8858. By Mr. BUCKLER of Minnesota: Petition of Joe Estling, president, of Greenbush, and Daniel Danielson, secretary, of Malung, Minn., of the Roseau County Farm Holiday Association, in behalf of their members, all praying for passage into law of House bill 6977, the flax bill amendment to the Agricultural Adjustment Act; to the Committee on Agriculture.

8859. By Mr. FOCHT: Petition of William D. Jones, of Middleburg, Snyder County, a part of the Eighteenth Pennsylvania Congressional District, and numerous other residents of Snyder County in support of House bill 2827, the workers' unemployment, old-age, and social insurance bill; to the Committee on Ways and Means.

8860. By Mr. GOODWIN: Petition of the Maritime Association of the Port of New York, New York, N. Y., opposing proposed legislation to transfer the supervision of harbor and river work from the Corps of Engineers of the United States Army to another Government department; to the Committee on Rivers and Harbors.

8861. By Mr. PFEIFER: Petition of the American Manufacturing Co., Brooklyn, N. Y., concerning the Sumner bill (H. R. 7940) prohibiting transportation of prison goods into the United States where the sale of prison goods is prohibited; to the Committee on the Judiciary.

8862. Also, petition of Edward White, president New York Photo Engravers' Union, No. 1, concerning the Wagner-Connery bill; to the Committee on Labor.

8863. Also, petition of Mailers' Union, No. 6, International Typographical Union, New York City, concerning the Wagner labor-disputes bill; to the Committee on Labor.

8864. Also, petition of Woman Investors in America, Inc., New York City, concerning the Rayburn-Wheeler public-utility bill; to the Committee on Interstate and Foreign Commerce.

8865. By Mr. RUDD: Petition of New York Photo Engravers' Union, No. 1, New York City, concerning the Wagner-Connery labor-disputes bill; to the Committee on Labor.

8866. Also, petition of Mailers' Union, No. 6, New York City, concerning the Wagner labor-disputes bill; to the Committee on Labor.

8867. By Mr. TRUAX: Petition of the International Institute of the Young Women's Christian Association, Toledo, Ohio, by their executive secretary, Mrs. Edward J. Lorenz, urging support of the Kerr bill (H. R. 8163), which corrects the injustices and inhumanities of the present law regarding deportation of aliens; to the Committee on Immigration and Naturalization.

8868. Also, petition of Hard Rubber Workers' Local Union, No. 18395, Akron, Ohio, affiliated with the American Federation of Labor, by their financial secretary, J. D. Coberly, urging support of the Wagner-Connery labor-disputes bill; to the Committee on Labor.

8869. Also, petition of the National Association of Letter Carriers, John T. Mugavin Branch, No. 43, Cincinnati, Ohio, by their secretary, Albert A. Seifert, urging support of House bills 5583 and 8002, both beneficial to the postal employee; to the Committee on the Post Office and Post Roads.

8870. Also, petition of the International Brotherhood of Blacksmiths, Drop Forgers, and Helpers, Cleveland, Ohio, by their secretary, W. T. Hill, urging support of the Wagner labor-disputes bill, the Black 30-hour-week bill, and Guffey coal-regulation bill; to the Committee on Labor.

SENATE

MONDAY, JUNE 17, 1935

(Legislative day of Monday, May 13, 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 Saturday, June 15, 1935, was dispensed with, and the Journal was approved.

MESSAGES FROM THE PRESIDENT

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

CALL OF THE ROLL

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

The VICE PRESIDENT. The clerk will call the roll.

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

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

Mr. LEWIS. Let me announce that my colleague, the junior Senator from Illinois [Mr. DIETERICH], the Senator from Virginia [Mr. GLASS], and the Senator from Oklahoma [Mr. GORE] are necessarily detained from the Senate, and that the Senator from Utah [Mr. THOMAS] is absent on important public business.

Mr. VANDENBERG. I desire to announce the absence of my colleague the senior Senator from Michigan [Mr. COUZENS] on account of illness, and I desire that this announcement may stand for the day.

Mr. AUSTIN. I announce that the Senator from Wyoming [Mr. CAREY], the Senator from New Hampshire [Mr. KEYES], and the Senator from New Jersey [Mr. BARBOUR] are necessarily absent from the Senate.

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

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Haltigan, one of its reading clerks, announced that the House had passed without amendment the following bills and joint resolution of the Senate:

S. 380. An act to reserve 80 acres on the public domain for the use and benefit of the Kanosh Band of Indians in the State of Utah;

S. 1066. An act to extend the provisions of section 2 of the act of February 28, 1925, authorizing reservations of timber, minerals, or easements to exchanges of lands in the State of New Mexico, under the act of February 14, 1923, and the act of February 7, 1929;

S. 1831. An act transferring certain national forest lands to the Zuni Indian Reservation, N. Mex.;

S. 2131. An act to provide for the establishment of the Big Bend National Park in the State of Texas, and for other purposes;

S. 2185. An act to amend an act entitled "An act to accept the cession by the State of Oregon of exclusive jurisdiction over the lands embraced within the Crater Lake National Park, and for other purposes";

S. 2278. An act authorizing the construction of buildings for the United States representative in the Philippine Islands;

S. 2508. An act to authorize the naturalization of certain resident alien World War veterans;

S. 2688. An act to amend an act entitled "An act to regulate the manner in which property shall be sold under orders and decrees of any United States courts", approved March 3, 1893, as amended;

S. 2780. An act to repeal the limitation on the sale price of the Federal building at Main and Ervay Streets, Dallas, Tex.; and

AUTHENTICATED U.S. GOVERNMENT INFORMATION GPO

S. J. Res. 42. Joint resolution to amend section 289 of the Criminal Code.

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

H. R. 3061. An act to authorize the adjustment of the boundaries of the Chelan National Forest in the State of Washington;

H. R. 3430. An act to amend the act approved May 14, 1930, entitled "An act to reorganize the administration of Federal prisons; to authorize the Attorney General to contract for the care of United States prisoners; to establish Federal jails; and for other purposes";

H. R. 5058. An act to convey certain lands to Clackamas County, Oreg., for public-park purposes;

H. R. 5360. An act providing for punishment for the crime of robbing or attempting to rob custodians of Government moneys or property;

H. R. 5920. An act to authorize the conveyance of certain Government land to the borough of Stroudsburg, Monroe County, Pa., for street purposes and as a part of the approach to the Stroudsburg viaduct on State Highway Route No. 498;

H. R. 6776. An act to amend section 36 of the Emergency Farm Mortgage Act of 1933, as amended;

H. R. 6910. An act to amend section 4 of the act of May 31, 1933, enacted to safeguard the interests and welfare of Indians of the Taos Pueblo, N. Mex., in certain lands within the Carson National Forest;

H. R. 6983. An act to provide for the transfer of certain land in the city of Anderson, S. C., to such city;

H. R. 6988. An act authorizing the State of Louisiana and the State of Texas to construct, maintain, and operate a free highway bridge across the Sabine River at or near a point where Louisiana Highway No. 21 meets Texas Highway No. 45;

H. R. 6995. An act granting pensions to veterans of the Spanish-American War, including the Boxer Rebellion and the Philippine Insurrection, their widows and dependents, and for other purposes;

H. R. 7044. An act authorizing the State of Louisiana and the State of Texas to construct, maintain, and operate a free highway bridge across the Sabine River at or near a point where Louisiana Highway No. 6 in Sabine Parish, La., meets Texas Highway No. 21 in Sabine County, Tex.;

H. R. 7652. An act to authorize the furnishing of steam from the central heating plant to the Federal Reserve Board, and for other purposes;

H. R. 7870. An act to provide a preliminary examination of the Purgatoire (Picketwire) and Apishapa Rivers, in the State of Colorado, with a view to the control of their floods and the conservation of their waters;

H. J. Res. 237. Joint resolution for the establishment of a trust fund to be known as the "Oliver Wendell Holmes Memorial Fund";

H. J. Res. 265. Joint resolution pertaining to an appropriate celebration of the four hundredth anniversary of the expedition of Hernando De Soto; and

H. J. Res. 290. Joint resolution to amend an act entitled "An act providing for the ratification of Joint Resolution No. 59 of the Legislature of Puerto Rico, approved by the Governor May 5, 1930, imposing an import duty on coffee imported into Puerto Rico", approved June 18, 1934.

REFUNDING OF TAXES TO BUILDING-AND-LOAN ASSOCIATIONS—VETO MESSAGE (S. DOC. NO. 71)

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

To the Senate:

I return herewith, without my approval, S. 279, an act to extend the time for the refunding of certain taxes erroneously collected from certain building-and-loan associations.

This bill authorizes the filing of claims for the refund of taxes which were, under the principle laid down by the United States Supreme Court in *United States* v. *Cambridge Building & Loan Co.* (278 U. S. 55), erroneously assessed and collected, regardless of the fact that claims for refund thereof were not filed within the prescribed statutory period for filing such claims.

Congress has determined that it is sound policy to include in all the revenue acts statutes of limitations, by the operation of which, after a certain period of time, it becomes impossible for the Government to collect additional taxes or for the taxpayer to obtain a refund of an overpayment of taxes. This bill selects a small class of taxpayers for special treatment by excepting them from this policy. The whole body of Federal taxpayers is thus discriminated against, and a precedent is established, opening the door to relief in all cases in which the statute operates to the prejudice of a particular taxpayer, while leaving the door closed to the Government in those cases in which the statute operates to the disadvantage of the Government.

I know of no circumstances which would justify the exception made by S. 279 to the long-continued policy of Congress, and do not believe that the field of special legislation should be opened to relieve special classes of taxpayers from the consequences of their failure to file claims within the period fixed by law.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *June 14, 1935.*

JURISDICTION OF FISH AND GAME IN INDIAN RESERVATIONS IN NEW YORK—VETO MESSAGE (S. DOC. NO. 70)

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

To the Senate:

I return without my approval the act, Senate 1942, "An act to repeal the act entitled 'An act to grant to the State of New York and the Seneca Nation of Indians jurisdiction over the taking of fish and game within the Allegany, Cattaraugus, and Oil Spring Indian Reservations', approved January 5, 1927."

The status of game and fish protection by law in the three Indian reservations mentioned in this act prior to the act of January 5, 1927, for the repeal of which this act has been passed, was somewhat chaotic, for the reason that, while theoretically the conservation laws of the State of New York applied to hunting and fishing in the reservations such laws were unenforceable with respect to the tribal Indians hunting therein, the Indians being wards of the National Government and Congress not having authorized the enforcement of the State conservation laws against them. Persons other than Indians hunting and fishing on such reservations were still subject to the New York conservation laws.

Repeal of the act of January 5, 1927, which was intended to set up an orderly and more nearly uniform administration of the conservation laws of New York throughout the State, would restore the chaotic situation to which I have referred.

It is highly desirable in this day of rapid disappearance of our wildlife, particularly the game species, that hunting and fishing throughout the land be restrained within those limits deemed by legislatures and responsible conservation officials essential for the preservation and perpetuation of the Nation's stock of wildlife.

I can perceive no reason why, at this time, tribal Indians in the State of New York should not be subject to the restrictions of the State conservation laws which apply to all other persons hunting or fishing in the same territory, certainly those features of the conservation laws which limit the seasons during which hunting and fishing may be indulged in and the numbers of game and fish that may be taken within fixed periods. It is manifest that numbers of species, especially of game birds, are only temporarily or periodically resident on the Indian reservations, passing therefrom to other portions of the State and in numbers of cases to other portions of the United States. It is, there-

fore, strictly true to say that the Indians are no more vested with a property interest in this game than are the people of the rest of the State or country.

Furthermore, game produced naturally or artificially in territory adjacent to the reservations inevitably pass back and forth between such territory and the reservations, as to which game it cannot with reason be contended that the Indians should have the privilege of taking it regardless of State law applicable to everybody else. The Indians are fully safeguarded against discriminative State law by the act of January 5, 1927, and by that act enjoy exemption from the hunting-and-fishing license feature of the State conservation law, and, in addition, are vested with the exclusive right to authorize the taking of game and fish within their reservations, and if they permit hunting and fishing, to issue the permits and licenses therefor.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *June 15, 1935.*

Mr. FRAZIER. I move that the veto message of the President be referred to the Committee on Indian Affairs.

The motion was agreed to.

ELSIE SEGAR

The VICE PRESIDENT laid before the Senate the amendment of the House of Representatives to the bill (S. 2218) for the relief of Elsie Segar, which was, on page 1, line 5, after the word "appropriated", to insert "and in full settlement of all claims against the United States."

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

The motion was agreed to.

DINO CARBONELL

The VICE PRESIDENT laid before the Senate the amendment of the House of Representatives to the bill (S. 1325) for the relief of Dino Carbonell, which was, on page 1, line 7, to strike out the word "representing" and insert "in full settlement of all claims against the United States for."

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

The motion was agreed to.

JOHN W. DADY

The VICE PRESIDENT laid before the Senate the amendment of the House of Representatives to the bill (S. 2333) for the relief of John W. Dady, which was, on page 1, line 10, after the word "work", 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. THOMAS of Oklahoma. I move that the Senate concur in the amendment of the House.

The motion was agreed to.

PETITIONS AND MEMORIALS

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

Senate Memorial 23

To the President and Congress of the United States:

Whereas St. Johns Bluff on the St. Johns River in Duval County, Fla., was selected as a strategic location for fortifications by five different nations of the world; and

Whereas the first battle between white races on North American soil was fought there for the possession of the vast region then known as Florida (1565); and

Whereas there the first colony of Protestants in North America was planted; the first Protestant woman and children landed; and the first child born in that faith; and

Whereas through the centuries following, St. Johns Bluff, the site of old Fort Caroline, continued to be the scene of varied national and international events of great importance, many of which are noted in general histories; and

Whereas this historic site of national and international interest is in every way worthy of possession by the General Government for strategic and historical purposes; and

Whereas there is pending in the Congress of the United States a bill designated as H. R. 3416 and entitled "An act to establish the Fort Caroline National Monument in Duval County, Fla." The purpose of which is to create and designate St. Johns Bluff as "Fort Caroline National Monument", authorizing and directing the Secretary of the Interior to acquire, on behalf of the United States, this area of land comprising approximately 118 acres, situated on the St. Johns River, in Duval County, Fla.: Now, therefore be it

Resolved by the Legislature of Florida, That the Congress of the United States is hereby memorialized to enact the above entitled bill into law: Be it further

Resolved, That United States Senators FLETCHER and TRAMMELL, and Representatives WILCOX, SEARS, GREEN, PETERSON, and CALDWELL, are hereby urged to use their most vigorous efforts to bring about the saving of this first-known landing place of the white race in the United States for future generations: Therefore be it further

Resolved, That the secretary of the State of Florida is hereby directed to transmit a copy of this memorial, under the great seal of State, to the President of the United States, to the President of the United States Senate, to the Speaker of the House of Representatives of Congress, to the Secretary of the Interior, and each member of the Florida delegation in Congress.

The VICE PRESIDENT also laid before the Senate a resolution adopted by the Board of Commissioners of the City of Galveston, Tex., favoring the enactment of legislation to establish a naval training station on the 900 acres of Government-owned land on Pelican Spit; to establish an adequate antiaircraft artillery base on the 600 acres, east end of the city of Galveston, given to the Government by the Galveston City Co. and Maco Stewart, and to construct a 200-foot canal from Fort Crockett and Offatt's Bayou westward to San Luis Pass, etc., which was referred to the Committee on Naval Affairs.

He also laid before the Senate papers in the nature of petitions from several citizens of New York City, N. Y., praying for the enactment of House bill 7688, for the benefit of substitute postal employees who have served the Government from 4 to 14 years, which were referred to the Committee on Post Offices and Post Roads.

He also laid before the Senate a petition of sundry citizens of New York City, N. Y., 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 was referred to the Committee on Privileges and Elections.

Mr. WALSH presented a resolution adopted at a meeting of 32 citizens of the League for Peace Action, of Stoneham, Mass., favoring the enactment of legislation to control private profit in peace time and war time, with no inclusion of conscription, which was referred to the Committee on Finance.

He also presented a paper in the nature of a petition from the Lynn (Mass.) Chamber of Commerce, praying for the enactment of House bill 7022, the so-called "air-defense bill", which was referred to the Committee on Military Affairs.

He also presented a letter in the nature of a petition from the directors of the Boston (Mass.) Chamber of Commerce, signed by E. L. Hefron, secretary Committee on Aviation, praying for the enactment of House bill 6511, providing that rates of pay for the carriage of air mail be regulated by the Interstate Commerce Commission, which was referred to the Committee on Post Offices and Post Roads.

FEDERAL GASOLINE TAX

Mr. CAPPER. Mr. President, I ask unanimous consent to have printed in the RECORD and appropriately referred a resolution from the executive committee of the Mid-Continent Oil and Gas Association, urging that the Federal gasoline tax of 1 cent a gallon be not renewed in the tax bill which will come before us in the near future.

This tax, as I have said before on the floor of the Senate, is generally recognized as a discriminatory, unjust, and outrageous tax; it should have been repealed long ago. In fact, it never should have been levied. It invades a field that not only belongs to the States but already also has been more

than filled by the States. The various taxing bodies have levied taxes on auto and truck owners that amount to a 25-percent annual tax on their property.

A fairly heavy tax on gasoline, to be used exclusively for highway purposes, is justified. Users of the highways should pay for highway construction and maintenance. But they already are doing so. We have motor-car owners and operators paying more than a billion dollars a year in taxes. This extra Federal gasoline tax is too much, and I hope will not be renewed. I send the resolution to the desk, with the request that it be printed as a part of these remarks.

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

RESOLUTION OF THE EXECUTIVE COMMITTEE, KANSAS-OKLAHOMA DIVISION, MID-CONTINENT OIL AND GAS ASSOCIATION, TULSA, OKLA.

To the Finance Committee of the Senate, in the Congress of the United States, Greeting:

Whereas the Congress of the United States has levied an emergency Federal tax of 1 cent per gallon on sales of gasoline, the revenues from which are utilized for general-fund purposes; and

Whereas such Federal gasoline tax constitutes a double assessment on motor-vehicle operators, in view of the fact that the 48 States of the United States had already levied State taxes on sales of gasoline when the said Federal gasoline tax was imposed, and such tax is in fact an invasion of the rights of the States; and

Whereas the use for general-fund purposes of the said revenues derived from such Federal gasoline tax constitutes in effect a usurpation and diversion of funds that should rightfully accrue to the States for road construction and maintenance; and

Whereas the assessment of this tax by the Federal Government is highly detrimental to the interests of the States in that it now tends to make the total gasoline tax in many States prohibitive, and is causing in some States diminished returns; and

Whereas, contrary to the intent and purpose of the gasoline-tax principle as originally recognized by the States and later subscribed to by the Congress of the United States in the Hayden-Cartwright Act of 1934, the Federal gasoline tax also encourages diversion and evasion of gasoline taxes in the States; and

Whereas revenues from the taxation of gasoline sales were intended properly to belong to the States, for the construction and maintenance of roads, and must be restored to them, particularly in view of the necessity for matching future Federal-aid funds, as soon to be provided under the Hayden-Cartwright Act of 1934; and

Whereas for the foregoing reasons, and in view of the fact that the Ways and Means Committee of the House of Representatives, the Finance Committee of the Senate, and the Vinson Subcommittee on Double Taxation have each previously recognized the unfairness of the Federal gasoline tax, and have stated that it ought to be eliminated; and

Whereas we believe that the said tax should be allowed to expire at the expiration of the present fiscal year, on June 30, 1935, and the taxation of gasoline hereafter left to the States for their exclusive use as a means of providing funds for highways: Now, therefore, be it

Resolved by the Kansas-Oklahoma Division of the Mid-Continent Oil and Gas Association in special meeting assembled, in the city of Tulsa, Okla., on June 12, in this, the year 1935, That the above committees and both Houses of Congress be, and hereby are, memorialized on behalf of the members of this organization to allow the Federal gasoline tax to expire at the close of the present fiscal year, June 30, 1935, in accordance with the declared intent at the time it was passed; that it be not levied again in any way whatsoever, and that the Federal Government permanently withdraw from the field of gasoline taxation and leave to the States exclusively the power and right to tax gasoline sales in the future; and be it further

Resolved, That a copy of this resolution be transmitted to the Chairman of the Ways and Means Committee of the House of Representatives, to be laid before the members of the committee, and to the Chairman of the Senate Committee on Finance, to be laid before the members of that committee, and likewise to both Senators from this State and the Members of the House of Representatives from this district and State, and such other Congressmen as may be necessary, urging them to use their utmost endeavors to carry out our desires as expressed in the letter and spirit of this resolution, and thus afford to our members and all those who operate motor vehicles or are consumers of gasoline, commercially or privately, the greatly needed relief which they demand from an excessive burden of discriminatory taxation, due largely to the combined high tax on gasoline in State and Nation.

CLAREL B. MAPES,
Secretary Kansas-Oklahoma Division,
Mid-Continent Oil and Gas Association.

REPORTS OF COMMITTEES

Mr. COPELAND, from the Committee on Commerce, to which was referred the bill (H. R. 6732) authorizing the construction, repair, and preservation of certain public works on rivers and harbors, and for other purposes, reported it with amendments and submitted a report (No. 893) thereon.

Mr. SCHWELLENBACH, from the Committee on Claims, to which was referred the bill (S. 427) authorizing the reimbursement of Edward B. Wheeler and the State Investment Co. for the loss of certain lands in the Mora Grant, New Mexico, reported it without amendment and submitted a report (No. 894) thereon.

Mr. MINTON, from the Committee on Interstate Commerce, to which was referred the bill (S. 2496) to amend the Railway Labor Act, reported it with amendments and submitted a report (No. 895) thereon.

Mr. McADOO, from the Committee on Patents, to which was referred the bill (S. 3047) to amend the act entitled "An act to amend and consolidate the acts respecting copyright", approved March 4, 1909, as amended, and for other purposes, reported it without amendment and submitted a report (No. 896) thereon.

Mr. DUFFY, from the Committee on Military Affairs, to which was referred the bill (S. 1103) for the relief of William K. Beldin, reported it without amendment and submitted a report (No. 897) thereon.

ENROLLED BILLS AND JOINT RESOLUTIONS PRESENTED

Mrs. CARAWAY, from the Committee on Enrolled Bills, reported that on the 14th instant that committee presented to the President of the United States the following enrolled bills and joint resolutions:

S. 410. An act to provide fees to be charged by the recorder of deeds of the District of Columbia, and for other purposes;

S. 2100. An act to amend an act of Congress entitled "An act to establish a Code of Law for the District of Columbia", approved March 3, 1901, as amended, by adding three new sections, to be numbered 802 (a), 802 (b), and 802 (c), respectively;

S. J. Res. 112. Joint resolution extending the effective period of the Emergency Railroad Transportation Act, 1933; and

S. J. Res. 113. Joint resolution to extend until April 1, 1936, certain provisions of title I of the National Industrial Recovery Act, and for other purposes.

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. HARRISON:

A bill (S. 3065) granting a pension to Nannie M. Buckley; and

A bill (S. 3066) granting a pension to Cornelia M. Campbell; to the Committee on Pensions.

By Mr. BLACK:

A bill (S. 3067) for the relief of A. J. Watts; to the Committee on Military Affairs.

By Mr. BONE:

A bill (S. 3068) to authorize the revision of the boundaries of the Snoqualmie National Forest, in the State of Washington; to the Committee on Public Lands and Surveys.

By Mr. McGILL:

A bill (S. 3069) granting a pension to Otis H. Dorsett; to the Committee on Pensions.

By Mr. COPELAND:

A bill (S. 3070) for the relief of Ethelyn Chrane; to the Committee on Claims.

A bill (S. 3071) providing for the placing of improvements on the areas between the shore and bulkhead lines in rivers and harbors; to the Committee on Commerce.

A bill (S. 3072) to amend the Tariff Act of 1930, as amended; to the Committee on Finance.

