and letter of the present law as regards property rights; but if the law can be so construed, then it should be changed where human rights are in jeopardy. Our Constitution is one of the greatest codes of government, but we face a situation today, after a century and a half of constant change in our social and economic affairs, which leads me to believe that another amendment should be passed and added to that Constitution, whereby when Congress passes a law by a two-thirds majority in both Houses—they, the representatives of the people and sensing their needs—this should be final and outside the jurisdiction of any court of the land.

More legislation of a humane nature must be passed in the near future—pensions for the aged; shorter hours of labor under national regulation; the limiting of interest rates; Government banks; no tax-exempt securities; further expansion of currency; the wringing out of long-standing water in public utilities and industries, and the fixing of honest rates for service and prices of commodities; high levies on excessive incomes; the limitation of incomes; a revision of our judiciary system; high levies against massive estates when the creator thereof has passed on to his reward (whatever that might be); and many other changes as affect the rights of States. The framers of the original Constitution never dreamed of such centralized wealth as we have today or the problems involved in interstate commerce; and if we are to be confronted with the barrier toward human rights and progress with court decrees of "unconstitutional", I maintain again that our Constitution should be amended so that the machinery of constructive legislation in times of emergency can be put in motion for the general welfare without hindrance from the courts. This amendment, in my opinion, would be the greatest safeguard against any complete departure from our established form of government. I believe that when two-thirds of the Members of Congress act on legislation it is a sufficient safeguard and should be final. Delays in any country in meeting the urgent needs and demands of its people are dangerous. We as Americans are particularly and generously blessed by old Mother Nature. Ours is a heritage which kings would covet; and, by the way, in many respects the kings of industry and finance have not only coveted but acquired. When I think of people going hungry in this country who are willing to work, suffering from lack of adequate shelter, and in need of garments, it is like a man starving to death in a well-stocked store with every necessity of life. Our principal error in government has been the tolerance of maldistribution. When one family in this country can amass over $7,000,000,000 in wealth in a generation, and many others hundreds of millions, it is high time to curtail tribute.

In recent years, under the lash of high efficiency, mass production, and our modern man-power-replacing machinery, fast transportation, and with the last frontier removed from new prospective settlers, we have been confronted with a complex problem. The present administration realizes the gravity of affairs, and we can but hope that they will not be as others preceding them in office, who spent their days finding out not what ought to be but what has been; with their backs to the sunrise and worshiping the night. Too many politicians in the past have been interested in only one future event, and that their reelection.

Our problem in Government is to work out our own salvation. Modify our system of government so that it will warrant the utmost respect of every citizen. This, of course, requires Government regulation and interference, and this is just as justifiable in government as when it restrains criminals from violating the human and property rights of others. Whenever monopolies and centralized wealth get strangleholds on the populace, of course, the Gov-

ernment, which is the agency of the people, through its authorized officers, should restrain and dictate.

During the last 5 years in particular, and all my life in general, I have observed that the wealthy think the world has been made for them alone. I have been told that I, like millions of others, should have saved my money when I was working, or enjoying profits in business ventures. That the working people during the prosperous days should not have bought cars, radios, modern farm and household equipment, expensive clothes, etc. But, in my opinion, it has been the demands of the masses for the necessities and luxuries of life, which brought to us our prosperous years. Through our demands upon industry we created employment all the way from woodland and mine to factories; transportation and distribution. I think I speak for the masses when I express my viewpoint, in that there is more in life than mere existence. Civilized people with impulses beyond that of beast want "life" and in more abundance than the slaves of the dead past. It is natural to crave good foods, good clothes, beautiful cars, radios, comfortable beds, and household conveniences. There is pride in possession of a good home and beautiful landscape, and that urge is a noble impulse.

True Americans want the opportunity to work and produce at a reasonable profit. If the millions have buying power, they will again make demands on industry of which they are in reality a part. Americans want to look well and keep well. They want to adorn themselves. In fact, to adorn ourselves seems to be a part of nature, and this desire seems to be everywhere and in everything. I have sometimes thought that the desire for beauty covers the earth with flowers. It is this desire that paints the wings of moths, tints the chamber of the shell, and gives the bird its plumage and its song. With the coordination of our resources and the energies and skill of our citizens, the cravings of normal people can be satisfied.