By Mr. BULOW (by request):

A bill (S. 3073) amending the act of August 23, 1912 (37 Stat. 413), relating to preference in reduction of force granted to persons entitled to military preference; to the Committee on Civil Service.

By Mr. BAILEY:

A bill (S. 3074) for the relief of Edgar M. Barber, special disbursing agent, Paris, France, and Leo Martinuzzi, former customs clerk (with accompanying papers); and

A bill (S. 3075) for the relief of John L. Summers, former disbursing clerk, Treasury Department, and various former Treasurers of the United States (with accompanying papers); to the Committee on Claims.

By Mr. SCHWELLENBACH:

A bill (S. 3076) for the relief of W. B. Greeley; to the Committee on Claims.

By Mr. THOMAS of Oklahoma (by request):

A bill (S. 3077) for the relief of Constantin Gilia; and

A bill (S. 3078) for the relief of C. R. Whitlock; to the Committee on Indian Affairs.

By Mr. SHEPPARD:

A bill (S. 3079) for the relief of Beryl Elliott; to the Committee on Claims.

Mr. NORRIS. I ask unanimous consent to introduce a joint resolution proposing an amendment to the Constitution of the United States, and request that it be referred to the Committee on the Judiciary.

The VICE PRESIDENT. Without objection, the joint resolution will be received and referred as indicated by the Senator from Nebraska.

By Mr. NORRIS:

A joint resolution (S. J. Res. 149) proposing an amendment to the Constitution of the United States relative to the jurisdiction of the Supreme Court in passing upon the validity of acts of Congress; to the Committee on the Judiciary.

HOUSE BILLS AND JOINT RESOLUTIONS REFERRED

The following bills and joint resolutions were severally read twice by their titles and referred as indicated below:

H. R. 3061. An act to authorize the adjustment of the boundaries of the Chelan National Forest in the State of Washington; and

H. R. 5058. An act to convey certain lands to Clackamas County, Oreg., for public-park purposes; to the Committee on Public Lands and Surveys.

H. R. 5360. An act providing for punishment for the crime of robbing or attempting to rob custodians of Government moneys or property; to the Committee on Post Offices and Post Roads.

H. R. 5920. An act to authorize the conveyance of certain Government land to the borough of Stroudsburg, Monroe County, Pa., for street purposes and as a part of the approach to the Stroudsburg viaduct on State Highway Route No. 498;

H. R. 6983. An act to provide for the transfer of certain land in the city of Anderson, S. C., to such city; and

H. R. 7652. An act to authorize the furnishing of steam from the central heating plant to the Federal Reserve Board, and for other purposes; to the Committee on Public Buildings and Grounds.

H. R. 6776. An act to amend section 36 of the Emergency Farm Mortgage Act of 1933, as amended; to the Committee on Banking and Currency.

H. R. 6910. An act to amend section 4 of the act of May 31, 1933, enacted to safeguard the interests and welfare of Indians of the Taos Pueblo, N. Mex., in certain lands within the Carson National Forest; to the Committee on Indian Affairs.

H. R. 6995. An act granting pensions to veterans of the Spanish-American War, including the Boxer Rebellion and the Philippine Insurrection, their widows and dependents, and for other purposes; to the Committee on Pensions.

H. R. 6988. An act authorizing the State of Louisiana and the State of Texas to construct, maintain, and operate a free highway bridge across the Sabine River at or near a point where Louisiana Highway No. 21 meets Texas Highway No. 45;

H. R. 7044. An act authorizing the State of Louisiana and the State of Texas to construct, maintain, and operate a free highway bridge across the Sabine River at or near a point where Louisiana Highway No. 6 in Sabine Parish, La., meets Texas Highway No. 21 in Sabine County, Tex.; and

H. R. 7870. An act to provide a preliminary examination of the Purgatoire (Picketwire) and Apishapa Rivers, in the State of Colorado, with a view to the control of their floods and the conservation of their waters; to the Committee on Commerce.

H. R. 3430. An act to amend the act approved May 14, 1930, entitled "An act to reorganize the administration of Federal prisons; to authorize the Attorney General to contract for the care of United States prisoners; to establish Federal jails; and for other purposes"; and

H. J. Res. 237. Joint resolution for the establishment of a trust fund to be known as the "Oliver Wendell Holmes Memorial Fund"; to the Committee on the Judiciary.

H. J. Res. 265. Joint resolution pertaining to an appropriate celebration of the four hundredth anniversary of the expedition of Hernando De Soto; to the Committee on the Library.

H. J. Res. 290. Joint resolution to amend an act entitled "An act providing for the ratification of Joint Resolution No. 59 of the Legislature of Puerto Rico, approved by the Governor May 5, 1930, imposing an import duty on coffee imported into Puerto Rico", approved June 18, 1934; to the Committee on Territories and Insular Affairs.

AMENDMENTS TO SOCIAL-SECURITY BILL

Mr. BORAH and Mr. O'MAHONEY each submitted an amendment, and Mr. RUSSELL submitted two amendments intended to be proposed by them, respectively, to House bill 7260, the so-called "Social Security Act", which were severally ordered to lie on the table and to be printed.

CORRECTION OF ERROR IN SENATE BILL 1611

Mr. BYRD. I ask unanimous consent to submit a concurrent resolution to correct an error in a local bill, and I also ask for the present consideration of the resolution.

There being no objection, the concurrent resolution (S. Con. Res. 18) was read, considered, and agreed to, as follows:

Resolved by the Senate (the House of Representatives concurring), That the Secretary of the Senate be, and he is hereby, authorized and directed, in the enrollment of the bill (S. 1611) to authorize an exchange of lands between the Richmond, Fredericksburg & Potomac Railroad Co. and the United States at Quantico, Va., to make the following correction, viz: On page 5, line 22, of the Senate engrossed bill, in lieu of the numeral "4", insert the numeral "14."

JAPANESE POLICY IN MANCHURIA AND CHINA

Mr. KING. I submit a resolution and ask to have it read. It is very brief.

The VICE PRESIDENT. Without objection, the clerk will read the resolution.

The Chief Clerk read the resolution (S. Res. 154), as follows:

Whereas by the Kellogg Peace Pact, signed at Paris on August 27, 1928, the high-contracting parties (including the United States and Japan) solemnly declared that they condemn recourse to war for the solution of international controversies; and

Whereas by the Nine Power Treaty, signed at Washington on February 6, 1922, the contracting powers (including the United States and Japan) agreed to respect the sovereignty, the independence, and the territorial and administrative integrity of China and to refrain from taking advantage of conditions in China in order to seek special rights or privileges which would abridge the rights of subjects or citizens of friendly States; and

Whereas it is alleged that the policy pursued by Japan in Manchuria in establishing the Manchukuoan Government, in setting up a government oil monopoly of foreign oil interests, and the refusal by Manchukuo, as stated in the Japanese press, to observe the open-door policy except as to nations according her recognition, is a violation of the above treaties; and

Whereas it is alleged that more recently Japan has invaded and taken possession of Provinces in China proper south of the Great Wall, and has made demands upon China which, if insisted upon, will violate the sovereignty and independence, the territorial and administrative integrity, and the honor of China, in violation of the above treaties: Therefore, be it

Resolved, That the Committee on Foreign Relations, or any duly authorized subcommittee thereof, is authorized and directed to examine into the policy pursued by Japan in Manchuria and in China proper, as set forth above, with a view to determining whether such policy has violated any of the provisions of the Kellogg Peace Pact or the Nine Power Treaty, and to submit such recommendations as in their judgment are warranted by the facts.

For the purposes of this resolution the committee, or any duly authorized subcommittee thereof, is authorized to hold such hearings, to sit and act at such times and places during the sessions and recesses of the Senate in the Seventy-fourth Congress, to employ such clerical and other assistants, to require by subpena or otherwise the attendance of such witnesses and the production of such books, papers, and documents, to administer such oaths, to

take such testimony, and to make such expenditures, as it deems advisable. The cost of stenographic services to report such hearings shall not be in excess of 25 cents per hundred words. The expenses of the committee, which shall not exceed $5,000, shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman.

Mr. JOHNSON. Mr. President, I suggest that the resolution be referred to the Committee on Foreign Relations.

Mr. KING. I had intended to make that request, and I do so now.

The VICE PRESIDENT. The resolution will be referred to the Committee on Foreign Relations.

Mr. KING. Mr. President, I ask permission to have inserted in the RECORD, following the resolution which I have just submitted, an editorial which appeared in the Washington Post of Monday, June 17, 1935, entitled "China's Last Stand", which is a condemnation of the policy of Japan.

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

[From the Washington Post of June 17, 1935]

CHINA'S LAST STAND

Ever since Japan began her conquest of Manchuria in 1931 the Chinese Government has followed a conciliatory policy. For a brief period President Chiang Kai-Shek's troops resisted the Japanese at Shanghai and in the northern Provinces, but these battles were only an interlude in the general trend toward acceptance of Japanese domination. The authorities at Nanking realize that their poorly equipped and undisciplined recruits are no match for the Japanese Army. Consequently, they have tried to avoid open hostilities by gradually yielding to Tokyo's demands.

In view of the internal dissension in China and the weakness of the Nanking Government, this policy may be readily defended by those patriots who are working toward national unity. Yet it has played directly into the hands of the Japanese. As soon as China has accepted one set of demands another has been presented as a test of Chinese "sincerity." Each fresh encroachment finds China less able to resist than before. The result is, of course, gradual extension of Japanese control without effective resistance.

China's hope of achieving national unity has already been shattered, and her national independence is hanging in the balance. If the latest demands of Japan should be accepted, China would become a vassal state subject to ultimate control from Tokyo. Moreover, it is apparent that the area north of the Yellow River, including the two strategic cities of Peiping and Tientsin, is going the way of Manchuria. Where will the Japanese invasion stop? China does not know. She faces the dismal alternative of resisting with what strength she can command or risking extinction as an independent nation.

It is this desperate situation which has brought forth a new appeal for aid to the western powers. The foreign ministry at Nanking is trying to minimize the importance of the conversations in foreign capitals, for Japan has threatened China with "serious consequences" if the nine-power pact should be invoked. Nanking probably sees in this treaty, however, the last possibility of arresting the invasion. The militarists of Japan may penalize China for her efforts, but even weak resistance in a cause that is so eminently right is preferable to ignominious surrender.

The extension of Japanese control over Hopei, Chahar, Shansi, and parts of northern Shantung, Honan, and Suiyuan is unquestionably a violation of the nine-power treaty guaranteeing the independence and territorial integrity of China. When the puppet state of Manchukuo was established Japan offered the excuse that this region was not a part of China proper. What can she say with regard to the present encroachment upon the ancient Chinese capital and adjacent territory that has been under control of Chinese governments for at least 2,000 years?

Japan is anxious to keep this question in the background, for it involves conclusive evidence of Japanese aggression. For the same reason, however, the Chinese must press it to the fore. And if organized efforts to prevent imperialistic conquests and preserve world peace mean anything, it is impossible to see how the signatories to the Nine Power Pact can ignore China's appeal.

JOHN MONROE JOHNSON

Mr. BYRNES. Mr. President, I ask unanimous consent, as in executive session, that I be permitted to move to recommit to the Commerce Committee the nomination of Col. John Monroe Johnson to be Assistant Secretary of Commerce.

In doing so, I will state that when I asked unanimous consent on Saturday for the immediate consideration of this nomination, I did not know that there would be any objection. Objection was made, and I desire to have the committee have ample opportunity to consider the nomination. Therefore, I move that it be recommitted to the Commerce Committee.

The motion was agreed to.

Mr. VANDENBERG. Mr. President, in connection with the statement the Senator from South Carolina has just made, I wish first to thank him for the action he has taken. Secondly, I desire to suggest that it should be added that there is nothing in the recommittal which in any way reflects upon Mr. Johnson. On the contrary, this action is for the purpose of undertaking to determine what the full facts are, in the light of the recent statements which have been made by Mr. Mitchell.

Mr. BYRNES. I know nothing about the facts; but inasmuch as any question at all is raised about the nomination, I wish to have it recommitted to the committee so that consideration may be had.

ADDRESS BY SECRETARY OF STATE HULL AT PENNSYLVANIA MILITARY COLLEGE

Mr. CONNALLY. Mr. President, the Honorable Cordell Hull, Secretary of State on June 10 delivered an interesting and enlightening address at the commencement exercises of the Pennsylvania Military College, at Chester, Pa. I ask unanimous consent that his address may be printed in the RECORD.

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

Mr. President, I feel highly honored to receive at your hands the degree of doctor of laws and shall treasure not only that unforgettable evidence of your consideration but the words with which it was presented. I shall always associate with it the thought that it was given me at the end of the period that the Pennsylvania Military College, with all its traditions, was a private institution and when the family of Hyatt was celebrating the perhaps unparalleled record of having guided the destinies of the college for 78 consecutive years.

As I look about me and see the graduating class ready to enter the world of action, I cannot help being struck with the attributes of good citizenship which they have gained in this institution. There is in a military college the opportunity for training in discipline, in hardiness, and in fortitude such as is rarely found in other types of schools. We have been singularly fortunate in this country in that the training in our military colleges has emphasized the very elements which they can best give and has avoided the two pitfalls sometimes found in other parts of the world, namely, the creation of a rigid military mentality and the creation of a military caste.

The core of American policy has always been that the military is a servant of the civil government, and in turn that the duty of the civil government is to have at its disposal an adequate and efficient force for national defense, but to make every effort not to have to use it by resorting to war.

We have seen in certain countries just as we did prior to the dreadful conflagration in 1914 a military caste working on the popular mind until it glorified, not as a means but as an end, military power and achievement; we have seen that same military caste carrying armaments and the preparations of war to a point that well nigh paralyzes productive effort within the national borders; we have seen a given nation cite another nation's armaments as a continuing excuse to increase its own until there has been set up a vicious circle of greater and ever greater armaments, which in the long run can only lead to impoverishment and economic suicide. We have even seen instances where the military has assumed direction of foreign policy.

This recrudescence of the military spirit is all to prevalent in the world today. It is encumbent on those nations which recognize its menace to the atmosphere of peace, and economic stability, and international sanity, to turn the spotlight of publicity on those guilty of such policy and to reiterate with all their power that excess armaments can only lead to disaster.

Right here I wish to demolish the argument that is advanced from time to time from prejudicial sources that tremendous armaments will bring prosperity. Carried to its logical conclusion, this theory would make the peace seeker the depression's worst ally and the public enemy of both capital and labor. Somewhere, somehow, you all realize that there is something fundamentally wrong with that strange theory. It is true that a large percentage of the billions which are now being spent in many countries on armament goes back into wages and to that extent temporarily reduces unemployment and increases purchasing power. Another proportion goes into profits of various industries and to that extent helps to keep them on their feet and give them confidence. This is true of all Government expenditures of whatsoever nature. But nations must consider the return for what they spend. If the people's money is simply used to keep alive and sheltered those in need without their doing useful work, it may be possible to reduce suffering but beyond that there is little to show for it. If unemployed labor is put to useless labor—say to reduce the matter to an ultimate absurdity, to producing goods not one wants and then burning them up in order to start the process over again, once more perhaps suffering is alleviated but at the same time raw materials and human energy are thrown away to no advantage. Now armaments are in this category in that they are definitely not self-

liquidating and are wholly unproductive in any material sense. To the extent that they protect the nation's independence and discourage aggression, they serve the highest purpose that can be imagined; to the extent that they exceed the minimum needed for defense they are a dangerous expedient; to the extent that they encourage war and become instruments of aggression, they sacrifice the finest ideals and the most cherished possessions of humanity. Not only are they themselves destroyed in war, like useless goods that are burned, but they destroy in addition unmeasured other material values and uncounted lives and lead to the kind of wholesale devastation caused by the World War. All of this seems so elementary that I would not have gone into it at such length were it not that the issue of excess armaments is so frequently confused by the introduction of fallacious economic argument.

We have always had in mind the negotiations of an international agreement for the limitation and reduction of arms, either quantitatively or qualitatively, or both. Since 1926 our Government has taken a leading part in this movement. We have attended the Preparatory Commission for the Disarmament Conference and all sessions of the Disarmament Conference itself. On more than one occasion we have taken the initiative in presenting a plan which we felt would break the deadlock of international suspicions and rivalries. This has not been a partisan policy but a national policy. The world has not yet succeeded in solving this problem, in many ways the most complicated it has ever been called to face. This is partly so because to be effective unanimity is required on the part of all the major powers of the world, and partly because disarmament is closely intertwined with the political problem of security. The nations of Europe have been groping to evolve some system of collective action. We, of course, being removed from the scene of possible conflict, and being unwilling to abandon or limit our independence of judgment or decision, could never participate in such a collective system, but we can and do help in the efforts that others are making. We have based our foreign policy upon the tenets of the Kellogg-Briand Pact, and I would recall to you that this not only provides that the nations shall renounce war as an instrument of national policy, but, what is fully as important, that they shall seek the settlement of any dispute by pacific means only. We have suggested the conclusion of a universal nonaggression pact which cuts through the maze of technicalities and provides a simple definition of aggression; namely, the passage of frontiers by armed forces. We have made an offer contingent on the achievement of real disarmament that if a state has been judged guilty of aggression and we, using our own judgment, agree with the verdict, then we will refrain from any action which would tend to defeat collective efforts taken against the aggressor. We have associated ourselves with the League's consultation procedure both in connection with the Sino-Japanese dispute over Manchuria and the Peruvian-Colombia dispute over Leticia.

So often as opportunity offers, we shall seek occasion, without abandoning the traditions of our policy or trammeling our independence of judgment or action, to assist in the prevention of war and in the preservation and promotion of peace. We have not to my knowledge overlooked any opportunity that has been offered and we shall not overlook any such opportunity in the days to come.

Mr. President, the young men who are graduating today and stepping out from their academic life into wider fields of competition and action form the nucleus of our new generation which I hope can translate many of the ideals we have before us into realities. Strong, physically and morally, having learned to obey and hence having fitted themselves to command, they should prove leaders in their various walks of life. Their opportunities for service are great and I for one, in spite of the problems and obstacles before us, have the firm conviction that with time and effort and unflagging will power the problems will be solved and the obstacles overcome. They and thousands of others of our youth who are now closing their work at educational institutions throughout the country are the trustees of posterity and to a great extent they will be enabled to make the future what they will, and let us hope that it will be a future marked by peaceful conditions and a large measure of happiness and prosperity.

THE FUTURE OF THE NATIONAL INDUSTRIAL RECOVERY ACT—ADDRESS BY SENATOR WAGNER

Mr. ADAMS. Mr. President, I ask unanimous consent to have printed in the RECORD an address delivered over the radio by the junior Senator from New York [Mr. WAGNER] during the National Radio Forum, on Thursday night, June 13, 1935, on the subject, "The Future of the National Industrial Recovery Act."

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

Friends of the radio audience: The recent decision of the Supreme Court setting aside portions of the National Industrial Recovery Act, and the controversy within Congress and throughout the country regarding the future of that law, make it timely to review the entire subject in the light of its surrounding facts.

In order to understand the spirit and intent of the recovery program, we must turn our memories backward to the dreary days of early 1933. The small business man was being bled white by the cutthroat competition of an arrogant and heartless minority, and even the mighty corporation was groggy from the repeated blows of tremendous losses. The farmer, after mortgaging his home to finance his crops, and watering his fields with the sweat of his brow for wearisome months in the broiling sun, was finding the harvest less valuable than the seed. Thousands of evictions tore families asunder and wrenched the home owner from his long-cherished hearthstone. Savings stored up during a lifetime of struggle and self-denial were imprisoned in closed banks or vanished over night in the bursting bubble of the stock market. Banks and other financial institutions, bearing the cumulative burden of all these tragedies, moved onward toward the gloomy week in March when confidence died and our whole monetary system came to an awful pause.

Although his plight was long obscured by more spectacular events, it was the average worker who became the chief target for the slings and arrows of misfortune. The losses suffered by banker and business man and farmer may be recaptured upon the return of better times. But nothing can ever erase from body or soul the scars of hunger or the humiliating brand of unemployment. Upon millions of laboring people were visited trials and tribulations that can never be understood fully except by those whose own personal experiences have subjected them to poverty and its terrible insecurity. With 15,000,000 already unemployed, 500,000 new victims every month were being severed from their source of livelihood and flung heartlessly upon the streets. Many who retained their jobs were speeded up to the health-shattering pace of 60 or 70 hours a week. The pay envelop became thinner and thinner, until in some instances it reached the unbelievable figure of three or four dollars a week. In the search for the cheapest labor, children of 14 or 15 years of age were drawn into factories by the thousands. And at times these frail reeds for the support of whole families were paid 2 or 3 cents an hour. As conditions grew ever worse, public morals were shattered, the strongest seemed powerless to act, and an entire Nation descended into the gloomy vale of abandoned hopes.

When we ask ourselves the challenging question why the forces of revival lay cold and still, what answer suggests itself? Surely there was no lack of natural resources. Surely the strength and energy and genius of our people had not perished. The main obstacle to recovery was an outworn philosophy of government that had been suited to the oxcart era, but that was totally unadjusted to the machine age. It was a dogma insisting upon extreme individualism at a time when the individual had become the helpless victim of forces too big and too powerful for him to control. It was a dogma that failed to perceive the need for national action although our mighty industries had burst the bounds of conventional State lines and were country-wide or even international in their scope. It scoffed at the possibilities of Nation-wide cooperation although cooperation was the only safeguard against social disintegration on one hand or radical overthrow on the other.

Finally there came to power a leadership which grasped the realities of the situation, which knew that we must sink or swim as a united Nation, and which put into effect a program embodying this ideal.

The record of that program is written indelibly into the lives of our people. Systematic and sympathetic relief has redeemed the pledge that no one in America shall be allowed to starve. Comprehensive public works have gone even further by recognizing the principle that insofar as possible the willing worker shall have the right to work. The farmer is again rejoicing in the fruits of his efforts. The home owner is again secure and happy in the warmth of his domestic circle.

The average citizen with a thousand daily cares may have found it hard to grasp all the complexities of governmental machinery. But there has been one parcel of legislation standing out like the sun at high noon, visible to all except the blind. This legislation was fundamental because it came to grips with causes as well as results. It appealed to thoughtful business men because it provided an opportunity to create order out of chaos, to manufacture and sell goods with a better knowledge of the market, and to restrain the demoralizing practices of the price slasher and the wage cutter. It appealed equally to workers because it recognized that the real dynamo of industry was not closed banks and idle factories, but the human materials of America.

Its first and guiding principle was that recovery was neither possible nor worth while unless it meant the rehabilitation of the workers of this country. With its promise of fuller employment, shorter hours, better wages and the right to bargain collectively, the National Industrial Recovery Act drove its appeal to the hopes and aspirations of nameless men and women from coast to coast.

One does not have to delve into volumes of statistics to prove that the Recovery Act has been helpful to business. Every observant person knows that the last 2 years have changed losses into profits and converted despair into hope. It will be enough to mention that the earnings of 1,435 representative industrial and trading establishments rose from $640,000,000 in 1933 to $1,071,000 in 1934, showing a gain of over 64 percent.

The benefits that have been conferred upon the common man are known wherever working people congregate. If we glance at random at a cross section of industry, we find that employment has been increased by 100,000 in cotton textiles, by 50,000 in the clothing industry, by 30,000 in hosiery manufacturing, by 90,000 in iron and steel, and by 180,000 in the retail trade. In all, not less than 3,500,000 people have been transferred from the pavements to their customary occupations. A quarter of a million children have been withdrawn from the sweatshop. Hours of labor have been notably reduced. Forty or fifty cents an hour,

low though that may be, are now being paid in occupations where 3 or 4 cents an hour was the rule 2 years ago. The annual volume of wages has increased by $600,000,000. The greatest gains, however, cannot be conveyed by cold figures. They are evidenced by the renewed faith that our Government has returned to its original purposes as a humane instrument for the protection and advancement of all the people of the country.

It is unthinkable that in the face of these results we should return to the destructive planlessness which existed 2½ years ago. Yet that is precisely the direction in which the captains of reaction are trying to steer the country. If they advanced concrete proposals to cure the imperfections that naturally exist in any new experiment, we should welcome their advice. But not one of them has a single constructive substitute. United they stand in blowing the bugle of retreat into the tanglewood of disorganization and chaos.

In seeking to vindicate their position before the American people, these captains of reaction have again mounted the hobby horse of supposed State rights. Every time the Federal Government takes a step they have a nightmare about the overthrow of our system of Government. Why do not these gentlemen wake up and look at economic realities. Did the misery and discontent of 3 years ago show a fine respect for State lines? Was it possible to keep wages in one section up when competitive wages in other sections were tumbling down toward zero? Did the manufacturers of the East have a ready market for their products when the agricultural West was in ruins? Until the Federal Government acted 2 years ago, the States were utterly powerless to prevent the trend toward complete social disintegration. These people know that a return to State action will mean no action at all. They are opposed to Federal action, not because it has failed, but because it has succeeded—succeeded in laying the foundation for a better distribution of opportunity among nameless millions of Americans.

On May 27 the Supreme Court of the United States handed down its decision in the Schechter case, invalidating certain portions of the National Industrial Recovery Act. Before nightfall of that day the opinion of the court, hastily read and distorted to suit selfish purposes, was seized upon by all the forces of reaction as a mandate requiring the complete abandonment of our Federal program. Anyone who has studied the history of our country will not be surprised to find some people misconstruing and misrepresenting language of the Supreme Court and of the Constitution itself in an attempt to make both serve as instruments for oppression, rather than as the guardians of freedom that they truly are.

We do not utter a word of disapproval of the decision of the Supreme Court in the Schechter case. We disapprove only of the erroneous constructions that have been placed upon it by designing people. We retain our enduring faith in constitutional government and our confidence in the wisdom and statesmanship of our highest Court. It is our intent to follow the Schechter decision, not to disobey or circumvent it. We recognize that the Court, in its severe criticism of the delegation of legislative power to a wide variety of private agencies unanswerable to the people, has taught us a lasting lesson in good government. We are thankful for the services that have been performed by the Court in ordering Congress to chart a clearer and more defined course as to what affects interstate commerce and what does not. We are prepared to make plans for changes in legislative detail and in administrative organization that will conform to the Supreme Court's decision.

We do not believe that there is a single letter in the Schechter decision which makes it impossible for the Federal Government to cope in any way with economic problems that challenge the whole Nation. We find no evidence in the decision that our Constitution compels us to bow our heads before the dreadful consequences that inaction would bring. During the past few weeks I have received hundreds of letters from people in all walks of life, mailed during the first days after the Recovery Administration was shorn of its powers. These letters tell a moving story of what will happen if the old conditions are allowed to return. One small business man writes: "N. R. A. helped us give employment for necessary repairs and improvement to our store. It has put us in a frame of mind of still expanding our store and so give more employment. But now we are uncertain. We fear the thought of returning to the bitter cutthroat conditions that existed before N. R. A. Senator WAGNER, I'm sure that you will act to protect small business gains."

Another communication, from a worker, says: "In the past year I saw the light of day; I enjoyed the luxury of a free week-end with my family. Now, the inferno is roaring again, the sweat pouring again. It is all gone. My pay has been reduced, my hours have been lengthened, and I have been told to report on Saturdays. All this in the short space of 2 days—it is very bewildering."

Congress does not intend to surrender. The first evidence of its determination to go ahead came last month, when the Senate by an overwhelming vote passed the national labor relations bill, designed to make section 7 (a) of the Recovery Act permanent law and to dignify it with adequate enforcement powers Under the breakdown of section 7 (a) the vast majority of American workers were deprived of their precious right to bargain collectively. They saw the pledge made by the Government they trusted violated with impunity. They breathed the heavy atmosphere of discrimination, and they were denied just participation in the rebuilding of America.

This condition was a menace to every worker in America, to those who were free as well as to those held in economical bondage. No worker anywhere could regard his future with serenity so long as millions of his fellows were subjected to oppression, and so long as the Government was not ready to vindicate that portion of the law which meant most to working people. No enlightened business man had a sense of security so long as workers were unable to help him combat the depression-producing practices of the sweatshop and the wage exploiter. Nor could any business man feel comfortable so long as the causes for industrial strife were running rampant throughout the land.

On the ashes of disappointment and frustration regarding section 7 (a), Congress is now prepared to raise a sounder structure to safeguard industrial liberty. For 2 years the national labor relations bill ran the opposition of every brand of false propaganda. Finally, public sentiment became overwhelmingly conscious of the fact that the company-dominated union was a sham and a delusion, and that the right of workers to be free men in fact as well as in name was a precious heritage that should be unflinchingly protected. Without question, action by the House will make this bill law before the adjournment of Congress.

The second step was taken when the House passed the social security bill, designed to afford protection against unmerited unemployment, neglected childhood, and destitute old age. Action by the Senate within a few days is a certainty.

The third step forward was taken this morning when the Senate, following the House, passed a resolution partially extending the National Recovery Act until April 1, 1935. This legislation will afford an opportunity for additional study and reflection upon the mistakes as well as the accomplishments of the past 2 years. It will break the ground for permanent legislation at the next session of Congress, if not later during this session. In the meantime it will permit the continuation of the principles of the National Recovery Act upon a voluntary basis.

But let us bear in mind that additional legislation there must be. We must not permit the stalemate of our Nation-wide struggle to maintain decent standards for the business men and working people of America. We must repudiate for all time the type of recovery that is based upon wrecking honest enterprise by the foul methods of unfair competition, or upon the degradation and exploitation of labor. Neither the sweatshops' day nor the paupers' pay can be countenanced again. Never again shall our children be drawn from the school into the factory.

The fundamental issues today are the same as they were several years ago. Is the protection of the human element in industry to be a principle of government? Is a fair level of wages to be safeguarded against the assault of the cutthroating exploiter? Are children to be chained to the factory bench? Are sweatshops to flourish? Is business to be stabilized, and are profits to be made secure by establishing order in industry? Are the instrumentalities for social justice to be preserved from the onslaught of reactionary influences? This cause is not the cause of a particular party or of a particular administration, but the cause of humanitarianism in America.

SOCIAL SECURITY

The Senate resumed consideration of the bill (H. R. 7260) to provide for the general welfare by establishing a system of Federal old-age benefits, and by enabling the several States to make more adequate provision for aged persons, dependent and crippled children, maternal and child welfare, public health, and the administration of their unemployment compensation laws; to establish a Social Security Board; to raise revenue; and for other purposes.

Mr. LONG. Mr. President, I ask permission to send to the desk an amendment to the pending measure, which I shall call up today or tomorrow. I ask that it may be printed and lie on the table.

The VICE PRESIDENT. The amendment will be received, printed, and lie on the table.

Mr. HASTINGS. Mr. President, I desire to discuss for a little while certain portions of the pending measure. I desire to cover briefly those provisions which relate to the granting of aid to States. Then I desire to call attention to the discriminations in the bill in favor of the old as against the young, the possible effect of such discriminations, the possibility of maintaining the huge reserve provided for, the cost of the plan under title II, and, lastly and very briefly, to title III relating to unemployment insurance.

I think the social security bill presented to the Senate by the committee is a very great improvement over the original bill, known as "S. 1130."

In my judgment, this bill is the most important bill that has been presented to this session of Congress. It maps out for the country an entirely new program. It is new in three particulars.

First, it is new in the assistance granted to States for old-age assistance, for aid to dependent children, for aid in maternal and child welfare, and for public-health work.

The Federal Government has for many years been making grants to States for the building of highways. There have

been other appropriations made of comparatively small amounts for other purposes, but the large item has been for the purpose of building roads.

We are now entering into a field which heretofore has been wholly a State responsibility. Effort has been made heretofore to have the Congress give some aid to the States to take care of their needy aged people. Many bills have been presented to the Congress having this as their purpose, but the Congress has never acted favorably upon them.

This bill comes to us not only as a recommendation of the President of the United States, but comes at a time when the recollection and distress of the depression is fresh in our minds and the existence of such distress is still in our very midst. More than that, it comes at a time when the individual States are laboring under a strained financial condition, with many of them believing that they cannot take care of their own. This feeling upon the part of the State authorities undoubtedly is partially due to the precedent of the Federal Government in furnishing huge sums of money to take care of the needy in the States. That it was necessary for the Federal Government to do something along this line is admitted by all; the question which has caused much debate in and out of Congress is the plan and method employed in giving such aid.

The conditions which I have recited and the precedent we have established make it exceedingly difficult to oppose this part of the pending bill. I have, after much consideration, reached the conclusion that it is necessary to support these grants to the States for the purposes set out in the bill. In doing so I do not overlook the great dangers which such action on our part at this or any other time will bring to the principles upon which our Government was founded. When the Federal Government adopts as a permanent policy a plan to contribute from the Federal Treasury any substantial sum for the care of the needy people of the States it immediately begins breaking down the independence of the States by making them more responsible to a centralized government.

I do not protest, for a protest would be of no avail. I yield, as every elective legislator must yield under our form of government, to what I believe to be the demand of the great majority of the people of every State.

I should not be so much disturbed in consenting to the grants set up in the bill for the purpose mentioned if I knew that the precedent thereby fixed by the Congress would not be enlarged upon by the Congresses that are to follow. I know, however, that this is only the beginning; and I know that the same public sentiment which supports this much of the program will continue until the amounts which are to be granted by the Federal Government will be increased and the scope of the relief greatly enlarged. This demand will continue from time to time until it will become such a burden upon the American people that the increasing or decreasing of the amount will become a serious political issue.

The only hope left, in my judgment, is that the Congress shall confine itself always to doing for a State and for the people of the State only so much as that State does for itself and its own people. In other words, the only safety we have in this new program is through making certain that the State does its full share. If we stick to that principle, we may save ourselves from some of the serious consequences that otherwise will come out of this plan.

Of course, Mr. President, there is nothing in this plan that is so complicated as to prevent it from being easily abandoned if and when the country so recovers from the depression that such contributions on the part of the Federal Government are found to be unnecessary. In other words, we may treat this matter at the present time under this plan as an emergency, which may or may not develop into a permanent policy, all of which, including the amount of the appropriation, would depend upon the conditions existing from year to year.

I say with perfect frankness that I have but little hope that the plan would be abandoned for the reasons I have stated. I merely point out the ease with which it could be abandoned, in order that I may compare it with other features of the bill which I cannot support.

I have called attention to the fact that there are three parts of this bill which are entirely new. I have been discussing only one that is contained in titles I, IV, V, and VI, and another title relating to the blind.

FEDERAL OLD-AGE BENEFITS

Title II, found on page 7, refers to Federal old-age benefits, and is perhaps the most complicated and far-reaching legislation in which the Congress has ever indulged. It is an effort to write into law a forced annuity system for a certain class of persons. My recollection is that it affects about 50 percent of the persons who are gainfully employed. There will be found on page 9 of the majority report a table which shows that in 10 years there will be accumulated in this reserve fund a little less than $10,000,000,000, in 18 years a little more than $22,000,000,000, and in 43 years the balance in reserve will be something like $47,000,000,000. The accumulation of this amount of money in a democratic form of government like our own is unthinkable.

It must be remembered that this effort to create an old-age reserve account to take care of all persons in the future is not a contract that can be enforced by anybody. What we do here is merely to pass an act of the Congress, which may be changed by any Congress in the future, and has in it nothing upon which American citizens can depend. Does anybody believe that such a huge sum of money, accumulated for any purpose, could be preserved intact? Does anybody doubt that it would be subjected to all kinds of demands? I can think of nothing so dangerous as an accumulation of the huge sum of $47,000,000,000 for the purpose of taking care of persons who have not yet arrived at the age where they can participate in the fund.

It must be borne in mind in this connection that this huge fund will have been accumulated for the purpose of taking care of only about one-half of the persons who will have been gainfully employed.

There will be found in the majority report, on page 9, this very significant statement:

> To reduce the cost of free pensions for these groups in the population, we deemed it desirable that the bill should include provisions for annuity bonds to be issued by the Treasury.

I think this statement is somewhat misleading. The reference is made to title XI, which provides that the Federal Government may issue annuity bonds. The statement is made in the report that it is believed that such authority to issue annuity bonds will reduce the cost of free pensions for the persons who are not included in the other plan. There can be no hope, in my judgment, of this accomplishing any such purpose.

I may say in that connection that, so far as I know, there is no particular advantage in annuities of this kind over annuities of the kind which have been issued by insurance companies in the past, and are being issued today.

If it be true that the annuity plan suggested in the bill will take care of one-half of the people who are not now being taken care of, it seems to me we might very well apply it to the entire class that is to be taken care of.

DISCRIMINATIONS

Now, Mr. President, in some detail and perhaps with some tediousness I shall point out some of the discriminations in the bill, and I do it for more than one reason. I do it not only for the purpose of showing the unfairness of the bill itself but for the purpose of calling to the attention of the Senate what some future Congress will need when faced with the discriminations which will be practiced under the bill.

I think it desirable to point out the many discriminations. They are against the young man and in favor of the older man. In my comparisons, unless otherwise stated, I shall assume that the wage received is $100 per month in each instance, and that the employee makes full time.

Under the plan as set out in the bill at the bottom of page 9, if a man begins to pay in January 1, 1937, and pays in for 5 years, he will have paid on an earned income of $6,000. In order to find out how much he gets each

month we take one-half of 1 percent of the first $3,000, which makes $15 per month, and we take one-twelfth of 1 percent of the other $3,000, which makes $2.50 per month, or a total of $17.50 per month. If this man is 60 years of age when he begins to pay in, he may retire at the age of 65 and get $17.50 per month.

There has been contributed for him and by him during these first 5 years $144, being 2 percent for the first 3 years, and 3 percent for the next 2 years. If this sum were paid to an insurance company, it would purchase an annuity of $1.17 per month.

The mortality table shows that a man 65 years of age is expected to live for a period of 12 years.

If we should take the $17.50 per month allowed him under this bill, he would be paid $210 per year, and for a period of 12 years it would amount to $2,520. If we should place it upon a sound basis, however, and pay him $1.17 per month, he would receive $14.04 per year, or a total for the 12 years of $168.48; so that particular person, whether he be in need or not, would get from some source $2,351.52 more than the money contributed by himself and his employer would earn.

Take another instance, and assume that the man who goes in on January 1, 1937, is 55 years of age. It will be observed in the majority report on page 8 that that man will be entitled to $22.50 per month. During the 10 years he will earn $12,000, and there will be paid in by him and for him $384. That $384 with interest at 3 percent will purchase an annuity of $3.76 per month. If he lives for 12 years and draws $22.50 per month, or $270 a year, he will receive $3,240, while if he only drew the amount that the $384 and interest at 3 percent would provide, namely, $3.76 per month, or $45.12 per year, he would draw $541.44, a difference of $2,698.56 for each particular person in that class.

But let us take the man who goes in at 50 years of age and pays in for 15 years. There will be paid in by him and for him $720, and this sum will purchase an annuity of $7.67 per month, whereas under the plan of the bill he would be entitled to $15 per month on his first $3,000 of earnings and $12.50 per month on the balance of his earnings, or a total of $27.50 per month, or $330 per year; and assuming that he lived for a period of 12 years he would draw $3,960; while his annuity of $7.67 per month, or $92.04 per year, for a period of 12 years would make a total of $1,104.48, which amount deducted from the $3,960 under the plan leaves $2,855.52, which must be paid from some other source to every person in this particular class, regardless of whether or not he is in need.

But suppose he goes in at 35 years of age, and payments are made by him and for him for a period of 30 years. For the first 15-year period the amount paid in amounts to $720, but for the next 15-year period the rate is uniform at 6 percent. The additional amount, therefore, paid in that could be used to purchase an annuity would be $1,080, making a total of $1,800. Under the plan he gets $42.50 per month, or $510 per year, and assuming that he lives 12 years, and, of course, it may be more or less, he would receive a total of $6,120. The annuity that could be purchased for him with $1,800 that has been paid in for him and by him would amount to $25.72 per month, or $308.64 a year, or a total of $3,702.68. This subtracted from the amount that he would get under the plan leaves a difference of $2,417.32.

Assuming that the man goes in at the age of 25 years and pays in for 40 years, there will be paid in by him and for him $2,520, and this sum will purchase an annuity of $44.10 per month, or $529.20 a year. Under the plan he would be entitled to $51.25 per month, or $615 per year, or a total of $7,380, if he lived out his expectancy. The annuity that could be purchased for him would be $529.20 per year, or $6,350.40, leaving a balance that must be made up from some source of $1,029.60. It will be observed that even if he goes in at 25 years of age he still gets an advantage of $1,029.60 if everything happens that is expected to happen.

If a man goes in at the age of 20 years and pays in for 45 years, there will be paid for his account $2,880; and that will purchase an annuity of $55.82 a month, or $669.84 per year, or a total for 12 years of $8,038.08. Under the plan he would get $53.75 per month, or $645 a year, and for a period of 12 years would receive $7,740. The persons in this class would, therefore, get $298.08 less under the plan than they would have coming to them from the ordinary life-insurance annuity.

Let us take another illustration, and suppose that a man does not reach the earning age until 1949; 1949 is the year in which the full tax becomes effective. He does not begin to pay in until he is 20 years of age, in 1949, and under the plan he pays in for 45 years. During that time he will have earned $54,000, and under the plan will be entitled to $53.75 per month, or $645 a year, and for 12 years will receive a total of $7,740. There will be paid in for him and by him $3,240, which will purchase him an annuity of $68.50 per month, or $822 a year, which over 12 years would make a total in payment to him of $9,864. Under this plan he gets only $7,740, and therefore loses $2,124.

As I have said, all of the illustrations I have given have been based upon a salary of $100 per month. But let me emphasize that illustration by taking the man who reaches the earning age in 1949, who earns $250 per month, and pays under the plan for a period of 45 years. During that time he will have earned $135,000, and under the plan will be limited in pension to $85 per month, or $1,020 a year; and if he lives out his expectancy, he will receive $12,240. There will be paid in for his account, however, the sum of $8,100, which, with interest compounded at 3 percent, would purchase him an annuity of $171.25 a month, or $2,055 per year, which over a 12-year period would give him a total of $24,660. Under the plan he would get $12,240, so that there is a difference of $12,420 which the young man, who starts in in 1949 and pays in for a period of 45 years and earns during the whole of that time $250 per month, will lose.

PAYMENTS UPON DEATH

Mr. President, let me call attention to another discrimination, with respect to the payments upon death, which will be found on page 11 of the bill. Section 203 provides that for any person dying before the age of 65, his estate shall be entitled to 3½ percent of the total wages paid to him after December 31, 1936.

If a man, therefore, enters this plan at the age of 60 and earns $1,200 per year for 5 years, he will have earned a total of $6,000. If he dies just as he reaches the age of 65 his estate will be entitled to have paid to it a lump sum of $210.

The amount this particular employee has paid in, plus the accumulated interest at 3 percent, will only amount to $76.92, making an overpayment to the estate of $133.08.

If he has been in the plan for 15 years, the amount his estate will receive will be $630, while the amount paid in by him with accumulated interest will equal only $432.72, making an overpayment of $197.28.

If he has paid in for a period of 25 years, his estate will receive $1,050, while the amount he has paid in with accumulated interest will be only $999.60, making an overpayment of $50.40. So the only person who is treated with entire equity is the man who has paid in for 25 years and dies. His estate gets back just about what it is planned ought to be gotten back.

If he pays in for 35 years, however, his estate will receive only $1,470, and the amount he has paid in plus the accumulated interest will amount to $1,761.72, showing a loss to the estate of $291.72.

I may call attention to the fact that these figures are based upon what the employee contributes, and have nothing to do with what the employer contributes.

If he pays in for 45 years and dies just at the age of 65, his estate will be entitled to $1,890 under the plan, while the amount he has paid in plus the accumulated interest will amount to $2,785.92, showing a loss to his estate of $895.92.

The above illustrations are based upon the assumption that he began to pay in at the end of 1936, when the rates would be less than the maximum for the first 12 years.

If we take the illustration of a man who starts to pay in in the year 1949 and pays in for a period of 45 years, we will find that his estate is entitled to the same $1,890, although the amount the employee has contributed to the fund with its accumulated compounded interest would amount to $3,383.52, showing a loss to his estate of $1,493.52.

I have called attention to the fact that the youth who enters this plan in 1949 and pays in for a period of 45 years and retires at the age of 65 and then lives out his expectancy of 12 years, will receive under the plan only $53.75 per month, while if the same amount had been paid in on some annuity plan he would receive $68.50 per month, making a total loss to him during the 12 years of $2,124.

The same youth is penalized if he should pay in for 45 years and then dies at the age of 65, in that his estate would receive only $1,890, whereas the amount that he has paid in with accumulated interest would be $3,383.52, or a difference of $1,493.52, so that if he lives for 12 years, or until he is 77, and draws his pension, he has a loss of $2,124, while if he dies at 65 before beginning to draw his pension his estate is out $1,493.52.

This discrimination is further emphasized if, instead of taking a figure of $100 per month as the wage earner's pay we take $250 per month. I have shown that in such a case if the man lived and drew his pension under this plan, instead of drawing what he would be entitled to under a regular annuity contract, he would lose $12,420. If the same $250 per month man, however, pays in for 45 years and dies just as he reaches the age of 65, his estate would get back $4,725, while if the same amount of money had been paid in under an annuity contract, his estate would be entitled to get back $8,458.50, showing a loss to his estate of $3,733.80.

DISCRIMINATIONS IN AMOUNT OF SALARIES RECEIVED

A like discrimination is made between persons getting low salaries and persons getting higher salaries. The bill favors the man with low earnings against the man with higher earnings.

Take the illustration found in the report on page 8. It will be observed that a man who has paid in for 10 years on the basis of $50 per month will receive a pension of $17.50, and that $17.50 to a man who has received a wage of $100 per month is increased to $22.50, and it increases $5 for every $50 per month increase in pay up to $250 per month. So that the man who earns $250 per month or five times as much as the man earning $50 per month, will receive only a fraction more than twice as much as the man who receives $50 per month. It must be borne in mind also that the man who has been receiving five times as much salary and who gets only twice as much in the form of a pension has all of the time been paying five times as much in taxes.

Mr. President, I call attention to the discrimination in this bill not so much for the purpose of emphasizing the argument which will be made by those who shall participate in this fund, who pay the taxes, and who are entitled ultimately to some return from it, but I call attention to it for the purpose of emphasizing that, after all, this is a democratic form of government and what we do here may be changed and will be changed upon the demand of people who have been discriminated against.

I do not overlook the suggestion made by the distinguished Senator from Wisconsin [Mr. LA FOLLETTE] the other day in response to a question I asked the chairman of the committee, or in response to the suggestion which I made to the chairman of the committee as to the discriminations. I do not overlook the fact that a part of these funds are being paid by the employer and that the employee has not contributed all the money which I have placed to his account.

That is quite true indeed, but it is not an answer at all to the point which I make and to the questions which I raise. The employee under this plan will either weekly, monthly, or yearly, whatever the plan provides for, have in his possession some evidence of what has been placed to his credit by the Federal Government. It will make no difference to him whether or not a part of it has been contributed by his employer. He will say, and in many instances it will be true, that he did not get enough pay anyway, and that, therefore, he has gotten no more from his employer than he was entitled to. However, the young man who will go under this plan in 1949 and pay in for a period of 45 years on a salary of $250 per month will find when he reaches the age of 65 that under this plan he can draw only $85 per month, while if that same fund had been placed in the hands of some insurance company or had been placed in the hands of any person who had invested it at 3-percent interest, and the 3-percent interest had accumulated until he had arrived a the age of 65 years, instead of getting $85 a month he would get a little more than $172 per month.