Jefferson's creed of "man over money, human rights over property rights, equal and exact justice to the rich and poor, with special privilege to none" has been violated. We are living in a fast-moving world of progress, but human rights have been neglected. If we are normal patriots, we should all be students of political science * * * honest and sincere * * * unselfish. Not merely thinking "what can I get out of it", but what can I put in. We should be more than interested in just neighborly gossip. As good citizens we should be students of national and international affairs. We should contribute to society constructive thought and serve with such merit so that we might feel that the census of the universe would not be complete without counting us, and I believe that this meeting tonight was called for the purpose of stimulating us to action; for the encouragement of hope and confidence in our Government—present and future. There should be but one type of democracy in Democrats, and that the true, unadulterated "Jeffersonian democracy", which embraces all of the virtues and none of the vices of all political philosophies. All Democrats should be missionaries of the broad, righteous doctrine of human rights, and fearlessly insist upon the application of those splendid principles. The merchant should have no fear of loss of custom; the professional man no fear of loss of clients; the politician no fear of losing votes; and the preacher no fear of losing his pulpit. Communion with one's own conscience should be of major importance; our greatest reward in life should be in the knowledge that we made the world a little better because we were a part of it.

These are days when it is a duty alike incumbent upon all citizens to think, investigate, and conclude for themselves. Every mind should be true to itself. Of course, wealth and power hate a thinker—precisely for the same reason a robber dislikes a sheriff, or a thief the prosecuting witness; as forgers hate to have the signatures examined by an expert, and the impostor detests curiosity. Tyranny likes courtiers, flatterers, followers—fawners. Much has been said by wealth and power against inflation and insist upon the continuance of the gold standard as the only sound money. I would like to talk on this subject at length tonight, but time does not permit. However, I want to leave this one fact with you, that the sound-money dollar value has ranged under the gold standard all the way from 45 cents to $2.82 in the last 65 years. Just draw your own conclusions. Those who have wealth like to control the monetary system instead of having the Government dominate in issuing money and fixing the value thereof as provided for in our Constitution. The money changers like interest, and lots of it. How does this sound from the pen of Ainsworth R. Spofford, who took the time to figure interest and compound it:

One dollar loaned at 6 percent for 100 years, with the interest collected annually and added to the principal, will amount to $340; at 8 percent, $2,203; at 3 percent, only $19.25; and at 10 percent, which we tolerated in Idaho for many years, $13,809, or about 700 times as much as the 3 percent. Stay out of debt. This interest eats like a cancer. At night, when we should be at peace with the world, in restful slumber, we can feel it gnaw.

Again I infer that the Government should be the guiding influence of the people comprising that Government. It should not permit national and international bankers, industrialists, and utilities to dictate policies and legislation to the detriment of the masses. These should be subservient to the dictates of an authorized government and that government should be fearless of their threats and avoid compromise which is not in the interest of the great majority of our people, who want to be law-abiding patriots; but, patriotism is a flower that thrives best in the soil of justice.

I feel that the American people are appreciative of the courage thus far displayed by the present administration, and hope that our President and Congress will continue steadfast in their high resolve that America enjoy a more abundant life.

At this moment Europe is again sharpening its swords; each nation in a mad rush to outdo the other in deadly implements of warfare, and it is very apparent that they are on the brink of legalized, wholesale slaughter. It should be the policy of this country to remain neutral in the event of another foreign conflict. While I am a strong advocate of preparedness to resist invasion of our own soil and domestic rights, such force and resources should never again be used to protect American financiers' investments abroad. When those under special privilege have exploited American natural resources, the sweat and blood of honest toil and the consuming public—amassing billions in wealth and then, as they have been doing since 1921 in particular, take billions of that wealth and invest it in foreign countries in American-owned factories—using foreign materials and cheaper labor, and thus supplying the foreign trade, which we previously enjoyed and supplied from American plants in the good old United States of America, causing the closing down of domestic factories, and curtailed production in others, why should the millions betrayed protect such foreign investments? When America, where this wealth they transplanted was created, is not good enough for these alleged patriots to live in and invest their fortunes, then let them depend upon the destiny and protection of such countries to which they have diverted so much of their wealth, causing industrial despair in their native land.

Our former experience abroad should be a life-long lesson. The repudiation and refusal of foreign powers to pay America their obligations should conclude any future alliance with countries which are so lacking in international honor. America still has gigantic domestic problems to solve to make this country all that God intended it to be; economically, socially, and spiritually. Let us continue to put our own house in order before attempting to be the big benevolent brother to a hostile world.

As for myself, I think I see the sun beginning to rise in the East after the long night of depression. I feel the vibrations of hope everywhere. The conversations of little business men seem more joyful. The highways and freight trains are not so congested as 3 or 4 years ago with humanity drifting here and there—homeless, hungry, ragged, and discouraged.

The farmer is getting better prices for his products; the banks (and thanks to the Roosevelt bank guaranty act and the new blood the administration added to our monetary circulation) have three billions more deposits than the previous year. Industry, through Government aid and its many C. W. A. and public-works activities, has moved off center, and wheels are picking up momentum.