When he goes to his Member of Congress and sets forth those facts and shows how hard he has worked all these years, and how this money has been accumulated for him, and shows how in 1935 the Congress, when it enacted this law, enacted it in this form, because it was said Congress could not afford to do better than that which is now undertaken to be done, that is, to tax that youth of the future in order to take care of the older man of today—when he sets forth those facts, I say that his claim will be so just, his claim will be so fair, that no Member of Congress will dare turn him down, and we shall have that question confronting us, just as we have today such a question confronting us in the matter of the soldiers' bonus.

The soldier says, "We went to the war and we fought for America; we defended America while other youths at that time remained home and were earning large sums of money." What do we say in reply? We cannot deny what he says. We cannot deny that he earned much more than he received. The only reply we can possibly give to him is, "My dear fellow, you cannot expect America to pay you for your patriotism. It is impossible. There is not enough money in America to pay it. There is not money enough in the world to pay the soldiers what they actually earned or what is due to them, if you put it upon any such basis as that."

So, because we promised him a bonus he comes to the Congress and says, "We need the money now, and you ought to pay it in advance." We cannot say, "You did not earn it." We cannot say, "It is not proper to pay you in advance because you did not earn that much money." We have no defense except to say, "We have agreed to do a certain thing for you because of our great appreciation of what you did, and we are going to limit it to that, and that is not yet due"; and upon that ground we defend our position, and that is the only ground upon which we can defend it.

However, when the young man who will be 20 years of age in 1949 shall come to the American Congress with a certificate showing what has been paid in for his account, and he shall show to the Congress not only that, but will be able to say to the Congress, "If this money had been invested properly there would be coming to me now for the balance of my life $172 a month instead of this paltry sum of $85 a month which you expect to give me now", when the Congress will have no defense to it at all. We will have no defense at all, because he will not have gone into this plan voluntarily. We will have forced him into this plan. We will have forced him to contribute to the Federal Treasury 3 percent of his salary and will have forced his employer to do likewise. Perhaps all he can pay out of his salary is 3 percent; perhaps that is all he can spare, and perhaps it is all the employer can do for the employee; but instead of leaving it to him to make with some organization a binding contract which would enable him, if he lived to be 65 years of age, to get $172 a month, and which, more than that, would enable him when the time of need came to borrow money, to take part of his profit, at 60 years of age instead of 65, all under a binding contract, to which the careful youth and his parents and the employer had been looking to take care of him in the future, we force upon him a plan of which he has no notion whether it will be lived up to or not. He does not know whether it will last 5 years or 10 years. He does not know whether it will last until he is 65 years of age. He does not know what minute Congress is going to cut him off.

Mr. President, I suggest that that is a serious question, which we ought to consider before we pass on this difficult problem to some Congress in the future.

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

Mr. HASTINGS. I yield.

Mr. KING. I ask the Senator a question for information. In the figures which he has been presenting to us has he taken into account the fact that the payments which are made are made both by the employer as well as by the employee? Assume that there was no payment made by the employer, but only by the employee, is not the amount which he would receive under the bill commensurate with the amount which he would pay? The Senator has been debating it upon the theory that it is the equivalent of the employee making both payments, but the master pays part and the employee pays part. However, it all inures to the employee's advantage.

Mr. HASTINGS. Yes.

Mr. KING. Supposing that the Senator should base his computation upon the proposition that the employee should be entitled only to the benefits which would come from his payments, what then would be the result?

Mr. HASTINGS. Of course, all the figures I have mentioned as being paid in under regular annuity would be reduced by 50 percent, because the employee pays only half and the employer pays half. However, I may suggest, Mr. President, that I think this discrimination shown in the bill is a serious one. I say in response to the suggestion made by the Senator from Wisconsin [Mr. LA FOLLETTE] that it is a serious discrimination. If we admit, as we must admit, that the youth of today must be penalized in order to take care of the older persons of today, and if there be anything in the suggestion that the youth cannot complain, because his employer is contributing a portion of the money, then we had better modify this bill so that there shall not go to the credit of that youth the amount which the employer pays for him. In other words, it is provided that a total of 6 percent shall be paid in when the act shall become fully effective; 3 percent by the employer and 3 percent by the employee. If it be said that it is necessary to have such discriminations in order to take care of the aged people of today, then we had better change this bill so that there shall not go to the credit of that youth the entire 6 percent. Give him credit for the 3 percent which he contributes, and give him credit for 1 percent contributed by his employer, if that is all that can be done, or give him credit for 2 percent contributed by his employer, but whatever we do let us not deceive that youth by making him believe that here is an annuity plan whereby he is contributing 50 percent and his employer is contributing 50 percent, and that it goes to his credit, when, as a matter of fact, part of it is taken from him in order that we may take care of the older people of today.

I think that one of the finest things that could come to this country would be a combination annuity plan under which the employer and the employee would contribute a like amount in order to take care of the employee in his old age. But if we do it, we ought to do it upon a straight and fair basis where every man who is an employee and pays in and every employer who pays in for him should be given credit for all the sums of money paid in on the employee's account. I think the discriminations here are so serious that we ought not to pass much of this measure at this time; I think they are so serious that we might well afford to give many months study, and, perhaps, years of study, before we enter into any such plan.

Now, Mr. President, I want to discuss for a few moments the possibility of creating or maintaining any such reserve fund as is here contemplated. It must be borne in mind that in order to create this fund there must be annual appropriations by Congress. It is contemplated that those annual appropriations shall be the amount of money collected from the employer and the employee; but does anyone doubt that when the Congress comes to these appropriations there would be manipulations so that the fund would not be accumulated but would be used for current expenses of the Government?

Mr. President, we have a fine example of that—very slight, indeed, because of the amount involved—in the case of the civil-service retirement fund. I wonder if Senators realize that, while there is supposed to be something like a billion dollars accumulated in that fund and that the actuaries say there ought to be about a billion dollars accumulated in it, there has been practically nothing accumulated in that fund? I blame no particular person for it; I know when the Government needs money for some purpose the question may readily be asked why should not the Government, when it needs money for other purposes, take out of its till and put in some other place a certain sum of money that is necessary for some retirement fund? There is nothing in the civil-service retirement fund except an I O U. Of course, the I O U is perfectly good; nobody questions that; but I call attention to the seriousness of the situation when it reaches the sum of $47,000,000,000.

May I inquire whether it is recognized to whom this $47,000,000,000 will go? Who is to be in charge of that fund? It is estimated that the persons interested in it will be about 50 percent of the people who are gainfully employed; so somewhere between 25,000,000 and 30,000,000 voters of this Nation will be entitled to that $47,000,000,000. In this democratic form of government, does anybody think that the Congress can resist the demands of those 25,000,000 people with respect to that $47,000,000,000 of money? If we should ever be fortunate enough to accumulate any such fund as that, does anyone doubt that there would be proposals in the Congress to loan to the persons interested certain sums from the amount that has been accumulated? Does anyone doubt that there would be formed all over this land organizations that would want the Congress to give them a part of that $47,000,000,000 before they reached the age of 65? Think for a moment of what would happen in this land of ours if 25,000,000 people at the time the depression hit us had in the till somewhere, $47,000,000,000. Does anyone doubt that such a demand would have been made upon the Congress as would have destroyed the greater portion of that fund?

Mr. President, I submit that in a democratic form of government where a fund is created for the benefit of twenty-five or thirty million people Congress itself would be as helpless as a child, because the man who should not respond to the demand of a group of voters such as that would simply give way to another man who would respond. That has been common experience in this country, and could be demonstrated by precedent after precedent.

Mr. President, I do not wish to take a long time discussing this matter, but I should like to bring some of the facts to the attention of the Senate in order that we may better realize just what we are getting into. I desire to call attention to the cost of this plan. There has been placed on the desk of each Senator, I think, a copy of the "Data requested of the Secretary of the Treasury by Senator JESSE H. METCALF and submitted by the Railroad Retirement Board on June 4, 1935." It is my understanding that this is an official statement of the cost of this proposed plan.

I desire to call attention to certain figures which are supplied in the tables submitted. It will be observed in column 7 that without title II—that is, taking the grants and aids to States on condition that the States will contribute as much as the Federal Government contributes, by 1980, or a period of some 43 years, there will have been expended $39,059,600,000 during that 43-year period. That figure has been described by certain Government officials as being shocking, and it has been stated that we cannot afford any such scheme as that.

In column 8 is given a figure that shows what it will cost if we adopt title II. It must be borne in mind in considering these figures and this estimate that only about 50 percent of the people come under the plan of title II, leaving the other 50 percent of the people to be taken care of as they would be taken care of without title II. There

are two estimates of those figures. To the first there is a note attached to column 8 which reads as follows:

Basis A: Estimates of the consulting actuaries of the Committee on Economic Security, assuming (1) old-age-benefit plan similar to that in title II in effect; (2) dependency ratio of 15 percent in 1936, increasing to 20 percent in 1937—

And so forth. The total under that plan is $26,553,200,000.

So assuming these figures to be correct, we should save something like twelve and a half billion dollars during the period of 43 years by taking title II.

Under basis B, column 9, that figure is cut down to $12,072,000,000. Basis B is the estimate of the staff of the Committee on Economic Security.

So we have the consulting actuaries showing a figure of $26,553,200,000, while the staff estimate is $12,072,000,000.

Now, Mr. President, I wish to show in that connection that if we should adopt this plan that would not be the only cost. In column 12 will be found the taxes collected for this purpose, showing the figures for the various years. The total taxes are $78,734,800,000.

I call attention also to column 14, showing that the necessary interest to keep this fund intact is $31,749,900,000.

So while it is true, if it were paid out of the Federal Treasury without title II under the plan of grants and aid, as is provided in a part of the pending bill, assuming these figures to be correct, the total amount necessary to appropriate would be only a little more than $39,000,000,000; but if we take the figures of the consulting actuaries of $26,553,000,000, and add the tax of $78,734,800,000, plus the $31,749,900,000 of interest, we have a sum it can hardly be conceived the American people will be able to pay.

It may be said that it is not fair to use the interest item, but I invite attention to the fact that the tax which will have to be paid by the employer and the employee is money that is being laid out by them, and therefore, if it were not being laid out in this direction, it would earn for them at least 3 percent interest; so that if the actual cost to the people of the United States, to the employers and to the employees of the Nation, is actually $78,000,000,000, plus the nearly $32,000,000,000 of interest, and then we add to that the $26,553,000,000, we have a huge sum.

Mr. President, I made some calculations of what the costs would be. I should like to invite the attention of the Senate to them. If anyone finds that my figures are incorrect, I should like to have my attention called to it. I am speaking only of title II. Nothing I said with respect to expense has anything to do with title III, which refers to unemployment insurance.

Let us take title II alone and assume the figures to be correct. Let us take column 8 as representing the actual expense to the Federal Government, column 12 as being the actual amount of money collected, and column 14 the actual amount of interest to maintain the fund. It will be found that in the year 1950 the tax upon every State in the Union for that year alone would be 30 times the number of people living in each State in the year 1930. That is to say, if we take the State of Mississippi, which has something like 2,000,000 people in it, and assume that that State pays its share, it would cost the people of Mississippi a little more than $60,000,000 for that one year 1950 alone.

What would be the cost of the 15 years between now and 1950? In order to obtain accurate figures, it is necessary to multiply the number of people living in the State in 1930 by 250. If we take Mississippi as an illustration, it would cost the State of Mississippi, assuming that it pays its full share of these expenses, $500,000,000.

If we take the first 44 years, or until 1980, in order to find out what it would cost any particular State for that period, we multiply the number of inhabitants now living in the State by 1,365. If we take the State of Mississippi as an illustration and multiply the inhabitants of Mississippi, 2,000,000 in number, by 1,365, we find that it would cost that State a tremendous sum of money.

On the other hand, if we do not take title II, but take the same figures in order to get the amount of costs in 1950, we multiply the number of inhabitants of the State by 6 as against 30. For the 15 years we multiply by 65 instead of 250. In order to get the total up to 1980 we multiply by 325 instead of by 1,365.

Mr. President, I cannot conceive of this much money being paid for any purpose unless it be a tax upon the consumers of the Nation. As was suggested to me a moment ago, this is a huge sales tax in most instances. Of course, that is not true in some instances, because it is not a direct sales tax, and in a great many instances it will be impossible to pass it along to the farmer or to the other classes of persons who are not to be benefited by the bill. I invite attention to the fact that the farmer who is exempt, the domestic who is exempt from the bill, the other persons who are exempt; namely, about 50 percent of the people of the Nation, will pay no tax and will derive no benefit from the plan, and I ask how anybody expects those people ultimately to escape a tax which every consumer is bound to pay under the plan in one form or another?

The PRESIDING OFFICER (Mr. LEWIS in the chair). Will the able Senator from Delaware permit the Chair to inquire what was the source of the figures called actuarial? Will the Senator state to the Senator from Illinois, who now occupies the chair, through what source those actuarial figures came? What was the source whence the figures actually emanated?

Mr. HASTINGS. The source was a member of the committee, as I recollect. The statement is headed, "Data requested of the Secretary of the Treasury by Senator JESSE H. METCALF and submitted by the Railroad Retirement Board on June 4, 1935." I think it was Mr. Latimer who submitted the figures. There is no question about the accuracy of the figures. I think no one will dispute their correctness.

Mr. KING. Mr. President——

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

Mr. HASTINGS. Certainly.

Mr. KING. I may say that Mr. Latimer is recognized as probably one of the best actuaries in dealing with labor statistics and annuities in the United States, and is the head of one of the most important boards of the Government.

Mr. HASTINGS. I thank the Senator from Utah.

Mr. President, Mr. M. A. Linton was one of the consulting actuaries and is an outstanding actuary of the country. I desire to quote two or three paragraphs from a speech made by Mr. Linton before the Academy of Political Science in New York, in which he said:

The original bill provided, as has already been pointed out, for a heavy Federal subsidy running over one billion a year for 45 years hence. In order to remove this undesirable feature the Secretary of the Treasury proposed the increased rates of tax embodied in the new bill. The purpose was to "facilitate the continued operation of the system on an adequate and sound financial basis, without imposing heavy burdens upon future generations." The schedule accompanying the Secretary's proposals showed that the deficit had been removed and that by 1980 a reserve fund of nearly 40 billions (assuming inclusion of the same occupation groups as are in the present bill) would have been created.

Let us examine a little more closely into the manner in which the balance was accomplished. Suppose we should start out on the assumption that the pensions we are going to pay to those who are aged 20 or over when the plan starts, will be paid for in full on an actuarial basis by that same group of individuals. That is to say, we shall not attempt to pass on to posterity any part of the cost of these pensions. The adoption of the plan would call for a level contribution from the very start, probably in excess of 8½ percent of pay rolls. The rates of contribution suggested by the Secretary started at 2 percent and increased to 6 percent in 12 years. In view of the higher figure mentioned above, how can the proposed scale of contributions produce a balanced system?

The answer is that after 12 years when the uniform rate will be 6 percent we shall be charging the new workers coming into the system say at age 20, a rate that is upward of 40 percent greater than the true actuarial premium for the benefits they will receive.

When the young men of the future ask why they and their employers should have to pay so large a rate, the answer will be that years before their fathers and grandfathers had made promises to each other which they did not have the money to carry out in full. Therefore, they conveniently decided to pass on the deficiency by assessing a surcharge against their children and grandchildren. When the workers of the future come to appreciate fully the origin of this surcharge, are they not likely to make strenuous efforts to shift it to the general revenue fund?

Mr. President, here is a statement that instead of the amount of 6 percent being all that is required, this actuary—and he is a prominent man in his profession—says that in his judgment it would take 8½ percent; so, notwithstanding the discriminations, notwithstanding the penalizing of the youth for the benefit of the older person, we still shall have not enough tax to take care of this fund.

Mr. President, I do not wish to detain the Senate longer with this matter. I desire, however, to call attention to the unemployment-insurance title.

Mr. WAGNER. Mr. President, will the Senator yield before he leaves the subject he is discussing?

Mr. HASTINGS. I yield.

Mr. WAGNER. Unfortunately, I did not hear all of the Senator's address; but I heard his criticism of what he termed a discrimination between the younger workers and the older workers in the disbursement of the old-age fund. The Senator has stated correctly that the older workers will receive a larger share in proportion to their contributions than the younger men. Is it the Senator's view that that difference ought to be made up by an appropriation by the Government?

Mr. HASTINGS. Undoubtedly. Undoubtedly it ought to be done in some other way than this.

Mr. WAGNER. As the Senator remembers, the original bill provided that ultimately, when the deficit should arise because of the higher annuity paid to the older workers, that deficit should be made up by society itself, through the Government, making the contribution. I do not know whether or not the Senator cares to answer the question; but if that change were made in the bill, would the Senator support the proposed legislation?

Mr. HASTINGS. I am not prepared to answer that question directly; but I will say to the Senator that I have said that I should be very much interested if we could work out a plan of a forced annuity, contributed to by the employer and the employee, whereby the fund would go directly, with 3 percent interest, to that particular person. I should be very much interested in that sort of a plan.

Mr. WAGNER. It would be difficult to work out such a plan under a pooling system, but I think the Senator will recognize the fact that it is not really accurate to say that the contribution which the younger worker makes to the fund is used to make up the larger annuity paid to the older worker. It really comes from the part of the fund which is contributed by the employer of the younger worker.

Mr. HASTINGS. Yes.

Mr. WAGNER. I will say to the Senator that I am in sympathy with his criticism, and as I introduced the bill it provided that society itself should make up that difference.

Mr. HASTINGS. I may say to the Senator, in order to meet the objection which the Senator has just suggested, namely, that the employee cannot criticize because part of this fund will have been contributed by somebody else—that, as I stated before, that fact will be ignored by him, because he will say, "In the first place, I never did get enough wages. I ought to have had more wages in the first place. This contribution by my employer was made for my benefit, and I am going to have it." I think that is so serious a matter that I should be inclined to give the employee, say, credit for only 2 percent of what the employer contributed, and use the other 1 percent to make up for the discriminations which are contained in the bill, if I make myself clear.

Mr. WAGNER. Yes; I understand the Senator.

Mr. HASTINGS. I would have the employer contribute 1 percent for the general fund in order to get rid of that discrimination. I really think it is a serious matter.

Mr. WAGNER. The reason why I am pressing the question, of course, is that I wished to ascertain whether the Senator was simply attempting to find flaws in the proposed legislation——

Mr. HASTINGS. No.

Mr. WAGNER. Or whether, if this correction were made by restoring the old tax rates, the Senator would support the legislation.

Mr. HASTINGS. No, Mr. President. In the committee the distinguished Senator from Georgia [Mr. GEORGE] and many other Senators, largely on the Democratic side, urged that we should not go into the matter of annuity pensions at this time, but that we should wait; that we should separate the subject of annuity pensions from this bill, and take a little more time to study it, and see if we could not work out a plan which would be agreeable to most, if not all, the Members of the Congress.

I am not prepared at this time to say that I should vote for any of these plans, because I have not made up my mind that the Congress has authority to force upon anybody an annuity system of any kind. As I say, I am in general sympathy with the scheme. I think of all things that can be done for a young person, the most important is to have him begin to pay into some kind of a fund that will take care of him in his old age, but to have the Congress of the United States force him to make such payments is so entirely new, and so different from my philosophy of what the Congress has a right to do, that I am not for the moment prepared to approve any plan of that character.

Mr. WAGNER. Of course, whether or not we ought to do that in this comprehensive way is an entirely different question. I think the Senator will agree, because of our experience during the past 50 years, that the only way we can ever give the working people of our country, the wage earners and others of low income, assurance against destitution in old age is by some plan which will be of universal application. The Senator knows we have tried the voluntary idea for half a century. Yet at this late day, out of all the working people of the country, there are only 2,000,000 of them who are under voluntary systems. Certainly we must do something for the rest of them sooner or later.

Mr. HASTINGS. Is it not more than 2,000,000?

Mr. WAGNER. Two million, outside of the railway employees—and even they are subjected to the uncertainty that their voluntary systems will be curtailed without notice.

They have no real, permanent security. Furthermore, statistics show that only 4 percent of the small group of retired workers who have been under voluntary pension systems are actually drawing benefits. If we genuinely wish to help provide against destitution in old age, there is no way to do it except by some plan which will be of universal application.

Mr. HASTINGS. Mr. President, of course, I know how much interested the Senator from New York has been in this subject for a long while, and I know how very much it appeals to the average citizen to advocate some legislation which will take care of people in their old age.

Mr. President, I shall take only a few moments more. I merely desired to call attention to the great interest the people have in unemployment assurance. I think people generally have reached the conclusion that perhaps we can make some progress by having some kind of unemployment assurance. It has been insisted that the only way in which that can be accomplished is by congressional action, and the scheme and plan contained in title III is the result of that suggestion.

I may call attention to the fact that what we are here endeavoring to do—and I may emphasize that it is different from what we have a right to do under the Constitution of the United States—is to say to the people of a State, "We are going to tax the employers of your State at the rate of 3 percent annually. We are going to give them credit for 90 percent of that tax if they can show to the Federal Government that they have paid in under some State law a sum of money to meet unemployment assurance, and have spent it under the rules and regulations which have been approved by the Federal Government. If they do that they may get credit for 90 percent of the amount they have paid for that purpose. Otherwise, we will take the 100 percent and add it to the funds in the Federal Treasury.

Was any such proposal as that ever made before in any Congress or to a free people anywhere in a democratic form of Government such as our own? What have we to do with

what a State does in the matter of taking care of employees in the State when they are out of work? It is replied that when the State cannot do it the Federal Government is compelled to do it, and that that is the necessary excuse. That is not a sufficient excuse. It is a sufficient excuse for us to want to do something, but it does not give us the legal right to force any such plan as that upon the States of this Union.

The Supreme Court has repeatedly said that Congress cannot force upon a State by taxation, or by regulating commerce or what not, something which the Congress thinks a State ought to do for itself. It undoubtedly cannot do it. But that is exactly what we are asked to do under this measure.

There is one reason for it, and it is a very good reason. Unless we can force this upon all the States by punishing them upon their failure to adopt the plan by imposing a tax upon employers within their borders it will be found that the various industries in one State which provides for the tax cannot compete with those in some other State which does not impose the tax, which, by the way, is a further demonstration that all this tax is passed on to the consumer. That is a reasonable excuse for this legislation. But it seems to me that the sooner we realize the limitations upon our own power, the sooner we realize that there are still existing 48 independent States in the Union which have a right to control their internal affairs, the sooner we will get away from this kind of legislation and this kind of trouble for the Congress.

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

Mr. HASTINGS. I yield.

Mr. BORAH. I desire to ask the Senator with regard to the old-age pensions for those who are now 65 years of age. As I understand the plan, the Government would make an allowance of $15 per person to be matched against $15 by the State.

Mr. HASTINGS. Is the Senator speaking of title II or of title I? There are two titles which relate to old-age pensions. One is the provision whereby the Federal Government would contribute $15 if the States contributed $15.

Mr. BORAH. That is the one to which I have reference, that is, in regard to people who are now 65 years of age.

Mr. HASTINGS. Yes.

Mr. BORAH. And who have no opportunity to share in the contribution which will be made in the future.

Mr. HASTINGS. That is correct.

Mr. BORAH. As I understand it, the Government would contribute $15, provided the State contributed $15. If the State did not contribute $15, or some amount, then there would be no contribution at all.

Mr. HASTINGS. That is correct.

Mr. BORAH. In other words, there will be no contribution except as it depends upon the contribution made by the State.

Mr. HASTINGS. That is correct.

Mr. BORAH. And at the utmost, if the State contributes in full, the contribution will be only $30 per person.

Mr. HASTINGS. That is correct.

Mr. BORAH. Is the Senator advised as to how many States are now contributing as much as $15 for old-age pensions, how many States have laws providing for that amount?

Mr. HASTINGS. I think it is something like 23. The figure is stated somewhere in the RECORD.