As Jefferson said years ago, during the formation of the Union, when they, too, had their problems—"A little patience, and we shall see the people recovering their true sight, restoring their Government to its true principles."

In closing, I want to leave this thought with my splendid and appreciative audience. We cannot all attain high office, influence, and affluence, but we can all be good citizens and good neighbors. We can, if we will, make this world a better place in which to live, and love, and labor, as in this quotation, entitled "Patriotism":

He serves his country best who lives pure life and doeth righteous deeds,
And walks straight paths, however others stray;
And leaves his sons, as uttermost bequest a stainless record, which all men may read;
This is the better way.

No drop but serves the slowly lifting tide;
No dew but has an errand to some flowers,
No smallest star but sheds some helpful ray
And man by man, each helping all the rest,
Make the firm bulwark of the country's power;
There is no better way.

Mr. KOPPLEMANN. Mr. Speaker, on Monday last I secured unanimous consent to insert in the RECORD an address delivered by the Speaker of this House. I failed at that time to ask that there also be included the introductory remarks of the chairman of that meeting, Mr. Cohen. I ask unanimous consent that those introductory remarks may be inserted in conjunction with the remarks of the Speaker in the permanent RECORD.

The SPEAKER. Is there objection?

There was no objection.

LEAVE OF ABSENCE

By unanimous consent leave of absence was granted as follows:

To Mr. DUNN of Mississippi, for 10 days, on account of business.

To Mr. MITCHELL of Illinois, for 5 days, on account of business.

SENATE ENROLLED BILLS SIGNED

The SPEAKER announced his signature to an enrolled bill and joint resolution of the Senate of the following titles:

S. 282. An act for the relief of William Kemper; and

S. J. Res. 43. Joint resolution for the establishment of a commission for the construction of a Washington-Lincoln Memorial Gettysburg Boulevard connecting the present Lincoln Memorial in the city of Washington with the battlefield of Gettysburg in the State of Pennsylvania.

ADJOURNMENT

Mr. TAYLOR of Colorado. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; and accordingly (at 5 o'clock and 40 minutes p. m.) the House adjourned until tomorrow, Friday, May 10, 1935, at 12 o'clock noon.

COMMITTEE HEARINGS

COMMITTEE ON MERCHANT MARINE AND FISHERIES

(Friday, May 10, 10 a. m.)

Hearings on bill (H. R. 5379) to regulate water carriers.

COMMITTEE ON THE DISTRICT OF COLUMBIA

(Friday, May 10, 9: 30 a. m.)

Subcommittee on fiscal affairs will hold hearings to consider House Joint Resolution 150, rent profiteering; H. R. 3809, rent commission; and H. R. 7732, rent reduction, room 345, old House Office Building.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

322. A communication from the President of the United States, transmitting a supplemental estimate of appropriation for the legislative establishment, House of Representatives, for the fiscal year 1935, in the sum of $12,500 (H. Doc. No. 171); to the Committee on Appropriations and ordered to be printed.

323. A communication from the President of the United States, transmitting deficiency and supplemental estimates of appropriations for the Department of the Interior for the fiscal year 1934 in the amount of $4,800; for the fiscal year 1935 in the amount of $20,000; and for the fiscal year 1936 in the amount of $19,000; in all, $43,800 (H. Doc. No. 172); to the Committee on Appropriations and ordered to be printed.

324. A communication from the President of the United States, transmitting two estimates of appropriations for the Navy Department for the fiscal year 1935, totaling $1,983,000 (H. Doc. 173); to the Committee on Appropriations and ordered to be printed.

325. A communication from the President of the United States, transmitting draft of a proposed provision pertaining to existing appropriations for the War Department, fiscal year 1936, for finance service and incidental expenses of the Army (H. Doc. No. 174); to the Committee on Appropriations and ordered to be printed.

326. A communication from the President of the United States, transmitting a supplemental estimate of appropriation for the fiscal year ending June 30, 1935, for the War Department, for protective works and measures, Lake of the Woods and Rainy River, Minn., amounting to $125,000 (H. Doc. No. 175); to the Committee on Appropriations and ordered to be printed.

327. A communication from the President of the United States, transmitting a supplemental estimate of appropriation for the Department of Labor for the fiscal year 1936 amounting to $39,480 (H. Doc. No. 176); to the Committee on Appropriations and ordered to be printed.

328. A communication from the President of the United States, transmitting estimates of appropriations submitted by the Commissioners of the District of Columbia to pay claims and suits which have been settled by them under the provisions of the act approved February 11, 1929 (45 Stat. 1160), as amended by the act approved June 5, 1930 (46 Stat. 500), amounting to $8,981.25 (H. Doc. No. 177); to the Committee on Appropriations and ordered to be printed.