Mr. WAGNER. Mr. President, if I may volunteer the information, 35 States have enacted old-age-pension laws under which they contribute toward the support of dependent old persons, and different ages are provided—in some States 70 years and in others 65. I think there are but two or three States which contribute more than $15 a month, and the majority of the States now, I think, are contributing less than $15 a month.

Mr. BORAH. In other words, in that condition of affairs, there would be no allowance for old-aged persons in those States at all?

Mr. WAGNER. I did not catch the question.

Mr. BORAH. Where a State made no allowance, then the allowance made by the National Government would not be available?

Mr. WAGNER. That is correct.

Mr. BORAH. As a practical proposition, then, this measure does not really make any provision at all for a very large number of old-aged people.

Mr. WAGNER. Of course, it has always been regarded as an obligation of the States to take care of the old people in the States. This is the first time it has ever been proposed that the Federal Government aid the States in taking care of old people, and to that extent it is a new venture by the Federal Government.

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

Mr. BORAH. I yield.

Mr. CONNALLY. I may say to the Senator from Idaho that the theory is that the other States will come into the plan when there is a Federal law. Of course, if a State has no old-age-pension system, the Federal Government cannot contribute toward maintaining the old people in that State.

Mr. BORAH. I understand that perfectly; nevertheless, the fact is that no provision is being made for a very large number of old-aged people as the laws stand in the States now.

Mr. WAGNER. Perhaps adequate provision is not made. Thirty-five States are attempting to meet their obligations by taking care of old-aged dependents, some at the age of 65 and others at the age of 70, but in recent years, because of the depression, the amounts which the States have contributed have been somewhat reduced. The obligation to take care of the old people has always been regarded as an obligation of the States themselves, and the Federal Government, recognizing that they have had difficulties in raising the money, due to the depression, is for the first time in our history proposing to match the State contributions toward taking care of old people. So it is a step forward, and we are hopeful, of course, as the Senator from Texas has said, that the States which have not inaugurated systems for taking care of the old will enact legislation so as to get the benefit of the Federal contribution.

If I may, speaking to the Senator in terms of actual amounts spent, there is now being spent by the States for this purpose a little less than $40,000,000.

Mr. CONNALLY. Mr. President, will the Senator from Idaho yield to me?

Mr. BORAH. I yield.

Mr. CONNALLY. As an instance, my State has no old-age-pension system, but I think this year the people are voting on a constitutional amendment providing for such a system, and I anticipate that other States will follow through if this measure shall become a law. The Senator from Idaho is correct in assuming that for the immediate present there will be a large number of old-aged persons who will not receive any grant out of the Treasury.

Mr. BORAH. Undoubtedly there are a number of States which are not prepared financially to take care of old-age pensions at this time. There are States which the National Government is assisting in carrying their burdens, with reference to relief, and so forth.

Mr. WAGNER. Yes; they are.

Mr. BORAH. It seems to me we ought to take into consideration the fact that, so far as the people who are now 65 years of age are concerned, this measure is not and should not be regarded wholly as a pension proposition. These old people, at the end of 4 or 5 years of depression, with all means exhausted, are in a condition where they must be taken care of, and to make a Federal contribution of $15 a month dependent on whether the States are able to contribute $15 in addition does not seem to me to be meeting the situation.

There is a question of relief here, as well as the question of pensions, because it is now the effort of the Government to take these people from the relief rolls, and I am advised that hundreds of thousands of them will go back into the

miserable poorhouses, county farms, where the living is of the most meager kind. Does not the Senator from New York, who has given so much time to this matter, and understands it so well, think that we ought in this provision of the bill to take into consideration something other than the general principles which obtain with reference to security legislation?

I know perfectly well that there will be hundreds of thousands of old people who will really die of nonnutrition if more is not done for them than would be done under the pending measure.

Would it not be practicable to make a better allowance, and not make the additional allowance dependent wholly upon State action? Let the State make an allowance equal to, say, $15 if it can, because most of the States are unable to go beyond that, and let the National Government make an additional allowance, which it will take out for a limited number of years without any other allowance by the State.

Mr. GEORGE. I was going to make the suggestion that at least the Federal Government might take care of that full pension for a limited period of years, until the States were in position and had by appropriate legislation been able to set up the old-age-pension laws, even if for no more than for 2 or 3 years.

Mr. BORAH. I think something of that kind ought to be done.

Mr. WAGNER. May I make this suggestion to the Senator: Thirty-three States have already set up machinery to take care of their dependent old people. So there are only 15 States that have done nothing.

Mr. BORAH. Fifteen States.

Mr. WAGNER. But the Federal Government is taking care of those not under State law, for the period of time which the Senator from Georgia [Mr. GEORGE] suggests, by direct relief, and in addition the Federal Government is now supplementing local efforts by helping a great many of the old people in all the States. The provisions of this bill are designed to add to these efforts and also to act as an incentive to the States to be a little more generous in the care of their old by matching their efforts dollar for dollar. This proposal is much more than the Federal Government ever contemplated before the serious depression.

Mr. LONG. Mr. President——

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

Mr. BORAH. I yield.

Mr. LONG. I also wish to attract the attention of the Senator from New York [Mr. WAGNER]. As I understand, this bill purports to give a pension to those who are on charity. I have received statistics from the Census Bureau by which I will show that those who are actually dependent upon charity will by the provisions of this bill receive out of the Federal Treasury about 60 cents a month. I have statistics to show that this is not a pension at all. This is not much more than a paupers' bill.

Mr. BORAH. May I say to the Senator from New York that it has been brought to my attention that a number of these elderly people, 65 years of age, at the end of 4 or 5 years of depression have now been turned back to the counties and to the States; they have been taken off relief; the State has been asked to take care of them, and the county has been asked to take care of them, and the county and the State are undertaking to take care of them by means of the poor farm, and so forth. That leads me to believe that the National Government ought to do more than to make a contribution of $15 a month and make that dependent upon the proposition of the State also putting up $15, because there is an element of relief in this matter, aside from the question of preparing a general scheme of security.

Mr. WAGNER. I agree absolutely with the Senator from Idaho, and the Senator knows that I would be willing to go as far as anyone in this body. Perhaps whatever criticism has been directed at me has been due to the fact that I have been anxious to do too much in that regard.

Mr. BORAH. I am addressing myself to the Senator for that reason.

Mr. WAGNER. In the first place, the Senator from Louisiana says that these people are upon charity. But the States which have passed pension laws and called them pension laws do not want to regard these old people as being subjects of charity. Perhaps in a technical sense they are. But they are citizens of the State who in their days of age have met with adversity, and the State has assumed the obligation of taking care of them because of their claim upon the State to which they have made their great contributions by creating wealth in their prime.

We do not call this charity in New York, nor do they do so in any of the other States. We have to rely upon the States to ascertain who these people are who require aid, and the 33 States which have enacted pension laws have the machinery with which they ascertain this fact. As fast as the States ascertain that there are more who need this help the Federal Government will certainly increase its assistance in proportion.

I know of no method by which the Federal Government can go around the country to ascertain where these people are. We must rely upon the State machinery.

We are now saying to the States, "You have the machinery. By passing your laws you have said in a definite manner that you regard it as an obligation to take care of these people without throwing them into the poorhouse; and insofar as you assume that obligation, we will give you a dollar for every dollar that you spend.

I think that is going to be an incentive throughout the country to take better care of them. It has been suggested that some of the States, who now contribute over $15 per month to the dependent old, will reduce their contributions to the $15 level that is to be matched by Federal contributions. I cannot believe that any State will be so ungenerous as that, and I think that whatever the Federal Government gives will be added to that which the States are already doing for their aged people.

Mr. BORAH. Mr. President, of course the State has the machinery, and of course the State can ascertain the number of persons who are entitled to relief, but the State does not have the money.

Mr. WAGNER. The States have been making contributions.

Mr. BORAH. We know perfectly well that we are aiding States to take care of their educational systems, and their teachers, and everything else; and we know that under those circumstances they do not have the means to take care of these old people. These old people are people who have made those States, in a large measure. Out through the Northwest they are the pioneers, they are the men and women who built those Commonwealths, and because the State is not able to take care of them they must now go to a county farm. If we are going into this thing at all, if the National Government is going to take hold of it, let the National Government make a provision which will take care of these old people during this depression, and not be bound by the theory of a permanent scheme of national security.

Mr. WAGNER. Mr. President, I may say to the Senator that, so far as the emergency period is concerned, the Federal Government has been helping all of the States to take care of their old people. It will continue to do so. But this bill provides a permanent plan in addition to what we have been doing during the emergency period.

I hope that the time will come shortly when we shall give these old people even more. However, there is nothing in this bill to prevent the States from taking care of their dependent old persons as well as they can. I have not heard the complaint from many States that they are not able to carry the load.

Mr. BORAH. Neither the States nor the National Government is generous when it stops at $30, when both pay to make up that amount, so far as that is concerned.

Mr. RUSSELL rose.

Mr. BORAH. Did the Senator from Georgia wish to ask a question?

Mr. RUSSELL. In line with the suggestion of the Senator from Idaho that many of the States are unable at this time to contribute to the old-age-pension fund, I will say that the State which I have the honor in part to represent, under its constitution cannot levy taxes for this purpose. The purposes for which taxes may be levied in the State of Georgia are enumerated in the constitution, and the payment of the old-age pension is not included therein. It will be necessary to amend the constitution, and that cannot be done until the next general election, so the people may pass upon it. But as the Federal Government is now turning back to the States and the counties all of the unemployables in the State, the old people who are unable to work, and the ones most deserving, as indicated by the Senator from Idaho, the State is absolutely powerless to levy a tax to raise funds for paying these people any pension whatever.

Therefore, the people in my State will be taxed in part for over something like 2 years to provide these funds for old-age pensions, and until the State constitution is amended cannot secure a single cent from the Federal Treasury to supplement the State funds, for the State funds cannot be provided.

I have prepared an amendment which I propose to offer at the proper time, which will require for a period of 2 years from the time this act goes into effect that the Federal Government will make this contribution of $15 without regard to any action on the part of the States.

Mr. BORAH. Let us not confine it to $15. That is just slow death.

Mr. RUSSELL. I shall be glad in joining the Senator from Idaho in making it a larger sum, but I should like to have something done so that the people will not starve when the State is powerless to help them. I should like to have contributed to my State as much as the amount of relief contributed by the Federal Government to the other States.

Mr. WAGNER. I wonder if the Senator is not referring to the Governor of his State, who has been criticizing whatever appropriations we have made here to help the unfortunate in his State.

Mr. RUSSELL. The views of the Governor of the State on old-age pensions does not reflect the views of the people of the State.

Mr. WAGNER. I am glad to hear the Senator say that.

Mr. RUSSELL. As a matter of fact, at its last session the general assembly voted for a constitutional amendment providing for old-age pensions. The bill passed the house of representatives by a vote of 165 to 1. The bill also passed through the senate with the required two-thirds majority. The Governor undertook to veto the proposed constitutional amendment. That will have to be fought out in the State courts to see if the matter is to be submitted to the people at the next election. Regardless of the outcome of the matter, the people of the State could not avail themselves of the benefit of this measure before 1937, following the election of 1936, when the legislature meets again.

Mr. BORAH. I am not interested in local politics in this situation.

Mr. RUSSELL. Neither am I interested in local politics, and I did not inject that question, but I am tremendously interested in seeing that the aged and afflicted and those powerless to assist themselves in my State are given the same benefits and advantages as are accorded the people of other States under the terms of this bill. They should not be penalized. Because of the constitutional inhibition, the State is powerless, and had it not been for constitutional provisions the general assembly might have passed the bill over the veto of the Governor, but it was necessary to amend the constitution. The legislature did all that was in their power to do.

Mr. BORAH. The question of centralization of power does not arise, because there is just as much centralization of power in contributing $15 as there is in contributing $30. We have undertaken to do that; that is now in the bill. So the only question here for discussion is whether we are taking care of the situation in dollars and cents. There is no question of constitutional authority so far as this particular point is concerned, because that is covered by the fact that we have already provided for $15; and the question that I am now raising is, assuming that we are going to help, assuming that the National Government is going to take part in this matter, and assuming that the National Government is going to assist the States, the question is, Are we going to assist them sufficiently to enable the old people to live? That is the only question here. I do not think it takes care of them. I ask the able Senator from New York and the able Senator from Mississippi, who is in charge of this bill, and other Senators, who, as I know, are in full sympathy with this proposition, Are we going to be satisfied to allow only $15 a month, with the uncertainty as to whether the States will put up anything, and, therefore, have nothing come of it, or are we going to make a provision which will guarantee these old people at least a sufficient amount to keep them from actually dying of starvation or neglect?

Mr. WAGNER. I may say to the Senator that he is not accurate in saying that the States will not make any contributions, and that therefore the old people will receive nothing. As I tried to emphasize previously, there are 33 States that are already contributing.

Mr. BORAH. I am referring to the States that do not. In those 15 States we will have no help for them whatever.

Mr. WAGNER. I will repeat what I have heretofore said, that I made inquiry as to all that, and I ascertained that in all the States during this emergency period the Federal Government has been granting relief to take care of old people. How much they are receiving I am not able to say, but the Federal Government has not abandoned them entirely, even in those cases where the State has been unable to do anything at all.

Mr. BORAH. I am advised that the Federal Government has notified the local authorities that they must take care of a certain class of people, including the old people, and that, under the program which has been worked out during the last few months, these people are now dependent upon the States, and they are going back to the county farm or to the poorhouse and to similar places in order that they may be taken care of.

If these were normal times, and if the States were in a normal condition, if they were in a position to raise the money, I would feel entirely different about it; I would feel that they ought to do it; but when we ourselves are contributing for such things as educational purposes, slum clearance, and so forth, that I know the States are not in a position to do their local work. We have already crossed that bridge; we have already passed over the proposition that we are going to help them. Now the question is, Are we going to help them sufficiently?

Mr. LONG. Mr. President——

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

Mr. BORAH. I yield the floor.

Mr. LONG. Mr. President, I desire to offer the amendment which I sent to the desk earlier today, and I ask the clerk to read it.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. It is proposed by Mr. LONG to amend the bill as follows:

First. On page 2, lines 3 and 4, after the word "assistance", strike out the comma and the following words: "as far as practicable under the conditions in such State."

Second. On page 2, line 4, strike out the word "needy."

Third. On page 2, line 7, strike out the figures "$49,750,000", and insert in lieu thereof the figures "$3,600,000,000."

Fourth. Beginning with line 15 on page 2, strike out all the balance of page 2, and all of pages 3, 4, 5, and 6, down to and including line 14 on page 7, and insert in lieu thereof the following:

SEC. 2. From the sums appropriated therefor the Secretary of the Treasury shall pay to each State for each quarter, beginning

with the quarter commencing July 1, 1935, such proportion of the amount appropriated as the number of persons over the age of 60 in such State shall be to the total number of persons over the age of 60 in the United States, to be calculated according to the latest official reports of the United States census. That the same shall be remitted to each State solely on condition that it make due and legal provision to pay the same in equal sums to all persons in the said State who are over 60 years of age and whose net income during the preceding 12 months was less than $500, or whose ownership and possession of property is of a value less than $3,000; and nothing hereby provided shall prevent any State or subdivision thereof from providing additional pension to any person from the revenues of such State or subdivision thereof.

Seventh. On page 16, beginning with line 16, strike out down to and including line 21 and insert in lieu thereof the following:

SEC. 301. For the purpose of enabling each State to furnish financial assistance to persons who are unemployed and who receive no benefits under title I of this bill, there is hereby authorized to be appropriated, for the fiscal year ending June 30, 1936, the sum of $1,000,000,000, and for each fiscal year thereafter the sum of $1,000,000,000 to be used as hereinafter provided.

Eighth. On page 17, beginning with line 9, strike out the following:

The Board shall not certify for payment under this section in any fiscal year a total amount in excess of the amount appropriated therefor for such fiscal year.

Ninth. On page 19, line 24, after the word "State", change the period to a semicolon and add the following:

Provided, That the said State agency shall have right to contest any and all findings of such Board in a suit filed in a United States district court in the said State.

Tenth. On page 20, line 11, strike out the figures "$24,750,000" and insert in lieu thereof "$1,000,000,000."

Eleventh. On page 20, line 13, strike out the words "a sum sufficient" and insert in lieu thereof the words "an equal sum."

Twelfth. On page 21, line 6, after the word "agency", strike out the semicolon and insert the following: "with right to appeal to the courts of the State;".

Thirteenth. On page 21, line 22, beginning with the figure "(1)", strike out the figure "(1)", and all of line 23 and 24, and lines 1, 2, and 3 on page 22.

Fourteenth. On page 22, line 10, strike out the word "one-third" and insert in lieu thereof the word "three-fourths."

Fifteenth. On page 23, line 5, strike out the word "two-thirds" and insert in lieu thereof the word "one-fourth."

Sixteenth. On page 24, line 25, after the word "State", change the period to a semicolon and insert the following: "the said State agency shall have the right to contest in a district court of the United States the action of the said Secretary of Labor to be filed in such court in the State wherein said State board may be domiciled."

Seventeenth. Beginning on page 44, strike out all of title VIII, and insert in lieu thereof the following:

TITLE VIII. REVENUES FOR PURPOSES HEREIN PROVIDED

SECTION 1. In addition to other taxes levied and collected there shall be annually levied, collected, and paid upon the wealth or property owned by every individual a tax thereon in accordance with the following provisions, viz:

(a) One percent on the value in excess of $1,000,000 and up to and including $2,000,000.

(b) Two percent on the value in excess of $2,000,000 and up to and including $3,000,000.

(c) Four percent on the value in excess of $3,000,000 and up to and including $4,000,000.

(d) Eight percent on the value in excess of $4,000,000 and up to and including $5,000,000.

(e) Sixteen percent on the value in excess of $5,000,000 and up to and including $6,000,000.

(f) Thirty-two percent on the value in excess of $6,000,000 and up to and including $7,000,000.

(g) Sixty-four percent on the value in excess of $7,000,000 and up to and including $8,000,000.

(h) Ninety-nine percent on the value in excess of $8,000,000.

SEC. 2. The said taxes shall be levied and collected annually, shall further allow to the taxpayer the opportunity to make payment of the same in cash or in kind, and the Treasury shall make disposition and handle the same in accordance and subject to the provisions contained in said title IX.

SEC. 3. Such sums as are collected hereby as are in excess of the requirements under the provisions of this act shall be used for the other lawful purposes of government, to include future legislation of Congress to provide the families of the United States with reasonable homesteads and the comforts thereof.

Eighteenth. Beginning on page 52, line 8, strike out all of title IX.

FORCE OR LAW BRING ABOUT REDISTRIBUTION OF WEALTH

The PRESIDING OFFICER. The Chair is not certain whether the Senator from Louisiana is in order in speaking on his amendment or amendments for the reason that under the agreement to consider committee amendments first, title XI, which is the committee amendment, has not yet been disposed of. The Chair wonders what the Senator from Mississippi desires to do in that connection?

Mr. HARRISON. I have no objection to considering the amendments as a whole so we may get them out of the way. I ask unanimous consent that they may be considered en bloc.

The PRESIDING OFFICER. Does the Senator from Louisiana desire to have his amendments considered en bloc?

Mr. LONG. I would.

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

Mr. BORAH. Does considering them as a whole, or en bloc, mean that the amendments are not subject to amendment?

Mr. LONG. They are subject to amendment, of course; but it means they will all be considered as one amendment. As a matter of fact, it is the same principle throughout.

Mr. President, I shall show that what is proposed by the present bill is an impossibility, impossible in any respect either on the law or on the facts. I shall show that what I am proposing is feasible, practicable, constitutional, and workable.

In the first place, the Senator from Idaho [Mr. BORAH] made a statement to which I wish to refer for just a moment. If we are going to provide an old-age pension, then let us provide a sum sufficient to pay old-age pensions. I do not agree that the pension should start at age 65, nor was that the position of the President of the United States. He thought it ought to begin at 60, and everyone else I ever heard of has always stated 60 years would be the age at which to start payment of a pension. I never heard of it being placed at 65 years of age until the bill came before us.

Mr. WAGNER. Mr. President——

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

Mr. LONG. I yield.

Mr. WAGNER. Most of the State laws which I have examined provide for a pension beginning at the age of 70.

Mr. LONG. I have tried to explain to my friend from New York that while they may be called "pension" laws, yet they are "pauper" laws.

Mr. WAGNER. The States do not agree with the Senator.

Mr. LONG. But the dictionary does. I hate to refer to any man as a pauper, but the facts are, if I may be permitted to have the attention of Senators, that if we have a law which requires a man to prove himself to be destitute and needy before he can get any allowance, we compel him to admit or, indeed, to claim that he is a pauper. It is not a pension law. We pension the judges of the courts for the services which they previously rendered, whether they have any money or not. We pension soldiers of the Spanish-American and Civil Wars whether they have any money or not. That is a pension. But when we provide by law that a man must prove himself to be destitute or to be needy before he can get any money, and only that man is permitted to get any money under the law, then it becomes only a pauper law.

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

Mr. LONG. I yield.

Mr. WAGNER. I am anxious to understand clearly the Senator's amendment. The Senator would take those over 60 years of age——

Mr. LONG. No. If the Senator will listen he will get it all straight in a minute. The Senator from New York will not listen to me as long as I have listened to him if he listens to everything I say. I am satisfied, too, that he will not get as much good as I do.

Mr. President, there are 10,385,120 persons over the age of 60 in the United States. I need only refer to Government compilations and the statement of the Senator from New York. Of this number there are 96 percent whose earning capacity is below that which enables them to live on a normal-subsistence basis. In other words, 96 percent of our entire population earn less than a subsistence wage of this kind. That is one thing on which we agree. I shall give the Senator better figures than that. I shall give some figures which have been published by life-insurance companies. The only thing I have now are some figures which I clipped out of an insurance publication. This reads:

What happens to the average man of 25 upon reaching the age of 65? Only one will be wealthy.

We had considerable trouble locating this advertisement. I thought I could get it by telephoning the insurance companies, but I learned that they claimed they did not have it or they had forgotten all about it. I am sure they were in good faith. I located it because it had been recopied in a well-known newspaper in this country. Then I telephoned the insurance companies and they said they would be able to send the entire statistics in a short time. I read this again:

Only one will be wealthy. Four will be well to do and able to enjoy comfort and recreation. Five will be working for a living with no prospect of relief from drudgery. Thirty-five will have died, in many cases leaving a family in need of some assistance. Fifty-five will be dependent upon friends or relatives for charity.

Of all those about 65 or 70 years of age who are left alive, 55 will be dependent upon charity. This was a statistical compilation made during pretty good times. The condition is much worse now, because our own data show it is somewhere around 96 percent of our people who are earning below a subsisting living.

If we are going to pay a pension that is going to amount to anything, certainly we ought not to begin a pension too far away from the average unemployable age. Fifty years of age is almost an unemployable age, except for men of talent and skill, and I do not mean manual skill. Sixty years of age at the very worst is the furthest age at which we should consider awarding a pension. I am going to argue this on the basis of 60 years of age, and then I am going to argue it on the basis of 65 years of age, and I shall show how impossible the whole scheme is on the basis of either 60 or 65 years of age.

Let us, for the purpose of argument, not count the 385,000, because most of them are dead by now, having gone through some of the years 1933 or 1934 or a part of 1935. Thus there would be 10,000,000 people drawing $49,000,000 a year out of the Federal Treasury. Deducting one-third—which is more than the census shows and which is more than the life-insurance companies show—deducting from the 10,000,000 people one-third, who are either wealthy or able to take care of themselves, would mean that $49,000,000 a year, or $4,000,000 a month, would pay those left about 56 cents per month apiece.