329. A communication from the President of the United States, transmitting deficiency estimates of appropriations for the fiscal year 1933 and prior years in the sum of $3,052,48, and supplemental estimates of appropriations for the fiscal years 1935 and 1936 in the sum of $835,980, amounting in all to $839,032.48, and three drafts of proposed provisions pertaining to existing appropriations for the Department of Justice (H. Doc. No. 178); to the Committee on Appropriations and ordered to be printed.

330. A communication from the President of the United States, transmitting three estimates of appropriations for the Post Office Department which include supplemental estimates for the fiscal year 1935 of $2,685,000 for the Rural Delivery Service and $5,000 for star-route service, Alaska, and a deficiency estimate of $15,000 for payment of rewards, amounting in all to $2,705,000 (H. Doc. No. 179); to the Committee on Appropriations and ordered to be printed.

331. Communication from the President of the United States, transmitting supplemental estimates of appropriations for the fiscal years 1935 and 1936 amounting to $204,459.68, and draft of a proposed legislation of a proposed provision pertaining to an existing appropriation, for the Department of State (H. Doc. No. 180); to the Committee on Appropriations and ordered to be printed.

332. A communication from the President of the United States, transmitting a deficiency estimate of appropriations for the protection of the United States in matters affecting oil lands in former naval reserves for the fiscal year 1934 and prior years, amounting to $26,500, a supplemental estimate of appropriation for the Thomas Jefferson Memorial Commission for the fiscal year 1936 amounting to $15,000, and a draft of a proposed provision pertaining to an item for the Tennessee Valley Authority contained in the Budget for the fiscal year 1936 under the head of General Public Works (H. Doc. No. 181); to the Committee on Appropriations and ordered to be printed.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. ROBINSON of Utah: Committee on the Public Lands. H. R. 6670. A bill to provide for the preservation of historic American sites, buildings, objects, and antiquities of national significance, and for other purposes; with amendment (Rept. No. 848). Referred to the Committee of the Whole House on the state of the Union.

Mr. ROBINSON of Utah: Committee on the Public Lands. H. R. 6734. A bill to create a National Park Trust Fund Board, and for other purposes; with amendment (Rept. No. 849). Referred to the Committee of the Whole House on the state of the Union.

Mr. PATMAN: Committee on the District of Columbia. H. R. 6656. A bill to authorize the Pennsylvania Railroad Co., by means of an overhead bridge, to cross New York Avenue NE., to extend, construct, maintain, and operate certain industrial sidetracks, and for other purposes; with amendment (Rept. No. 850). Referred to the Committee of the Whole House on the state of the Union.

Mr. HARTER: Committee on Military Affairs. H. R. 4507. A bill to amend sections 1, 2, and 3 of the act entitled "An act to provide for the commemoration of the termination of the War between the States at Appomattox Court House, Va.", approved June 18, 1930, and to establish the Appomattox Court House National Historical Park, and for other purposes; without amendment (Rept. No. 851). Referred to the Committee of the Whole House on the state of the Union.

Mr. SMITH of West Virginia: Committee on Mines and Mining. H. R. 7958. A bill to relieve unemployment in mining districts, increase the monetary gold and silver reserve of the United States, and to develop strategic, deficiency, and noncompetitive mineral resources of the Nation, and for other purposes; without amendment (Rept. No. 853). Referred to the Committee of the Whole House on the state of the Union.

Mr. MOTT: Committee on the Public Lands. H. R. 1418. A bill to authorize an extension of exchange authority and addition of public lands to the Willamette National Forest

in the State of Oregon; with amendment (Rept. No. 854). Referred to the Committee of the Whole House on the state of the Union.

Mr. ELLENBOGEN: Committee on the District of Columbia. H. R. 3642. A bill to amend section 483 of the Code of the District of Columbia as to residence of members of the police department; with amendment (Rept. No. 855). Referred to the House Calendar.

Mr. PETERSON of Florida: Committee on the Public Lands. H. R. 7085. A bill to provide for the creation of a memorial park at Tampa, in the State of Florida, to be known as the "Spanish War Memorial Park", and for other purposes; with amendment (Rept. No. 856). Referred to the Committee of the Whole House on the state of the Union.

Mr. MOTT: Committee on the Public Lands. H. R. 7164. A bill to add certain lands to the Siskiyou National Forest in the State of Oregon; without amendment (Rept. No. 857). Referred to the Committee of the Whole House on the state of the Union.

Mr. ELLENBOGEN: Committee on the District of Columbia. H. R. 7167. A bill to provide for unemployment compensation in the District of Columbia, authorize appropriations, and for other purposes; with amendment (Rept. No. 858). Referred to the Committee of the Whole House on the state of the Union.