If the entire $49,000,000 which is covered in the bill is going to those found to be needy by the statistics of the Government and by the statistics of private people and by the statistics of the life-insurance companies, we would pay them about 56 cents per month out of the United States Treasury if we gave a so-called "pension" to everybody who is 60 years of age or over. Of course, it might be $1 if we raised it to 65 years of age; it might be $2 if we raised it to 70 years of age; it might be $3 if we raised it to 75 years of age, or $4 if we raised it to 85 years of age. I am talking about an age when a pension should start. I shall prove in a moment that raising it to 65 years of age would still leave an impossible situation under the bill.

There is only one way we are going to be able to pay a pension. We cannot pay it from ordinary sources of taxation. The United States Government cannot support a pension law from the ordinary sources of taxation which now prevail. It is impossible to do it. The United States Government cannot today pay its own costs of operation from present resources, to say nothing of the bonds which it has accumulated for payment in the future. The United States Government cannot support any kind of worth-while pension project unless there is revenue to be raised from some source not yet tapped, and a material source at that. I have advocated raising income taxes, but that will not bring in so much more; in fact, really not near enough when compared to what will be needed.

We have only one process by which we can raise a sufficient amount of money to support a pension plan, a pension plan that is worth anything to the country, and that is by a capital-levy tax.

So, therefore, I have proposed a substitute in these words: Instead of paying 60 cents a month, as the payment would be, to everybody 60 years of age and over who needs a pension, I propose to pay around $30 to $35 a month to those who should have a pension. Instead of requiring a State to put up $15 a month, I propose that the Federal Government shall pay from $30 to $35 a month. If a State government is not able to put up anything, that will not deprive a man or woman of getting his pension; and if a State government is able to put up an adequate amount, the State, if it can do so, may augment the Federal contribution and give more than $30 to $35 a month pension to people more than 60 years of age.

As an example, I state as a conservative statement that more than one-half the States in the Union have proved that they cannot pay any substantial sum whatever as a pension. Why? Because they are having to rely upon the gratuity of the Federal Government to keep their schools open. They are having to rely upon the Federal Treasury for unemployment relief. They are having to rely upon the Federal Treasury for the most ordinary kind of revenue to support the State government. Talk about making the State treasury match the contribution of the Federal Treasury in order to get relief! We might as well say that they have to discontinue caring for the blind, the deaf, the dumb, the insane, the crippled, and those who are in the public hospitals. School facilities and things of that kind would have to be curbed if that were done, because there is practically no State in America which is operating within its budget at the present time.

Therefore, if we say to a State, "We are willing to give you Federal help for an old-age pension provided you match that help", we are the same as saying to the State, "You have either a physical impossibility in one direction or an impracticability in another direction, because you have to curtail some of the expenditures you are now making in order that you may match the Federal funds."

I doubt if any of the Western States, probably outside of California, could make this payment. I doubt if any of the Southern States could make this payment if there is a reasonable pension paid. My State, the State of Louisiana, is in a little bit better shape than the average Southern State, as I said the other day, because of natural resources which we have. We have there, as is well known, probably the world's greatest supply of sulphur and salt. We likewise have oil and gas deposits, and various and sundry ores that are found in our State, which make it possible for Louisiana to bear burdens which other States cannot bear. But if the State of Louisiana today were called upon, according to the life-insurance companies' statistics, to put up $15 a month for every man over 60 years of age who, by the records we now have, is shown to be dependent on charity for support, the State of Louisiana would have to give more money than its entire taxing resources amount to at the present time. We should have to double the present taxes in the State of Louisiana if we were to pay $15 a month to every man who is over 60 years of age, who is to some extent dependent upon charity for a living, either of outsiders or of his own immediate relatives. If we were to undertake to take care of the whole of that class of people at $15 a month, the State of Louisiana would have to double its taxing resources in order to pay the amount that would be required, and it is not possible for that State to do it; and if it is not possible for that State to do it, then I know it is not possible for any other Southern State to do it.

Mr. President, I desire to make this further correction in the bill: I wish to speak of the unemployment feature, and ask the Senate to consider what I am saying as a whole.

In the unemployment feature there is donated a sum of about $24,000,000, perhaps $40,000,000—I do not state what the figures are; I could run through the bill and get them—but, at any rate, there is some small sum appropriated by the Federal Government for unemployment relief. Why, Mr. President, if this is going to be an unemployment bill at all, what good is it going to do to appropriate $49,000,000 to take care of unemployment when we are already appropriating $5,000,000,000 to take care of unemployment for the year 1935 and 1936? If we are having to appropriate a billion, two billion, three billion, four billion, up to five billion, and perhaps $6,000,000,000 for the purpose of taking care of unemployment in the year 1935 and part of the year 1936, what assurance have we that forty-nine or fifty million dollars or $24,000,000 is going to be sufficient for that purpose in 1936?

I propose that the States shall not have to match that money. We propose in the bill which has been submitted by the Finance Committee, known as the "administration bill", that a State shall get Federal unemployment money provided the State matches it dollar for dollar. The State cannot match it dollar for dollar now. The State never will be able to match it dollar for dollar. The State has not the taxing resources upon which it can depend to raise any such amount of money as that. Therefore, unemployment relief must of necessity be enjoyed, so far as concerns the assistance of the Government, by a relatively small number of the people who are entitled to it.

The next amendment which I propose is one which would take out of the hands of Federal bureaus the power arbitrarily and for their own purposes to cut off a State from old-age pension relief, or from unemployment relief, or from dependent-children aid and relief. By the bill which is now presented here, whenever the Federal bureau set-up here in Washington find in their minds sufficient reason as to why a State should not be allowed to have any more pension aid, or any more unemployment aid, or any other aid of that kind or character, all they have to do is to notify the State that they consider that it has breached one of the rules of the bureau or one of the laws of Congress, and thereupon, ipso facto, they cut them off the list and decline to send them any money at all.

As the bill is now presented to the Senate, that leaves it within the sole jurisdiction of that particular bureau to do whatever it wishes to do. I add to this provision a further clause that whenever any board handling unemployment-relief funds, handling dependent-aid-for-children funds, or handling old-age-pension funds decided that a State ought to be cut off from any further relief the State shall have a right to take the case into court, and if the board is acting arbitrarily or unreasonably or without right, the State shall have a right to contest and annual the suspension order which prevents the State from having the relief.

Gentlemen of the Senate, that is not an unreasonable thing. That is a very much needed thing. Regardless of whether the Democratic Party or the Republican Party is in power, the time will come, as it always has come, when arbitrary actions and arbitrary orders of boards and bureaus and commissions and bureaucrats will have to be suspended by lawful processes of the courts. Otherwise we shall have an arbitrary rule which will become the standard, instead of a judicial and a righteous and a justifiable rule.

I now come to page 44 of the bill. I propose to strike out titles VIII and IX. Titles VIII and IX of the bill prescribe the revenue which is to be raised in order to carry out unemployment relief. I desire to refer to those provisions briefly.

I turn over to page 44 of the bill, and I find that a very unusual set of taxes is proposed.

The bill proposes to tax those who are employed, and also, in addition to the other provisions that require the State to levy taxes, provides for the levying of certain taxes by the Federal Government. Bear in mind that in order for the State government to contribute its part to this Federal relief program, the State government has to levy a tax for every one of these things. The State has to find some new sort of a State tax, because there is no State today which has the revenues that would be required to carry out the purposes of this bill any more than those purposes are now being carried out by the States. The State will have to raise additional revenue. Therefore there are two forms of taxes. First, the State must provide a tax for all that is in addition to what it is now raising in the few States that now make provision for paupers. I mean by that, today I understand the States are raising $49,000,000.

If they provide any more money than $49,000,000—which, as I have previously proved, is an infinitesimal sum—if they provide any money at all for unemployment, if they provide for dependent aid for children, or any of these things for which provision is made, the States will have to levy a tax with which to do it. The State of Louisiana must levy a tax; the State of Arkansas must levy a tax; the State of Mississippi must levy a tax; the State of South Carolina must levy a tax; the State of North Carolina must levy a tax; the State of Iowa must levy a tax. Every one of the 48 States of the American Union will have to levy a tax inside its borders in order to make the necessary contribution to the Federal relief program in order to get any money at all out of the Federal plan.

If the States are not only unable to levy any taxes for that purpose but if they are not even able to levy enough taxes to support their schools, if they are not able to levy enough taxes to support their hospitals, if they are not now able to levy enough taxes to take care of their own domestic affairs as they are now being handled, and if every one of the States, or nearly every one of them, is living at a rate that does not even provide for a balanced budget—if all of the States are piling up deficit after deficit at the present time in caring for things now committed to them, how can we expect the States of the American Union to levy any more taxes, and upon whom are they to levy these taxes?

Mr. TYDINGS. Mr. President——

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

Mr. LONG. I yield.

Mr. TYDINGS. I should like to ask this of the Senator from Louisiana; what will be the annual cost of administering this fund under the Senator's plan?

Mr. LONG. The whole plan?

Mr. TYDINGS. Yes; how many billions a year would it cost?

Mr. LONG. Somewhere near six billion.

Mr. TYDINGS. Six billion a year?

Mr. LONG. Yes.

Mr. TYDINGS. That would be in addition, of course, to the regular expenses of the Government as we now have them?

Mr. LONG. No; I would judge this would eliminate about all of the present relief expenditures.

Mr. TYDINGS. I do not include the emergency funds. So that we would need, in round numbers, from nine to ten billion dollars a year upon which to operate the Federal Government in order to carry out the Senator's plan?

Mr. LONG. Yes.

Mr. TYDINGS. As I understand it—and I recite my figures from memory—the national income is around fifty or sixty billion dollars a year.

Mr. LONG. It was forty-two billion last year.

Mr. TYDINGS. From the forest, the factory, the mine, and the farm. That means, then, that the Federal Government alone would take the equivalent of one-fifth, or 20 percent, of all the earnings of everybody in the country spreading it pro rata first of all, for the purpose of the illustration. Is that correct?

Mr. LONG. It would be as much as that; but it does not take the earnings, of course.

Mr. TYDINGS. I understand. The Senator's plan is, instead of raising the money in the present manner, to raise it by inheritance taxes or by a capital levy?

Mr. LONG. A capital levy.

Mr. TYDINGS. What I am interested in at this point is ascertaining whether the Senator has figures to show how long it would be if we make a capital levy, and then another year made a capital levy, and then another year make another capital levy before the fortunes in the higher brackets, which, under the impulse of the plan as originally put out, would pay a considerable amount, would be diminished.

Mr. LONG. They would be diminished.

Mr. TYDINGS. At what point would the larger fortunes of the country be stabilized?

Mr. LONG. I should say in about 8 years.

Mr. TYDINGS. What would be the maximum amount of money any person would be able to have, under the Senator's plan?

Mr. LONG. About two and a half million dollars.

Mr. TYDINGS. After we get down to two and a half millions, which is the outside amount any one individual might have——

Mr. LONG. After about 8 years, I should say.

Mr. TYDINGS. What amount of taxes would have to be levied on the two and a half million in order to raise the nine to ten billion dollars a year necessary to operate the Federal Government?

Mr. LONG. In the words of the Lord, we would not have to raise any.

Mr. TYDINGS. I can see how the Senator's plan would work the first 2 or 3 years; he has already anticipated my question by agreeing that the larger fortunes would be diminished.

Mr. LONG. That is right.

Mr. TYDINGS. Now I am trying to find out how the plan would work after the larger fortunes had been diminished.

Mr. LONG. I shall be glad to come to that now. I had intended to come to it later, but since the Senator has raised the question, I will explain it right now.

Mr. TYDINGS. I do not wish to interrupt the Senator——

Mr. LONG. I shall be glad to explain it right now.

Mr. TYDINGS. The question arose in my mind from the fact that I do not see how some of the States, as the Senator himself has pointed out, can raise the sums of money necessary to make the proposed plan effective.

Mr. LONG. They cannot.

Mr. TYDINGS. In many of the States already the Federal Government is really carrying a large part of the load. If the States cannot match the plan, and the plan of the Senator is not feasible for one reason or another, it strikes me that if the proposed act is to have real effect some means of raising the money will have to be found other than taxing the States to put up 50 percent.

Mr. LONG. The Senator is right, and I think I can explain to the Senator very readily the answer to the question he has asked.

Mr. TYDINGS. Does the Senator mind my asking another question, rather than wait for an answer?

Mr. LONG. I am glad to have the Senator ask his question.

Mr. TYDINGS. Perhaps the Senator can develop the whole thing at one time. How many people in the United States would have two and a half million dollars' worth of property after the Senator's plan had been in effect 10 years, as near as he can estimate?

Mr. LONG. There would be a much larger number of millionaires than at the present time. This is only a guess, but I should say there would be four times the number of millionaires there are now.

Mr. TYDINGS. The Senator feels that through a capital levy and expenditures of the money the opportunities for doing business would be increased?

Mr. LONG. There is no question about that.

Mr. TYDINGS. So that more people would earn more money and less people would earn less money?

Mr. LONG. The figures show that.

Mr. TYDINGS. Has the Senator any illustration in history where this has been done successfully?

Mr. LONG. I have the illustration of a few years back in the United States, when we had a little bit less centralization of wealth, and our national income was around $95,000,000,000. I have the national surveys conducted under the joint authority of the F. E. R. A. and the housing authorities, which show that there actually was an income of $4,317 average per family available.

Mr. TYDINGS. Let me ask the Senator this question, and I am not taking issue with him. I am trying to develop his thought, because he has spoken of this several times——

Mr. LONG. Several hundred times.

Mr. TYDINGS. And this question has always been in my mind. Suppose the Senator were wrong in assuming that more people would have $2,500,000 than he supposes would have that sum. Where would we get the revenue in case his calculation miscarried, to carry on this plan, after the capital levy had mowed down the larger fortunes?

Mr. LONG. I am coming to all that.

Mr. TYDINGS. Let me say, in connection with this, that the Senator must realize that the $3,500,000,000 of normal expenditures which we now have to meet are predicated largely upon incomes derived on the larger fortunes.

Mr. LONG. That is right.

Mr. TYDINGS. So that if we destroy the larger fortunes, we destroy also the incomes from those fortunes, and therefore we would have to carry the income brackets down to the man with less income in order to make up for the losses on the man with more income.

Mr. LONG. That would be very fine.

Mr. TYDINGS. So that the man of moderate means would have to pay more income tax in order to give the Government the same return if the larger fortunes were leveled. Is that correct?

Mr. LONG. Hardly. Let me illustrate, and answer the Senator's question as a whole. To begin with, the United States Government would take in at the first drop of the hat somewhere between one hundred and one hundred and sixty-five billion dollars in wealth, not all cash, because there is not that much cash in the world, but from one hundred to one hundred and sixty-five billion dollars of wealth based on the normal $421,000,000,000 of national value in a normal year. That would mean that for a number of years the United States would be peaceably, regularly, and in an orderly manner conducting such sales, distributions, and arrangements as I propose to outline and to include in an amendment to be proposed to title IX.

But, as the Senator from Maryland said, after the time when we had whittled down the big fortunes to a maximum of two and one-half million dollars, what then, says the Senator, would we do for money for social relief? Where would we find the hundred millionaires to tax, after 10 years, we will say? Where would we find the men who could contribute this money?

Mr. President, this is the answer to that: The beautiful thing about it is that when we cut down the size of the big fortunes, when we level down the 10 billionaires, and those with fortunes of five hundred million, and those with fortunes of one hundred million, and those with fortunes of ten million, so that the maximum fortune in this country would be from a million to $3,000,000, there will be practically no such thing as a social-relief program. We will have no such problem left, if we do as was said by the Pilgrims, as was said by the Bible, as was said in every law upon which this country was supposed to have been founded. If we will cut down these monstrous fortunes to the point where there will be only 600 people in the United States with buying capacity and allow 24,000,000 families to have buying capacity, then the social-relief problem will become nil.

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

Mr. LONG. I yield.

Mr. TYDINGS. Let us take any one rich individual. I do not like to be personal, but it is necessary to have an illustration.

Mr. LONG. Take Rockefeller.

Mr. TYDINGS. Let us take Henry Ford.

Mr. LONG. Take Rockefeller. He is better as an illustration.

Mr. TYDINGS. Suppose we take Henry Ford, who is supposed to be a very wealthy man, and I suppose a great deal of his fortune is invested in an automobile manufacturing plant, and in things kindred thereto.

When we started the capital levy on Henry Ford, what would we get? We would certainly not get his money. Would the Government take over his plant, or take an interest in it, or acquire so much stock in it? And who would run the plant? Will the Senator explain?

Mr. LONG. I will take the case of Mr. Rockefeller, whom the Senator mentioned. [Laughter.]

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

Mr. LONG. I yield.

Mr. BARKLEY. The Senator himself has used Henry Ford as an illustration time and again.

Mr. LONG. I know; that is why I am using Rockefeller now. I have used Ford, and the Senator from Maryland can read what I said, as the Senator from Kentucky, who is already wise about it, did.

I will use the case of Mr. Rockefeller because it is a much better illustration. Let us say that Mr. Rockefeller has a fortune of $10,000,000,000. Let us put it at the outside figure, $10,000,000,000; and it is that much. Rockefeller's fortune amounts to $10,000,000,000. The Mellon fortune was shown to be up in the billions. They claim it is in the hundred millions, but it is in the billions, as better reports I have studied show.

Let us take Mr. Rockefeller's fortune at $10,000,000,000. Does it not have to be divided when he dies? It is said that we cannot redistribute the fortune of Rockefeller; but if Rockefeller dies, all of it has to be redistributed, and before we had the inheritance laws, such a fortune would have had to go back to the Government.

Remember inheritance is an artifice of the law. Under the common law there was no such thing as a man giving his children his property; it all went to the government. Inheritances were a means of artificial support granted by the law by which children inherited the fortunes of their parents. Under the common law, which survived for years and years before we ever heard of the law of inheritance, all property went to the government on the death of a man and had to be redistributed by the government. So this is nothing new.

Second, what would we do in this specific case? I have an amendment to offer, and I will explain what we would do. Let us assume that Mr. Rockefeller died. So much can go to one heir. So much can be retained by him as he signifies. He can take out whatever he may desire from his profits. He can pay it in cash. He can pay it in kind. He can retain such ownership as he may desire of the property, which he may have up to the limit the law allows. In this case about seven or eight million dollars would be the limit he could retain after the first few years, and he would naturally have to whittle down as the years went by.

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

Mr. LONG. I yield.

Mr. TYDINGS. The Senator, however, ought to make a distinction. When one of Mr. Rockefeller's children or five or six of his children have his fortune divided among themselves, they simply inherit securities. The Senator now inferentially answers my question. Does he mean that the Government would have given to it, in lieu of money, a certain percentage of the securities which Mr. Rockefeller owned, such as an heir at law would receive?

Mr. LONG. It could; yes.

Mr. TYDINGS. Then the Senator's plan would be that the Government would acquire——

Mr. LONG. Property.

Mr. TYDINGS. The Government would acquire not money, but property.

Mr. LONG. It would have to.

Mr. TYDINGS. What becomes of the property after the Government acquires it?

Mr. LONG. Mr. President, I will answer that. Now we have gotten back pretty well to the point. We have got only one more little place to go in this discussion. When the Government has acquired the property, the Government disposes of that property.

Mr. TYDINGS. If the Senator's answer is as I interpret it, namely, that the Government, in a period of 8 or 9 years, is to level all the big fortunes down to two and a half million dollars—suppose then the Government acquires this property. It will be property. It will not be money. It is going to sell it again. I wish to know who in the country is going to have enough money to buy it when the Government gets it and begins to sell it, when all the big fortunes of the country are to be taken away.

Mr. LONG. Mr. President, the Senator has not got his arithmetic right.

Mr. TYDINGS. Very well. I should like an answer to my question.

Mr. LONG. If people with large fortunes are permitted to retain two and a half million dollars, then a little over three-fifths of the fortunes are left intact. We still have three-fifths of the fortunes left intact. We are not going to sell this property all in the first year, nor in the second year, nor perhaps in the third year, but the Government will make such division and disposition of this property as is necessary to carry out the purposes of the law, the purposes of the Government, and the building up of the common man from the bottom. There are a dozen ways to do that.

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

Mr. LONG. I yield.

Mr. TYDINGS. I do not know the financial worth of any of the Members of the Senate; but there is not a man in this body, whatever his worth may be, who has that worth in money. The men who would retain two and a half million dollars' worth of property under the Senator's plan do not have their worth in money; they have it in property or in investments.

Mr. LONG. That is true.

Mr. TYDINGS. Therefore they could not buy what the Government was going to sell unless they first sold what they themselves had.

Mr. LONG. No, Mr. President; I would not have them sell. I would have them give the Government of their property in kind.

Mr. TYDINGS. The Senator does not understand my question. I say, assuming that the Government has acquired this property through a capital levy, and begins to sell it, it must, perforce, sell it to the men who have, we will say, large fortunes.

Mr. LONG. No, no. Why? Are we not going to let anyone buy anything except the man who has over two and a half million dollars?

Mr. TYDINGS. Oh, no; but I am talking about the time when no man has more than two and a half million dollars.

Mr. LONG. Fine!

Mr. TYDINGS. I say, then, that when the Government assumes to sell these tremendous, big blocks of property——

Mr. LONG. Oh, no; they do not have to sell it in big blocks. We will whittle those things down a little.

Mr. TYDINGS. They acquire it in big blocks, and they acquire it in the form of property.

Mr. LONG. No; they acquire it in the form of securities or representation of property.

Mr. TYDINGS. So in order to buy what the Government must sell, as the Senator says, a man not having his fortune in the form of money must first sell what he has his two and a half million dollars invested in, in order to get the money to pay for what the Government is selling.

Mr. LONG. Not necessarily.

Mr. TYDINGS. How can he pay for it then?

Mr. LONG. If the Senator will wait a moment I will explain that. If it were not for the Senator's own confusion, by reason of which he has been asking these questions, I should have answered it.

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

Mr. LONG. Let me answer the Senator from Maryland. To begin with, the Senator would urge that we cannot redistribute wealth.

Mr. TYDINGS. No; I do not urge that.

Mr. LONG. Let me get through with the answer to the Senator's question. The Senator asked me a question and he does not permit me to answer.

Mr. TYDINGS. I do not wish to have the Senator from Louisiana put words in my mouth.

Mr. LONG. I beg the Senator's pardon. I did not intend to do that.

Mr. TYDINGS. I asked the Senator a simple question. How are these large property blocks to be purchased?

Mr. LONG. O. K.; I will come to that. I will come to that immediately. Then, when I have finished answering that, I will come back and show the Senate the situation on basic principles.

To begin with, has not the Federal Government time after time issued currency against its own assets? Let us say for the sake of the argument that the United States Government finds a clogged market—which it will not find. It will find a market far more expansive when we have put purchasing power into the hands of 24,000,000 families than it is now when there is a purchasing power in only 600 families.

You will find a far more expansive purchasing market for the goods and things of value in this country if you decentralize wealth than you find today when you only have 600 buying resources. But let us forget that.

Has not the United States Government always had the right, and does it not now, under the Federal land-bank laws, issue currency against assets, and does it not become circulating currency? Has not the United States Government taken bonds, has not the United States Government taken even the portfolios of banks, consisting of mortgages and notes, and issued currency? What is to keep the United States Government from issuing the same kind of circulating currency in order to effect the redistribution I suggest?

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

Mr. LONG. No, Mr. President, not at this moment. I wish to complete my answer to the Senator from Maryland. That is no. 2.

There is a third way of doing. There is no trouble to make a diffusion of this property. There is a third way. I pointed out two ways, and I will point out a third. There is no particular harm in the United States Government, if it did not have these other two methods which I have mentioned——

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

Mr. LONG. Just a moment.

Mr. TYDINGS. I do not want to interrupt the Senator.

Mr. LONG. Wait till I get through with this point.

Mr. TYDINGS. I wish to point out that originally the Senator said the Government was going to sell that property. Now he has abandoned that principle.

Mr. LONG. Oh, no!

Mr. TYDINGS. Now he says the Government is going to issue money against the property.

Mr. LONG. No; I did not say that. The Senator does not understand me. His eyes may be like mine—blind and see not. However, what I have said I will repeat to the Senator. The point is, the Government, as I said, will undertake to release and to diffuse this property to the advantage of the Government and to its people, into the hands other than the Government.

How would it make this distribution of $165,000,000,000 worth of property? It does not have to make it all the first day, or the first month, the first year, nor even the first 10 years. How can it do it? The Government first finds an enlarged purchasing market to begin with, because property ownership and ownership of wealth have been decentralized. Here is a man who can go into the grocery business. He can afford to buy a grocery store. Why? Because those terms, those conditions, those times are at an end when a large $100,000,000 capital structure which dominates a chain-store enterprise squeezes everybody out of the grocery business except some man who is a peon under the chain-store system. Those times are at an end. Those things known as the "chain factories, the chain banks, and the chain enterprises" cannot thrive, and therefore peonage in that service cannot thrive any longer. Those days are at an end. Therefore there is an enlarged market for purchasing, there is an enlarged market for thrift, there is an enlarged market for prosperity, and therefore with reasonable order and precision the United States Government would find a means for disposing of this property at enhanced values through a reasonable period of time to a better-equipped purchasing public. That is no. 1.

No. 2. Let us say, however, that we find, as the Senator intimates is the case, that there is a clog in the purchasing power. That being the case, the United States Government would want to do what it has done under the Federal Reserve bank laws and under the Federal land-bank laws. The United States Government would have the right to issue its own circulating currency based upon the property which it owns, the same as it has done in the case of the Federal Reserve banks and the Federal land banks.

No. 3. There is a third process, and the Government can adopt one or all of these, or even a dozen more expedients. I now come to the third process. There is nothing to prevent the Government from making some disposition of this property in kind the same as my amendment proposes that taxes may be paid in kind. Those are the three main things.

The next point I answer to the question of the Senator is this: What would we do when the time came when we would level the fortunes down to where no one owned more than two and a half million dollars? Whom would we tax? Then, Members of the Senate, is when our problem of social security has practically disappeared. There never was a country which kept its wealth reasonably distributed which ever had a panic. There never was a country which kept its property diffused into the hands of the masses that ever had a calamity, and there never was a country which allowed its property to become concentrated in the hands of the few that did not have disasters and depression.

This country was founded upon the principle which I am now trying to make some effort to expound. This country was founded on this principle. The day that the Pilgrims landed in 1620, by a compact which had been signed July 1 of that year, they provided that every 7 years property would have to be redistributed, and every 7 years debts would have to be remitted.

It is no trouble to redistribute wealth, Mr. President. I have not had the mind and the capacity possessed by some of the abler Members of the Senate in connection with these matters to help me in getting up a plan of the kind I am suggesting. I have done as much as I have explained to the Senator from Maryland with my own feeble mentality, and I find no one to say that it is even an impossibility or an impracticability.

Mr. President, there is no trouble to redistribute wealth. The Lord God in heaven says it has to be done. Not only does He say it has to be done; He says a nation which does not do it cannot survive. The Lord shows us in chapters and in paragraphs and in verses how He sent his apostles into countries where the wealth became concentrated in the hands of a few people, and how they did redivide it, and how they did redistribute it. He says that the time will come, even in this generation——

The VICE PRESIDENT. The time has arrived when the agreement goes into effect. The Senator from Louisiana is recognized.

Mr. LONG. I have 45 minutes on the bill, have I not, and 30 minutes on the amendment?

The VICE PRESIDENT. The Senator's statement is correct.

Mr. LONG. I will try not to take that much time, because I desire to allow time for other discussion. I will not take much of my time. I want to allow time for others to consider this bill and I want to allow time to come back and answer questions which may arise in anyone's mind.

Mr. BONE. Mr. President——

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

Mr. LONG. I yield to my friend from Washington.

Mr. BONE. Can the Senator name for me any country in modern times that has ever undertaken a redistribution of wealth?

Mr. LONG. What does the Senator call "modern times"?

Mr. BONE. The last hundred or two hundred years.

Mr. LONG. Will the Senator make it 300?

Mr. BONE. I will concede that much, then, and make it 300.

Mr. LONG. Very well. The first country I will name that has redistributed wealth during the last 300 years is America.

Mr. BONE. What was the period of that redistribution?

Mr. LONG. Beginning with 1620 and lasting for 50 or 60 years.

Mr. BONE. There were then a mere handful of people along the Atlantic seaboard. I am talking about a country that has had its civilization well established and not merely a group of settlers who were fighting for existence with their backs to the wall.

Mr. LONG. Very well. I will name France in about 1800. Do I need to prove that? The whole cause of the French Revolution was the concentration of wealth in the hands of a few. The French people went through blood. What did they do? They not only effected a redistribution of wealth but France enacted laws which forbade and prevented, from the day of the French Revolution, the concentration of wealth in the hands of a few.

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

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

Mr. LONG. I yield.

Mr. TYDINGS. The Senator could take a more modern illustration and cite the revolution in Russia.

Mr. LONG. No; the Russians did not redistribute wealth; I beg the Senator's pardon; they substituted an oligarchy of government for an oligarchy of finance; that is the difference. The czar still lives in Russia. The only difference is that it is supposed to be an ownership of government instead of an ownership of the earls, dukes, and lords. One is an oligarchy of finance, the other is an oligarchy of government; and one is as bad as the other. We, too, have been going along that line here for the last few years.

It is the N. R. A. of Russia the Senator from Maryland is referring to now. [Laughter in the galleries.]

The VICE PRESIDENT. The occupants of the galleries will refrain from any audible demonstration, or the Chair will have to order the galleries cleared.

Mr. LONG. What did they do in France? France had its revolution. When we read the histories we get very little from them, as they keep out most of the facts. We do not find in a single school history published in the United States today the compact of government under which this Government lived for nearly a hundred years; we do not find it published at all.

However, let me get back to what France did. When they got through redistributing wealth in France they adopted the provisions of the civil law under which it was provided that when a man died he could not leave his property to the most able son or the most able daughter to roll like a snowball down hill through another generation. On the contrary, it had to be divided, more or less equally, amongst all the children, and a certain amount of it had to go to the state; so if a man had, say, five children and died leaving a million dollars or even $500, it went into five parts after the Government had deducted a part. That was the law. As those children died in succeeding years the property was divided into 3 and 4 and 5 other parts. The effect on the fortunes of France was to steadily diffuse the wealth, instead of concentrating wealth, and today there are no large fortunes in France. Despite the fact that France has had scourge after scourge, despite the fact that she has fought war after war and endured pestilence and everything else, nonetheless, France has been able to survive, due to the fact that its wealth has been more or less distributed among the people and cannot be concentrated into the hands of a few. Had France had what America has had, France would have been swept from the face of the globe more than a hundred years ago. That is no. 1.

The second illustration is the United States of America. I have referred to what took place during and following the French Revolution. But where did they get the idea? They got it from America. The French Revolution was brought on as a result of the American Revolution, and as the result of events which preceded the American Revolution.

What had the Americans done? They had set up on the eastern coast, after landing at Plymouth, the compact of the Pilgrims. Article 5 of the compact, which was the law under which the Pilgrims landed, under which they lived, and which brought this country into flower and bloom, stipulated that at the end of every seventh year—and, mind you, I am giving the exact literal words as they come from the law—debts should be remitted and every seventh year wealth should be redistributed. That is the cause of the flower and bloom of America, so much so that when this country framed a Declaration of Independence that principle was carried into the Declaration of Independence, and when our forefathers wrote the Constitution of the United States that principle was incorporated in the Constitution. James Madison, who was the chief draftsman of the Constitution of the United States, gave out a statement about that time in which he said that this would then be a free republic, but he warned America that if it failed to redistribute wealth when the time came the country could not survive and there would be no republic left. So Daniel Webster, in 1820, at the commemoration of the two hundredth anniversary of the landing of the Pilgrims at Plymouth, made a speech there in which he said, in effect, that America's future preservation and progress and welfare depended upon whether it would or would not follow the law of the Pilgrims and redistribute the wealth of this country and prevent it from being concentrated into the hands of a few.

Those are some examples; but I will give another example, if I may be permitted to do so. I turn to the fifth chapter of the Book of Nehemiah in the Old Testament to show what they then did, and to show the rules under which they did it. Here is the book. I read it once on the floor of the Senate, but I will read it again. I quote from the fifth chapter of the Book of Nehemiah:

> And there was a great cry of the people and of their wives against their brethren, the Jews.
>
> For there were that said, we, our sons, and our daughters, are many: therefore we take up corn for them, that we may eat, and live.
>
> Some also there were that said, We have mortgaged our lands—

This reads like the conditions in the United States of America in the year 1935; one might think I was reading about the United States in 1935.

> We have mortgaged our lands, vineyards, and houses, that we might buy corn, because of the dearth.
>
> There were also that said, We have borrowed money for the king's tribute—

We have borrowed money to pay the taxes which are being levied on the people, and we are now talking about putting more taxes on the working man, the farmer, the home owner, when they have already borrowed money and mortgaged their homes and property to pay taxes that have already been levied on them. That sounds like 1935 in the United States of America.

Again I quote from the same chapter of the Bible:

> There were also that said, we have borrowed money for the king's tribute and that upon our lands and vineyards.
>
> Yet now our flesh is as the flesh of our brethren, our children as their children: and, lo, we bring into bondage our sons and our daughters—

We have that condition in America today. Lo, we bring into bondage our sons and our daughters. Today every boy and every girl who are born in America inherit a debt of $2,000, or more than that, and 99 percent of them die without ever paying the $2,000. Of the national income of America, amounting to $42,000,000,000, $28,000,000,000 or two-thirds of it goes for taxes and for interest on debts the people owe, and the debts are increasing year by year. The debts of the common people are not decreasing; they are increasing. I am showing you how closely parallel this excerpt from the Bible is to present conditions.

And, lo, we bring into bondage our sons and our daughters to be servants, and some of our daughters are brought unto bondage already: neither is it in our power to redeem them; for other men have our lands and vineyards.

And I was very angry when I heard their cry and these words.

Then I consulted with myself, and I rebuked the nobles and the rulers, and said unto them, Ye exact usury, every one of his brother. And I set a great assembly against them.

He called out the mob.

And I said unto them, We after our ability have redeemed our brethren the Jews, which were sold unto the heathen; and will ye even sell your brethren? or shall they be sold unto us? Then held they their peace, and found nothing to answer.

Also I said, It is not good that ye do: ought ye not to walk in the fear of our God because of the reproach of the heathen our enemies?

I likewise, and my brethren, and my servants, might exact of them money and corn: I pray you, let us leave off this usury.

Restore—

Here is the command of the Lord—

Restore, I pray you, to them, even this day, their lands, their vineyards, their oliveyards, and their houses, also the hundredth part of the money—

Give them some of the money, too—

and of the corn, the wine, and the oil, that ye exact of them.

Then said they, We will restore them, and will require nothing of them; so will we do as thou sayest. Then I called the priests, and took an oath of them, that they should do according to this promise.

Also I shook my lap, and said, So God shake out every man from his house, and from his labour, that performeth not this promise, even thus be he shaken out, and emptied. And all the congregation said, Amen, and praised the Lord. And the people did according to this promise.

Moreover from the time that I was appointed to be their governor in the land of Judah, from the twentieth year even unto the two and thirtieth year of Artakerxes the king, that is, twelve years, I and my brethren have not eaten the bread of the governor.

In other words, he got down off his "high horse." They pulled those big rulers down. They said, "Never mind the castles in Spain for the month of August. Never mind about that camp in the Adirondacks for the month of July. Never mind about the palace on the Pacific slope, and the various and sundry cottages up in the Buffalo Mountains during the month of June. Never mind about the palaces on the coast of Florida in the month of January. Get down here and let these people have something to eat during these hard times." So we said, "Give up the bread of the rulers and get down off your 'high horse' until we bring this country back. Never mind about the yachts like the $5,000,000 *Nourmahal*. Live according to Hoyle." [Laughter.]

But the former governors that had been before me were chargeable unto the people, and had taken of them bread and wine, beside 40 shekels of silver; yea, even their servants bare rule over the people: but so did not I, because of the fear of God.

Yea, also I continued in the work of this wall, neither bought we any land: and all my servants were gathered thither unto the work.

Moreover, there were at my table an hundred and fifty of the Jews and rulers—

That was the ruling family which owned all the property—150 families. Today at the very most the United States has 600 families with a much larger population—

beside those that came unto us from among the heathen that are about us.

Now, that which was prepared for me daily was 1 ox and 6 choice sheep; also fowls were prepared for me, and once in 10 days store of all sorts of wine: yet for all this required not I the bread of the governor, because the bondage was heavy upon this people.

Think upon me, my God, for good, according to all that I have done for this people.

There is your redistribution of wealth. Now, go over in the New Testament, and you will find it again:

They shall beat their swords into ploughshares, and their spears into pruninghooks; nations shall not lift up sword against nation, neither shall they learn war any more, but each man shall live under his own vine and under his fig tree, and there shall be peace in the land.

You will find it in the Old Testament and you will find it in the New Testament.

Not only is it the law of the Bible, but it is the foundation of this country. It is the very foundation of the French Republic, and it is also carried in the main writings of the world in principles laid down by Aristotle, Socrates, Plato, and all the ancient Greek wise men. I have even found it to be propounded by Confucius as the law for China.

I am not alone in my prophecy. I have one of the leading newspapers in the country which less than 2 months ago made an examination of these matters of which I am now speaking. They made the examination to prove that my facts were not there, to prove that my logic was faulty. What did they say, this newspaper which calls itself the New York Daily News, with the largest circulation of any newspaper in America? It said that unless America finds a way to redistribute its wealth into the hands of the people by law and orderly process, we can expect it to be done by blood and by force and by revolution like it was done in France and as occurred in Russia. That is their prophecy.

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

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

Mr. LONG. I yield.

Mr. BONE. The Senator apparently has done an excellent job in deflating fortunes under the amendment which he has offered. I may be in error, but a hasty calculation suggests on the $10,000,000,000 fortune which the Senator has used as an example, the first year's levy under the Senator's amendment would take approximately 98 percent of the $10,000,000,000.

Mr. LONG. Oh, yes.

Mr. BONE. In other words, the Senator's amendment provides that "in addition to other taxes levied"—I assume that means the present business taxes?

Mr. LONG. Income and inheritance taxes.

Mr. BONE. Then there shall be annually levied and collected a tax in accordance with certain provisions, beginning at 1 percent, and then all through by gradation to subdivision (h), which provides for 99 percent on fortunes in excess of $8,000,000. The calculation I have made shows that the first year's levy would take out of the $10,000,000,000 a total tax of $9,893,350,000.

Mr. LONG. How much would it leave?

Mr. BONE. It would leave $106,650,000. The second year's tax would be $98,933,500, leaving at the end of the second year, out of the $10,000,000,000 fortune, $7,716,500. By two levies made under the Senator's amendment the $10,000,000,000 fortune would be reduced to $7,716,500. That is deflating large fortunes with a rapidity which is startling.

Mr. LONG. It is not quite fast enough at that. It ought to be done faster than that. A man has no business with $7,000,000 during this kind of times.

Mr. BONE. The Senator referred to France as not having any concentration of wealth, but I want the Senator to know that of the total wealth of the world in 1929, when careful studies were made, France possessed 5.4 percent of the world's wealth, so that France did not have very much wealth to concentrate. The United States had 44.8 percent of the world's wealth, so, of course, it was much easier for large aggregations of wealth to come into existence in this Republic than it was in a country possessing only 5 percent of the world's total aggregation of wealth.

Mr. LONG. On the contrary in countries which did not have any larger percentage of wealth than France, there were some very big fortunes. What percentage of the wealth of the world has India?

Mr. BONE. India had 3.2 percent.

Mr. LONG. India has fortunes almost as large as some of the big fortunes in America. It is not the size of the national wealth that controls the big fortunes. While France has 5 percent of the entire wealth of the world and has relatively no such thing as a big fortune in it and its wealth is well distributed, yet in India, which possesses only 3 percent of the wealth, there are many rich rulers to be found.

The Indian princes and Indian rulers are exceptionally wealthy people, and yet they have the lord prince at the top with every kind of precious possession, and at the bottom the Indian people are living away below a respectable point of half-way starvation. It makes no difference about what percent of the wealth of the world a country may own insofar as it relates to distribution.

Let me say this to the Senator from Washington: It is true that this is deflating the big fortunes very quickly, but it needs to be done that way. I am standing in nearly the same spot where I stood a little over 3 years ago. Three years ago, from the place where my friend the Senator from New Jersey [Mr. MOORE] now sits, or at about that point, I made the statement under Mr. Hoover: "This is 1932 and we will go along with these experiments and we will never bring America 1 foot nearer recovery, we will never improve conditions one bit, unless there is a redistribution of wealth." That was 3 years ago. We have tried nearly everything under Mr. Hoover and under Mr. Roosevelt that anybody could think of. We have tried every kind of scheme, both liberal and radical. We have tried every kind of scheme of both the tories and the conservatives. Everything has been tried in 3 years' time. I invite the attention of my friend from Washington that the Democratic Party promised to do this. The Democratic Party promised it would redistribute the wealth. The Democratic Party promised to do it.

If anybody wishes me to prove that statement, I shall have no difficulty whatever in doing so by reading from the speech delivered from the rostrum of the Democratic National Convention at Chicago by the President of the United States, wherein he said that by that platform and by that convention the men and women of the United States, forgotten in the philosophy of the last 2 years' government, were looking to the Democratic Party to provide for the redistribution of the national wealth.

We promised the people to do that. I desire to say that I am willing to be liberal in framing this law, and if it is the consensus of opinion that individuals ought to be allowed to own more than five or six or seven or eight million dollars, I am willing to be more liberal in the amendment; but is it the idea of the Senator from Washington that individual fortunes in the United States should be allowed to exceed five or six million dollars? I should like the Senator to tell me who thinks there ought to be more than that allowed to any one person. I think that is too much.

Mr. BONE. Mr. President, since the Senator has spoken directly to me, I will tell him that I was concerned in making a mathematical calculation, and not making an argument about the size of fortunes which might be justified under the Senator's amendment. I had discussed the maldistribution of wealth a thousand times before I had the pleasure of meeting the Senator from Louisiana. In fact, I had occasion to discuss it for a great many years; and I hold in my hand a volume which is the final report of the Commission on Industrial Relations, which I procured about the year 1915 or 1916——

Mr. LONG. 1916.

Mr. BONE. A subject in which I was interested many, many years ago.

Mr. LONG. Let me have the book, and I will read the Senator something from it.

Mr. BONE. I should be happy to have the Senator put it in the CONGRESSIONAL RECORD.

Mr. LONG. No; I will read from this book that the Senator read from since 1916. Let me show the Senate what they said was the trouble with this country in 1916. I am glad to run across this book again. Let me find the conclusions of the majority of the Commission. I will read to the Senate what they thought was the trouble in this country back yonder at a time when they first had this question up.

I want to find the majority report. It will not take me long to find it if I do not unduly tax the patience of my friends. I will read the whole thing. My friend from Washington and I will get together on his own book.

Let me see. It is somewhere here, if I can just find it. I know this is the same book. Where is the report of the majority of the Commission? Does the Senator know on what page it is to be found?

Mr. BONE. I cannot put my finger on it. If the Senator will give it to me, I will endeavor to find it.

Mr. LONG. I shall have it in just a minute. I will show, Mr. President, that this matter of the redistribution of wealth is just like the weather. They all talk about it; my friend from Washington talks about; I talk about it; the party talks about it; but nobody does anything about it. They all believe in getting up and telling the people that they are going to redistribute wealth, but they do not believe in doing anything about it. I have never seen another bill here since I have been here, except the bills I have proposed, to do this; and yet the Democratic Party and the Democratic committees always say that they are going to redistribute wealth. It got to be so popular during the last campaign that in Madison Square Garden our old friend, Herbert Hoover, decided he had to say something about it, too; and he declared, in his expiring political moments there—a kind of a death-bed repentance, though it might have been——

> My conception of America is a land where the wealth is not concentrated in the hands of the few, but where it is diffused into the lives of all.

He made that declaration himself along toward the close of the campaign, after we had gone over the United States promising everybody that we were going to do it under the Democratic Party.

I have found just about the place here, Mr. President. I will get it if I may yield the floor for a moment. I suggest the absence of a quorum while I look it up.

The VICE PRESIDENT. The clerk will call the roll.

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

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

Mr. LEWIS. I reannounce the absence of Senators whose names were given by me, and the reasons therefor, as announced on the previous roll call.

The VICE PRESIDENT. Eighty-six Senators have answered to their names. A quorum is present. The Senator from Louisiana has the floor.

Mr. LONG. Mr. President, I now wish to read from the report of the Industrial Relations Commission of 1916, under the heading, Concentration of Wealth and Influence, on page 80. It is as follows:

> The evidence developed by the hearings and investigations of the Commission is the basis for the following statements:
>
> 1. The control of manufacturing, mining, and transportation industries is to an increasing degree passing into the hands of great corporations through stock ownership, and control of credit is centralized in a comparatively small number of enormously powerful financial institutions. These financial institutions are in turn dominated by a single large corporation.
>
> 2. The final control of American industry rests, therefore, in the hands of a small number of wealthy and powerful financiers.

3. The concentration of ownership and control is greatest in the basic industries upon which the welfare of the country must finally rest.

4. With few exceptions, each of the great basic industries is dominated by a single large corporation, and where this is not true, the control of the industry through stock ownership in supposedly independent corporations and through credit is almost, if not quite, as potent.

5. In such corporations, in spite of the large number of stockholders, the control through actual stock ownership rests with a very small number of persons. For example, in the United States Steel Corporation, which had in 1911 approximately 100,000 shareholders, 1.5 percent of the stockholders held 57 percent of the stock, while the final control rested with a single private banking house. Similarly, in the American Tobacco Co., before the dissolution, 10 stockholders owned 60 percent of the stock.

That was the American Tobacco Co., the whole Tobacco Trust. Ten men owned 60 percent of the entire American Tobacco Co.

6. Almost without exception the employees of the large corporations are unorganized, as a result of the active and aggressive nonunion policy of the corporation managements.

Mr. President, I shall not read any further from this particular report, except to say that at another point in this report will be found the statement that the main fault with America in 1916 was the concentration of wealth in the hands of the few. That was the entire burden of this report, which was submitted in 1916.

Mr. President, I do not propose to take any more of the time of Senators. I have discussed this amendment many times in other forms. I do not expect it to be adopted. I desire to be perfectly frank with my good friends in the Senate. I do not expect the amendment to be adopted. I expect it to be used as part of the platforms in many, many candidacies for the future, as it has been in the past; and I expect it probably to be used as a part of the platform of the Democratic Party the next time, the same as it was the last time; and I expect the party to come back here, if it comes back here, probably, if there are enough of us left, to do then as we are doing now; but I warn my friends of the Senate that if we are concerned in saving America and in saving the people of America, we shall have to stop promising this, and actually perform.

Now I wish to ask my colleagues if they recollect how laboriously the pleading was that the party had promised this and it had promised that a few days ago.

I remember how we labored and how we said that this was "promised by the party", that "it has been promised, it has been promised, and we have to do it." Yet here we are, in the third year of the Democratic administration, with something that has been promised, that has been pledged, but nothing done toward its fulfillment.

Mr. SCHWELLENBACH. Mr. President——

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

Mr. LONG. I yield.

Mr. SCHWELLENBACH. Has the Senator completed his discussion of his plan?

Mr. LONG. Go ahead.

Mr. SCHWELLENBACH. I should like to ask the Senator whether or not he was correctly quoted in yesterday morning's paper to the effect that he referred to me as "Kemal Pasha."

Mr. LONG. No; I was not correctly quoted.

Mr. SCHWELLENBACH. The Senator was not correctly quoted?

Mr. LONG. No; I was not correctly quoted.