Mr. MOTT: Committee on the Public Lands. H. R. 7566. A bill 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"; without amendment (Rept. No. 859). Referred to the Committee of the Whole House on the state of the Union.

Mr. PALMISANO: Committee on the District of Columbia. H. R. 7874. A bill to change the name of the German Orphan Asylum Association of the District of Columbia to the German Orphan Home of the District of Columbia; without amendment (Rept. No. 860). Referred to the House Calendar.

Mr. ELLENBOGEN: Committee of the District of Columbia. House Joint Resolution 201. Joint resolution giving authority to the Commissioners of the District of Columbia to make special regulations for the occasion of the Seventieth National Encampment of the Grand Army of the Republic, to be held in the District of Columbia in the month of September 1936, and for other purposes, incident to said encampment; with amendment (Rept. No. 861). Referred to the Committee of the Whole House on the state of the Union.

Mr. PALMISANO: Committee on the District of Columbia. S. 1023. An act to provide for the payment of a military instructor for the high-school cadets of Washington, D. C.; without amendment (Rept. No. 862). Referred to the Committee of the Whole House on the state of the Union.

Mr. McREYNOLDS: Committee on Foreign Affairs. S. 2276. An act to authorize participation by the United States in the Interparliamentary Union; without amendment (Rept. No. 863). 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. HARTER: Committee on Military Affairs. H. R. 1471. A bill for the relief of Felix Nowicki; without amendment (Rept. No. 852). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. KING: A bill (H. R. 7974) to withdraw and restore to their previous status under the control of the Territory of Hawaii certain Hawaiian homes lands now in use as an airplane landing field; to the Committee on the Territories.

Also, a bill (H. R. 7975) to permit alien wives of American citizens who were married prior to the approval of the Immigration Act of 1924 to enter the United States; to the Committee on Immigration and Naturalization.

By Mr. GASQUE: A bill (H. R. 7976) to provide for the payment of salaries to certain referees in bankruptcy; to the Committee on the Judiciary.

By Mr. KENNEY: A bill (H. R. 7977) to authorize the purchase of the bust of Abraham Lincoln by Charles Henry Niehaus; to the Committee on the Library.

By Mr. CONNERY: A bill (H. R. 7978) 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; to the Committee on Labor.

By Mr. LLOYD: A bill (H. R. 7979) to extend the times for commencing and completing the construction of a bridge across Puget Sound at or near a point commonly known as "The Narrows" in the State of Washington; to the Committee on Interstate and Foreign Commerce.

By Mr. DOUGHTON: A bill (H. R. 7980) to protect the revenue of the United States and provide measures for the more effective enforcement of the laws respecting the revenue, to prevent smuggling, to authorize customs-enforcement areas, and for other purposes; to the Committee on Ways and Means.

By Mr. MORAN: A bill (H. R. 7981) 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's business interests in ships and shipping, to repeal certain former legislation, and for other purposes; to the Committee on the Merchant Marine and Fisheries.

By Mr. KLEBERG: A bill (H. R. 7982) to amend the Migratory Bird Hunting Stamp Act of March 16, 1934, and certain other acts relating to game and other wild life administered by the Department of Agriculture, and for other purposes; to the Committee on Agriculture.

By Mr. BACON: A bill (H. R. 7983) to amend section 15 (a) of the Agricultural Adjustment Act as amended; to the Committee on Agriculture.

By Mr. MORITZ: A bill (H. R. 7984) to regulate traffic and trade, protect small business houses and industry, promote orderly marketing, encourage individual initiative, decentralize business, and give the consumers the benefit of free competition denied them by chain ownership and operation, holding companies, and interlocking directorates; to the Committee on Ways and Means.

By Mr. BACON: Resolution (H. Res. 217) directing the Secretary of Labor to furnish to the House of Representatives the annual report for the Department of Labor covering the fiscal year 1934; to the Committee on Expenditures in the Executive Departments.

Also, resolution (H. Res. 218) directing the Secretary of Labor to furnish to the House of Representatives the annual report for the Department of Labor covering the fiscal year 1934; to the Committee on Expenditures in the Executive Departments.

By Mr. MARCANTONIO: Resolution (H. Res. 219) directing the Attorney General to transmit to the House of Representatives information concerning the kidnaping of David Levinson and Robert Minor; to the Committee on the Judiciary.

By Mr. BREWSTER: Joint resolution (H. J. Res. 280) for the designation of a street or avenue in the Mall to be known as "Maine Avenue"; to the Committee on the District of Columbia.

By Mr. THURSTON: Joint resolution (H. J. Res. 281) relating to the sale, reorganization, or dismemberment of the Minneapolis & St. Louis Railroad Co.; to the Committee on Interstate and Foreign Commerce.

By Mr. JOHNSON of Oklahoma: Joint resolution (H. J. Res. 282) to provide funds for soil conservation; to the Committee on Appropriations.

By Mr. SHORT: Joint resolution (H. J. Res. 283) for the designation of a street or avenue in the Mall to be known

as "Missouri Avenue"; to the Committee on the District of Columbia.

By Mr. McSWAIN: Joint resolution (H. J. Res. 284) requesting the Department of State of the United States Government to negotiate with the proper authorities of the Republic of France to procure the consent of the Republic of France to permit the American Battle Monuments Commission, or its successor, to restore the original inscriptions obliterated from the Three Hundred and Sixteenth Infantry Memorial erected by a French organization on property of that organization at Sillon-Fontaine (Cote 378), Territoire de Sivry-sur-Meuse, and directing the American Battle Monuments Commission, or its successor, to restore the original inscriptions obliterated from the said Three Hundred and Sixteenth Infantry Memorial; to the Committee on Foreign Affairs.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. GASQUE: A bill (H. R. 7985) to establish a National Bureau of Fine Arts; to the Committee on Education.

By Mr. CALDWELL: A bill (H. R. 7986) for the relief of Joseph E. Wooten; to the Committee on Claims.

By Mr. CELLER: A bill (H. R. 7987) for the relief of the Polygraphic Co. of America; to the Committee on Claims.

By Mr. CHURCH: A bill (H. R. 7988) for the relief of H. A. Currie; to the Committee on Claims.

By Mr. HEALEY: A bill (H. R. 7989) for the relief of John Lewis; to the Committee on Military Affairs.

By Mr. KNUTE HILL: A bill (H. R. 7990) granting a pension to Emma Zetta Bowden; to the Committee on Invalid Pensions.

By Mr. MITCHELL of Tennessee: A bill (H. R. 7991) for the relief of John A. Bass; to the Committee on Pensions.

By Mr. PFEIFER: A bill (H. R. 7992) for the relief of Archie J. McKee; to the Committee on Military Affairs.

By Mr. SADOWSKI: A bill (H. R. 7993) for the relief of Joseph Frank Schmidt; to the Committee on Naval Affairs.

By Mr. SMITH of Washington: A bill (H. R. 7994) to provide a preliminary examination of Goldsborough Creek, in Mason County, State of Washington, with a view to the control of its floods; to the Committee on Flood Control.

By Mr. TERRY: A bill (H. R. 7995) to authorize a preliminary examination and survey of the Arkansas River and Fourche Bayou with a view to the control of floods in the vicinity of Little Rock and North Little Rock, Ark.; to the Committee on Flood Control.

By Mr. WEST: A bill (H. R. 7996) for the relief of Sallie Gillespie; to the Committee on Claims.

By Mr. MASSINGALE: Resolution (H. Res. 216) to pay Malissa Worthley, mother of Vivian Worthley, 6 months' compensation and not to exceed $250 funeral expenses; to the Committee on Accounts.

PETITIONS, ETC.

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

8341. By Mr. BOYLAN: Resolution adopted unanimously at a meeting of the Federal Custodial Club, Detroit, Mich., favoring the passage of House bill 7267, providing for the classification of salaries of employees in the custodial service of the Treasury and Post Office Departments, etc.; to the Committee on the Civil Service.

8342. By Mr. FORD of California: Resolution of the Los Angeles County Civil Service Commission, urging Congress to enact House bill 5359, for creation of a National Civil Academy to train qualified young men and women for all branches of public service through a school of public administration maintained by the Government to secure professionalized public-service personnel; to the Committee on Education.

8343. By Mr. GOODWIN: Petition of Sheffield Producers Co-Operative Association, Inc., expressing opposition to amendments proposed to the Agricultural Adjustment Act by Senate bill 1807 and House bill 5585; to the Committee on Agriculture.

8344. By Mr. FULMER: Resolution of the Charleston County Petroleum Industries Committee, relating to the Federal gasoline tax; to the Committee on Ways and Means.

8345. Also, resolution of the Charleston County Petroleum Industries Committee, relating to the proposition of levying of tax on fuel oil; to the Committee on Ways and Means.

8346. By Mr. HALLECK: Petition of the citizens of Logansport, Ind., and vicinity, favoring pending bills for the regulation of carriers in interstate commerce; to the Committee on Interstate and Foreign Commerce.

8347. By Mr. HEALEY: Resolution of the General Court of Massachusetts, requesting the President of the United States to exercise the powers which he possesses under the National Industrial Recovery Act to the end that the cotton-textile industry throughout our country may proceed under conditions of economic equality, and that the readily apparent burdens which are now laid upon the cotton-textile industry in Massachusetts may be removed, and that Massachusetts manufacturers and Massachusetts operatives may be assured that no discrimination is practiced against them; to the Committee on Appropriations.

8348. Also, resolution of the board of directors of the National Association of Manufacturers of the United States, urging that a joint commission be appointed by Congress to investigate oriental competition and its effect upon American industries; to the Committee on Ways and Means.

8349. Also, resolution of the Common Council of Everett, Mass., stating that they firmly believe that an adjustment of the tariff duties on foreign manufactures and the repeal or modification of the processing tax will save our great New England industries, thereby providing employment for a large proportion of the population; to the Committee on Ways and Means.

8350. Also, resolution of the House of Representatives and Senate of the Commonwealth of Massachusetts, requesting the National Recovery Administration to grant speedy relief to the leather boot and shoe industry of this Commonwealth, and that vertical differential in wages is preferable to the existing geographical population and sex differentials, that higher minimum wage scale based on the skill of the shoe workers is preferable to the present minima sanctioned by the National Recovery Administration, and that uniform wages for all shoe factories throughout the Nation seems wise; to the Committee on Appropriations.

8351. Also, resolution of the General Court of Massachusetts, urging Congress and the President of the United States to exercise their powers to provide for a national system of unemployment insurance; to the Committee on Ways and Means.

8352. Also, resolution of the Everett City Council, Everett, Mass., condemning the social service, and requesting that this council go on record as condemning the establishment of an autocratic bureau made up of individuals as efficient as Army officers, who think more of saving a dollar at the expense of the other fellow than of relieving hunger and suffering, and who regimentate their fellowman in a fingerprint method of relief work; to the Committee on Appropriations.

8353. By Mr. KRAMER: Petition of the Southern California Photo Engravers' Association, requesting that the National Recovery Administration continue Photographers' Code for at least another 2-year period; to the Committee on Appropriations.

8354. By Mr. LAMBERTSON: Petition signed by citizens and taxpayers of the city of Atchison, Kans., for the benefit of soldiers and sailors and marines who served in the Regular Army, Navy, and Marine service; to the Committee on Pensions.

8355. By Mr. PFEIFER: Petition of the coat makers trade board of the Amalgamated Clothing Workers of America, concerning continuation of the National Recovery Act and the Wagner labor disputes bill; to the Committee on Labor.

8356. Also, petition of Joseph Mitchell, of 247 Moore Street, Brooklyn, N. Y., and 24 other residents of the Third Congressional District, New York, concerning the Lundeen bill (H. R. 2827); to the Committee on Labor.

8357. Also, petition of F. H. Von Damm, Brooklyn, N. Y., and its employees, concerning the Wagner labor disputes bill; to the Committee on Labor.

8358. Also, telegram from the pants makers trade board of the Amalgamated Clothing Workers of America, concerning continuance of the National Recovery Act and Wagner labor-disputes bill; to the Committee on Labor.

8359. Also, telegram from the vest makers trade board of the Amalgamated Clothing Workers of America, concerning continuance of the National Recovery Act and the Wagner labor-disputes bill; to the Committee on Labor.

8360. By Mrs. ROGERS of Massachusetts: Petition of the General Court of Massachusetts, seeking national unemployment insurance legislation; to the Committee on Ways and Means.

8361. Also, petition of the General Court of Massachusetts, requesting the National Recovery Administration to grant to Massachusetts boot and shoe manufacturers and others relief from unfair competition; to the Committee on Appropriations.

8362. By Mr. SADOWSKI: Petition of the Federal Custodial Club, endorsing House bill 7267; to the Committee on the Civil Service.

8363. Also, petition of the Michigan State Farm Bureau board of directors, concerning the Agricultural Adjustment Act and pending amendments; to the Committee on Agriculture.

8364. Also, petition of Group 1766 of the Polish National Alliance, endorsing House bill 2827; to the Committee on Labor.

8365. Also, petition of Corporal James W. Johnson Post, No. 78, Veterans of Foreign Wars, Detroit, Mich., endorsing the erection of a veterans' hospital in the Detroit area; to the Committee on World War Veterans' Legislation.

8366. Also, petition of Corporal James W. Johnson Post, No. 78, Detroit, Mich., Veteran of Foreign Wars, petitioning Congress and the President that the United States of America be kept out of any war of aggression; to the Committee on Foreign Affairs.

8367. By Mr. STEFAN: Resolution adopted by Nebraska State Senate, asking consideration of some appropriate location in the State of Nebraska as the site for an interior Army air base contemplated under House bill 4130; to the Committee on Military Affairs.

8368. By Mr. TINKHAM: Resolutions relative to protection of American industry and employees from foreign competition; to the Committee on Ways and Means.

8369. Also, resolutions requesting the National Recovery Administration to grant to Massachusetts boot and shoe manufacturers and others relief from unfair competition; to the Committee on Ways and Means.

8370. Also, resolutions seeking national unemployment insurance legislation; to the Committee on Ways and Means.

8371. Also, resolutions memorializing Congress in favor of requesting the President of the United States to exercise certain powers under the National Industrial Recovery Act for the benefit of the cotton-textile industry; to the Committee on Appropriations.

8372. By Mr. WITHROW: Memorial of the Legislature of the State of Wisconsin, memorializing the National Emergency Council and the Works Allotment Board to create a mining works project in the dormant southwestern Wisconsin mineral area; to the Committee on Mines and Mining.

8373. Also, memorial of the Legislature of the State of Wisconsin, memorializing the President and Congress of the United States and the Administrator of the Federal Emergency Relief Administration to provide for the continuance of aid in lime and marl production; to the Committee on Appropriations.

8374. By Mr. TRUAX: Petition of Ohio Valley & Eastern Lakes Department of the Brotherhood of Railway Clerks, by their general secretary, Edward H. Holtman, urging prompt and favorable support to House Joint Resolution 219, or to extend the Railroad Emergency Transportation Act; to the Committee on Interstate and Foreign Commerce.

8375. Also, petition of the Policemen's Association, District of Columbia, by J. E. Fondahl, chairman, soliciting support of House bill 3642, recently reported on favorably by the Committee on the District of Columbia and referred to the Committee of the Whole House, which permits members of the police department to live outside of the District of Columbia, within the metropolitan district; to the Committee on the District of Columbia.

8376. Also, petition of Painesville Auxiliary 32, U. S. W. V., Painesville, Ohio, by Anna J. Klumph, Margaret K. Jackson, Elva Leibold, and Arlina Marppo, urging support of House bill 5541, known as the "American Flag Act"; to the Committee on the Judiciary.

8377. Also, petition of the Willing Workers League of Lucas County, J. V. Saath, secretary, Toledo, Ohio, urging support of the Patman bonus bill and such other legislation as is known to be of vital importance to the working class of people; to the Committee on Ways and Means.

8378. Also, petition of the National Association of Retail Druggists, by J. W. Dargavel, Chicago, Ill., urgently requesting opposition to the Clark resolution extending the National Recovery Act for 1 year and providing for the restriction of codes to purely interstate business and the prohibition of all price-fixing provisions except on certain natural-resource industries; to the Committee on Ways and Means.

8379. By the SPEAKER: Petition of the Pacific Traffic Association of San Francisco, Calif.; to the Committee on Interstate and Foreign Commerce.

8380. Also, petition of depositor's committee of the closed First National Bank and Peoples National Bank, Pitcairn, Pa.; to the Committee on Banking and Currency.

SENATE

FRIDAY, MAY 10, 1935

The Reverend Harry Lee Doll, assistant rector of Epiphany Episcopal Church of Washington, D. C., offered the following prayer:

O Lord Jesus Christ, who didst face the world alone and unafraid, strong in the knowledge and love of Thy Father, help us to live so close to Thee that we may partake of Thy unbounded courage and meet the responsibilities which Thou hast intrusted to our care, upheld by Thy power and might. We ask it for Thy name's sake. Amen.

THE JOURNAL

On request of Mr. ROBINSON, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day Thursday, May 9, 1935, was dispensed with, and the Journal was approved.

TRIBUTE TO THE LATE SENATOR CUTTING

The VICE PRESIDENT laid before the Senate a letter from the Secretary of State, transmitting copy of a note received from the Ambassador of the Union of Soviet Socialist Republics, expressing his condolences on the death of Senator Bronson Cutting, which, with the accompanying paper, was ordered to lie on the table.

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	Burke	Frazier	Lonergan
Ashurst	Byrd	George	Long
Austin	Capper	Gerry	McAdoo
Bachman	Caraway	Gibson	McGill
Bailey	Carey	Glass	McKellar
Bankhead	Clark	Gore	McNary
Barbour	Connally	Guffey	Maloney
Barkley	Coolidge	Hale	Metcalf
Bilbo	Copeland	Harrison	Minton
Black	Couzens	Hastings	Murphy
Bone	Dickinson	Hayden	Murray
Borah	Dieterich	Keyes	Neely
Brown	Donahey	King	Norris
Bulkley	Duffy	Lewis	O'Mahoney
Bulow	Fletcher	Logan	Overton