Mr. BONE. Mr. President——

The VICE PRESIDENT. Does the Senator from Louisiana yield for a question, or does he yield the floor?

Mr. LONG. I yield the floor.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Louisiana.

The amendment was rejected.

Mr. NORBECK. Mr. President, I desire to offer an amendment.

The VICE PRESIDENT. The Chair is informed that there was an agreement originally entered into by which committee amendments should be considered and disposed of before individual amendments were offered. The Chair is informed that there is a committee amendment which has not been agreed to. The Chair did not know that, but assumed that the agreement had been carried out.

Mr. HARRISON. Mr. President——

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

Mr. NORBECK. I yield.

Mr. HARRISON. There is one committee amendment, with reference to the annuity bonds, yet to be acted on. The Senator from Connecticut is very much interested in it, and I ask unanimous consent that the amendment may go over until tomorrow, without prejudice, and that individual amendments may be acted on at this time.

The VICE PRESIDENT. The Senator from Mississippi asks unanimous consent that the remaining committee amendment may go over until tomorrow. Is there objection? The Chair hears none, and it is so ordered.

Mr. NORBECK. Mr. President, I desire to offer an amendment providing for pensions to those people who are not included in the social-security bill. I have reference to the wards of the Government, the Indians. They are concentrated in half a dozen States and seem to have been entirely overlooked. I am offering the amendment as section 1201 and will ask that the other sections be renumbered to correspond, if the amendment shall be agreed to.

The PRESIDING OFFICER. The clerk will state the amendment.

The CHIEF CLERK. On page 80, after line 4, it is proposed to insert the following:

TITLE XII—INDIAN PENSIONS

SECTION 1201. That heads of families and single persons of Indian blood not otherwise entitled to the benefits of this act who have heretofore attained or shall hereafter attain the age of 60 years are hereby declared to be entitled to a pension from the United States in a sum of $30 per month, subject to the following conditions:

Applications for pension by persons of Indian blood, as herein defined, shall be made in writing in such form as the Secretary of the Interior may prescribe and shall be filed by the applicant with the superintendent or other officer in charge of the agency or tribe to which the applicant belongs. Upon receipt of any such application the Secretary of the Interior shall make, or cause to be made, such investigation as he may deem necessary to determine the accuracy of the facts shown thereon, including the annual income of the applicant from other sources. In all cases where the Secretary of the Interior finds that the annual income of such applicant is less than $1 per day, said Secretary shall award to such applicant a pension in an amount which, when added to the other annual income of such applicant, will bring such annual income up to but not in excess of $1 per day: *Provided, however,* That payments to Indian pensioners entitled hereunder shall be made in equal monthly installments from the date of approval of application therefor by the Secretary of the Interior and in the discretion of said Secretary such payments may be made direct to the individual beneficiaries, or to other persons designated by the Secretary of the Interior providing care for any beneficiary under the provisions of this act: *Provided further,* That in the discretion of the Secretary of the Interior such payments due any Indian beneficiary may be handled in accordance with regulations governing individual Indian money accounts and the Secretary of the Interior is hereby authorized to prescribe such further rules and regulations as may be necessary for carrying out the provisions of this section.

SEC. 1202. The Indians and Eskimos of Alaska shall receive a pension under same conditions and in an amount one-half that provided for Indians under this title.

SEC. 1203. There is hereby authorized to be appropriated annually, out of any money in the Treasury not otherwise appropriated, so much as may be necessary to carry out the provisions of this act, including necessary expenses of administration.

Mr. HARRISON. Mr. President, I desire to look the amendment over and to have it examined by the experts, and I ask the Senator if he will not withhold it.

Mr. NORBECK. Mr. President, I desire first to modify the amendment by changing the age of 60 years so that it will read 65 years to conform to the provisions of the bill. I agree to the suggestion of the Senator from Mississippi.

Mr. HARRISON. I ask the Senator to withhold the amendment until tomorrow, and we can look into the matter.

Mr. NORBECK. Will the amendment be pending tomorrow?

Mr. HARRISON. It may be tendered tomorrow.

The VICE PRESIDENT. Does the Chair understand the Senator from Mississippi to ask unanimous consent that the amendment go over?

Mr. HARRISON. The Senator from South Dakota has withdrawn his amendment for the present.

The VICE PRESIDENT. The Senator from South Dakota has withdrawn his amendment.

Mr. VANDENBERG. Mr. President, I offer an amendment.

The VICE PRESIDENT. The clerk will state the amendment.

The CHIEF CLERK. On page 52, after line 7, it is proposed to insert the following:

TARIFF ADJUSTMENT

SEC. 812. (a) Upon application of any employer, the United States Tariff Commission is authorized and directed to make an investigation under section 336 of the Tariff Act of 1930 with a view to determining whether any increase in rates of duty imposed by law in the case of any article or articles is necessary to offset the tax imposed by section 804 and/or section 901 in order to equalize the differences in the cost of production pursuant to the principles set forth in such section 336. The Commission shall report to the President the results of the investigation and its findings with respect to such differences in costs of production. If the Commission finds it shown by the investigation that by reason of the taxes imposed by section 804 and/or section 901 the duties imposed by law do not equalize the differences in the cost of production of the domestic article and the like or similar foreign article when produced in the principal competing country, the Commission shall specify in its report such increases in rates of duty imposed by law (including any necessary change in classification and including the transfer of the article from the free list to the dutiable list, and without limitation as to the amount of increase except as provided in the second sentence of section 336 (g) of the Tariff Act of 1930) as it finds shown by the investigation to be necessary to equalize such differences.

(b) Upon receipt of the report of the Tariff Commission the President shall proclaim the rates of duty and changes in classification specified in the report of the Commission, and thereupon the increased rates of duty and changes in classification shall take effect in accordance with the provisions of section 336 (d) of the Tariff Act of 1930.

(c) This section shall be enforced as part of the customs laws.

Mr. VANDENBERG. Mr. President, the philosophy of the amendment is self-evident. I make a very brief statement respecting it.

It is my understanding that the theory upon which we are now asked to depart from State jurisdiction in respect to fixing old-age pensions and unemployment-insurance payments is that if it be left to the individual States there will be discrimination as between the States, and one State which may be generous in respect to old-age pension and unemployment-insurance payments will find itself at a disadvantage in competing with a State which is less generous.

Admitting, for the sake of the argument, that this principle is appropriate—at any rate, it is the principle upon which the proposed legislation is based—I submit that precisely the same argument applies to the competition which may exist between a country which is generous in respect to its old-age and unemployment allowances and a country which is less generous.

This becomes particularly and specifically true when we are proposing to pay our bills by a tax upon pay rolls, because a tax upon pay rolls inevitably enters into the domestic American cost of production in every instance, and if the injection of the 3- or 4- or 5-percent pay-roll taxes in the United States will increase the domestic cost of production to a point where the existing tariff rates do not cover the differential, then we shall have simply created a situation by such pay-roll tax which will invite importations which will make it impossible for these protected American industries to have any pay rolls or pay any taxes.

It seems to me that if the philosophy is sound as between the States, it is equally sound, nay, more, it is even sounder as between nations, and I shall undertake to demonstrate that fact.

It is said that one State cannot be left with its problem alone, lest it find its industries drawn off into some other State which is not making payments of this character. Not only may we find the same thing to be true in respect to the competitive situation as between nations, but we are put upon notice by the industrial experience of the United States during the last 10 years that there is a very definite industrial trend by way of the exporation of our mass production methods and mass production industrial plants in the United States. In the last 10 years we have seen over 1,800 branch plants of American industrial institutions established abroad for the purpose of taking advantage of the more attractive foreign conditions.

Except as we create this protected element which is covered by this amendment, I submit that when we add a definite pay-roll tax in the United States, which will inevitably, in the same proportion, increase the American cost of production, we put a premium upon the extension of the foreign branch-plant system, which operates utterly at the expense of American labor and American industry. We put a premium on it unless this type of differential is provided.

Mr. President, let me go a step further. When we wrote the late lamented N. R. A. law we recognized in the text of the bill the fact that if the Government by its fiat injects any artificial factor into domestic costs of production, that factor must be offset in respect to protected commodities by a compensating increase in rates. Furthermore, when we wrote the A. A. A. law we acknowledged precisely the same principle and we provided for precisely the same preferential treatment.

It seems to me the situation which we confront in respect to pay-roll taxes is infinitely more challenging than was the need for protecting the differential in respect either to the N. R. A. or the A. A. A., because in this instance the factor which is being injected by Government fiat is a factor of definite and continuous and very substantial burden.

For example, according to the estimates under this bill, the total cost by way of pay-roll taxes in 1940 will be $1,600,000,000. By 1945 it will be $2,000,000,000. By 1950 it will be nearly $3,000,000,000. That $3,000,000,000 element injected into the pay-roll cost of American industry is injected squarely into the cost of production of the commodities produced. Therefore, so long as we are continuing to live under a system which pretends, at least, to offset the difference in cost of production at home and abroad by tariff differentials, it is perfectly obvious to me that if there is to be any semblance of a chance for the proposed law to succeed and prevail it must contain within itself the automatic means to protect this $3,000,000,000 increased element in the domestic production cost, or the entire system will fall and fail.

I submitted the amendment last Saturday. I ask the able Senator from Mississippi [Mr. HARRISON] if he was able to find the time to give it some attention over the week-end. I should like, in my time, if the Senator from Mississippi has anything to say to me at the moment upon the subject, that he shall say it.

Mr. HARRISON. Mr. President, I will say to the Senator that I have looked into the matter at length, and have conferred with the Tariff Commission. When the Senator concludes, I shall make reply.

Mr. VANDENBERG. Mr. President, I think I have said all that I wish to say until the Senator from Mississippi shall have proceeded in respect to his own investigation.

Mr. HARRISON. Mr. President, it is quite true that in respect to the N. R. A., because of the increased cost which might be involved by virtue of code provisions, and also with reference to the A. A. A., provisions were placed in the bills that investigations might be carried on by the Tariff Commission with a view of increasing the tariff duties. I have communicated with the Tariff Commission, and I received a memorandum from the acting chairman, Mr. Page, in which he said:

> In compliance with your request, I am enclosing a memorandum which covers the subject as thoroughly as could be done in the brief available time. As indicated in it, the Commission doubts the necessity or the advisability of incorporating the amendment in the social-security bill.

It will be observed, Mr. President, that under the present law the Tariff Commission has the power, not to take articles from the free list and put them on the dutiable list, but to increase up to 50 percent the tariff duties on dutiable articles; and it may take into consideration every factor which may increase the cost of the particular article. So there is nothing in this bill which would disturb the status quo with reference to the Tariff Commission so as to prevent the Commission, upon the presentation of an applica-

tion by the interested parties, from making investigation to ascertain whether the tariff duties should be increased because of the additional tax which might be imposed.

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

Mr. VANDENBERG. I yield.

Mr. ROBINSON. In the amendment it is provided that when the Commission has made its investigation and submitted its report, the President is required to proclaim the rates of duty recommended by the Commission.

Speaking a moment ago, the Senator from Mississippi [Mr. HARRISON] indicated that the Commission now has the power to change rates. My understanding of the statute is that the Commission makes an investigation as to the difference between the cost of production at home and abroad, and makes its findings of fact, upon which the President is authorized, within a limit of 50 percent of the existing rates, to change the rates in order to make them conform to the difference in the cost of production at home and abroad.

Mr. HARRISON. That is the present law.

Mr. ROBINSON. This amendment gives to the Commission the power to make tariff rates. It changes the so-called "flexible provision" of the tariff law in that particular and vests in the Tariff Commission rate-making power. The President has no function to perform under this amendment save to proclaim the rates recommended by the Commission. He cannot change them. He cannot withhold this recommendation. It is compulsory on the President to put into effect whatever rates the Commission may find in accordance with the investigation made under the terms of the amendment. Therefore, it constitutes a very radical and notable change in the existing flexible tariff law.

Mr. HARRISON. Mr. President, the Senator from Arkansas is correct in reference to that question; but under the present law the Tariff Commission has the right to make the investigation, and if sufficient evidence is presented the Tariff Commission may recommend to the President an increase in rates, and the President may pass upon the recommendation.

Mr. VANDENBERG. Mr. President, if the Senator makes that point I desire to comment that I completely agree with the analysis made by the Senator from Arkansas, and say that the change in the amendment was deliberately made, for two reasons. First, I desired, if possible, to reduce this delegated power to an absolutely ministerial basis, with discretion eliminated; and, therefore, the amendment carries a specific formula that only a ministerial duty attaches to it.

Second, it is made mandatory for this reason: In my view, it is utterly essential to the success of this great adventure that it shall have the wholehearted cooperation of American industry; and it is my feeling, rightly or wrongly, that that cooperation will be forthcoming in infinitely greater degree if industry may know that the pay-roll taxes are to be offset by tariff increases whenever it can be demonstrated that the pay-roll taxes require the differential in order to preserve the relative status quo.

Mr. HARRISON. I assume that there is no difference of opinion between the Senator from Michigan and myself as to the right of the Tariff Commission now, on dutiable articles, to take this fact into consideration in their recommendations for an increase to the President of the United States.

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

Mr. HARRISON. I yield.

Mr. VANDENBERG. There is no difference of opinion upon that subject. The chief necessity of the amendment, from my point of view, is that two-thirds of our importations are on the free list anyway; and since the pay-roll tax applies to all of our industry it seems to me that the ability and the formula for treating the pay-roll tax differential should equally apply to all our industry, and of course the Senator will agree that it could not apply to all our industry under the flexible-tariff law.

Mr. HARRISON. It could not apply to any industry whose articles were on the free list.

Mr. ROBINSON. Mr. President, will the Senator yield for a further brief statement?

Mr. HARRISON. I yield.

Mr. ROBINSON. The Senator from Michigan himself has pointed out another very material change in the law contemplated in his amendment. Neither the Tariff Commission nor the President under the flexible-tariff provision has the power to take a commodity from the free list and place it on the dutiable list. This amendment gives that power to the Commission, and under the Senator's statement it means that there would hereafter be no free list. There probably would be no commodities imported free of duty if this amendment were agreed to.

Mr. VANDENBERG. Mr. President, I am sure the Senator is seeking accurately to reflect the amendment. There is nothing of that mandatory character in it, however, because in each instance there must be an adequate demonstration of the fact that the pay-roll tax had penalized the differential.

Mr. ROBINSON. Yes; but I base my conclusion on the assertion made by the Senator from Michigan that this would apply to practically all commodities manufactured in the United States and exported.

Mr. VANDENBERG. I meant to say that the philosophy of the amendment ought to apply to all.

Mr. ROBINSON. Very well.

Mr. VANDENBERG. I meant the philosophy, and I think that is a fair interpretation. Whatever the facts develop should govern in the situation. That is what I am trying to say.

Mr. ROBINSON. But the fact remains that it would give to the Tariff Commission, without even approval by the Chief Executive, the power to take any article from the free list and place it on the dutiable list.

There is another proposed change in the law, if I correctly interpret the amendment—and I shall not further delay the Senator from Mississippi when I shall have made this statement. The amendment eliminates the limitation in the existing flexible tariff provision whereby the President is authorized, upon proper investigation and finding by the Commission, to change existing tariff rates not more than 50 percent; that is, to raise or lower them 50 percent. As I interpret the amendment, it would give the Commission the power to change them without any limitation. Is that correct?

Mr. VANDENBERG. The Senator is correct, and the reason for it is that of course a 50-percent boundary could not apply to the free list. So far as I am concerned I shall be glad to have it apply to the dutiable list.

Mr. ROBINSON. Under existing law the rates are changed to make a duty more nearly conform to the test of cost of production. Nevertheless there is a limitation in the law to the effect that rates may be changed only 50 percent; that is, they may be raised 50 percent or they may be lowered 50 percent. In theory it might be true that an increase of 50 percent or a decrease of 50 percent would not bring about harmony in cost of production at home and abroad.

Mr. HARRISON. Mr. President, the amendment differs from the present law in another respect in that in the present law any interested person may make the application, while the amendment offered by the Senator from Michigan provides "upon application of any employer to the United States Tariff Commission." Of course, under the provisions levying one tax under the bill "employers" include only those who employ four or more persons before they are subject to tax, and with respect to this tax and the other tax, there are certain exemptions. The amendment is really broader than the present tariff act and restricts it to applications being made only by an employer.

I should like to read to the Senator from Michigan and to the Senate the views of the Tariff Commission with respect to this matter. The acting chairman of the Tariff Commission says:

Senator VANDENBERG's amendment makes it mandatory that upon request of any employer the Tariff Commission shall investigate the domestic costs of production with a view to determining

whether any increase in duty is necessary to offset increased costs incurred because of the provisions of sections 804 and 901 of the act.

The Commission in its report to the President is to specify any increases found necessary, including changes in classification. Investigations are to be conducted according to the principles of section 336 of the Tariff Act of 1930, but an article may be transferred from the free to the dutiable list and there is no limitation upon the amount of the increase in the duty except the limitation prescribed in the second sentence of paragraph 336 (g) which precludes an increase in duty above a certain rate specified in the act. Upon receipt of the Commission's report, the President must proclaim the changes found necessary.

The increased costs under sections 804 and 901, which investigations under this amendment are intended to protect, are as follows:

Section 804 provides for an excise tax on employers, starting with one-half of 1 percent of the pay roll in the period 1936–38 and increasing to a maximum of 3 percent in 1948 and subsequent years.

Section 901 provides for a tax on employers for the privilege of employing labor, the tax to be 1 percent of the cost of the labor in 1936, 2 percent in 1937, and 3 percent in 1938 and following years.

During the first few years the increase in costs of production due to the tax would be slight. In and after 1948 for a particular manufacturer where labor made up 25 percent of the cost his maximum increase would be 1½ percent. This percentage would increase as the ratio of labor to total cost increased.

Under section 336 of the Tariff Act of 1930, the Tariff Commission is already empowered, on request of interested parties, when in the judgment of the Commission there is good and sufficient reason therefor, to investigate, with respect to any dutiable article, differences in cost of production here and abroad. Moreover, the President is already empowered to proclaim such changes in the rates on dutiable articles as the Commission's investigation may indicate to be necessary to equalize differences in foreign and domestic costs (including taxes on pay rolls). This amendment would make the investigation and the action by the President mandatory, and his action might conflict with certain provisions contained in trade agreements prohibiting the imposition of additional taxes.

It should be added that under this amendment every employer who chooses to do so may upon application compel the Tariff Commission to institute a cost-of-production investigation. A trivial increase in his costs might thus require the expenditure of large sums by the Government; the multitude of such applications would seriously impair the efficiency of the Tariff Commission in discharging its other duties.

It would, therefore, appear that the proposed amendment is neither necessary nor desirable. If, however, it were to be incorporated in the act, it would be almost imperative that the Tariff Commission be given some discretion as to whether or not an investigation and report were justified.

Therefore, Mr. President, it seems to me the amendment should not be adopted, and I hope the Senate will reject it.

The VICE PRESIDENT. The question is on agreeing to the amendment of the Senator from Michigan.

The amendment was rejected.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Megill, one of its clerks, announced that the House had concurred in the concurrent resolution (S. Con. Res. 18) authorizing the Secretary of the Senate, in the enrollment of the bill (S. 1611) to authorize an exchange of lands between the Richmond, Fredericksburg & Potomac Railroad Co. and the United States at Quantico, Va., to correct an error.

SOCIAL SECURITY

The Senate resumed consideration of the bill (H. R. 7260) to provide for the general welfare by establishing a system of Federal old-age benefits, and by enabling the several States to make more adequate provision for aged persons, dependent and crippled children, maternal and child welfare, public health, and the administration of their unemployment-compensation laws; to establish a Social Security Board; to raise revenue; and for other purposes.

Mr. BORAH. Mr. President, I should like to know from the Senator from Mississippi whether he is interested in a proposal which was made this morning with reference to increasing the amount which the Federal Government shall contribute to taking care of the situation where the States may not contribute anything whatever.

Mr. HARRISON. Mr. President, I may say to the Senator from Idaho that that is one phase of the question which was given every consideration by the Committee on Finance and by the Committee on Ways and Means. We reached the conclusion that in its present financial condition the Federal Government is going as far as it can go. We feel there ought to be a participation by the States and the Federal Government.

The Senator will recall that when the first bill was presented in the Congress it provided for large Federal control over the whole question and that the Federal Government should in many respects direct the States as to whom should receive a pension. The House of Representatives redrafted the bill and I think greatly improved it. I am sure the Senator thinks so, too.

Mr. BORAH. I do.

Mr. HARRISON. The Committee on Finance thought it was greatly improved. We have here provided that the Federal Government shall contribute 50 percent, leaving it entirely to the States to determine which persons are in need, the only requirement we make being that they shall have reached the age of 65 years. The States best know who are entitled to old-age benefits.

I feel quite sure the situation has been somewhat exaggerated as to the inability of the States to provide their part of the money. Reference has been made to my own State. There were some 14,000 on the unemployment and relief rolls in my State. I am sure every person over 65 years of age who was in need sought to get on the unemployment or relief rolls in my State. My State is no worse off than other States in that respect. I am sure other States, like Mississippi, have made heroic efforts to care for the situation. With the $4,000,000,000 of money that we have now available with which to create jobs and take care of people in need, I feel quite sure the States can reasonably meet the situation.

I know there is a feeling that needy, aged persons ought to have more than $30 a month. There have been proposals to give them more than $30 a month; but there is this to be said about it, that the aged people heretofore who have received help and assistance have received it from the county or from some charitable organization, or in some instances it may have come from the State itself. The Federal Government has left the matter of assistance to the needy aged to the local communities. That has been traditional in this country. For the Federal Government now to assist at all is a new venture, quite at variance with our past record and history, and since the Federal Government heretofore has contributed nothing toward old-age pensions, certainly if we contribute 50 percent for their assistance now and hereafter, we shall have gone a long way and will be carrying a blessing to these people and to the States.

It is a pleasure for me to champion this bill. I believe in it, and while personally I wish the Government was in such condition that it might go further, let me say this: I care not how enthusiastic one may be in wishing to increase this amount, or in wishing to relieve the States from the burden of having to put up any portion of the amount, I am sure those who have been working and laboring in this matter have done the very best they can, and that it might complicate the situation greatly, and might defeat the whole purpose of the bill in the end, if we should strike out the provision that the States must contribute toward this fund their pro rata part, half of the total amount.

So I hope the Senator from Idaho will not offer any amendment to that effect. I am sure the committee would feel obliged to oppose it, and I do not know whether it would get through other barriers. You know what I mean.

Mr. BORAH. Mr. President, of course, there is no reflection upon the performance of the committee's duty. It is in no sense a reflection upon the work of the committee that upon a particular feature of the bill one may entertain a view which is different from that of the committee.

If these were normal times and normal conditions I should feel entirely differently about this matter; but I know that a number of the States are not in a position to make any substantial contribution. I should like to leave in the bill the provision that the State must make some contribution.

However small it may be, I think the State ought to be called into action with regard to the matter. I quite agree with that contention; but where the States are able to supply only something like six or eight dollars a month, and we contribute six or eight dollars a month, we are leaving these old people with a total of only some twelve or fourteen or sixteen dollars a month upon which to live.

As I say, if the times were normal, a wholly different problem would be presented; but these old people now are at the end of 4 or 5 years of depression. Their means have been exhausted to the last cent. They have nothing between them and the poorhouse, the old county farm. As we enter upon this type of legislation and propose to do something for their benefit, ought we not to do something more than provide an amount which is wholly inadequate to take care of them?

Mr. HARRISON. I will say to the Senator that, of course, I have a big heart myself.

Mr. BORAH. I am perfectly willing to leave the provision so that the States must put up something, but I wish to have an assurance in the bill, if we can get it, that a reasonable sum shall be provided in some way. When I say "a reasonable sum", I do not consider $30 a month a reasonable sum, but under the circumstances I am willing to accept it.

Mr. FLETCHER. Mr. President, may I ask the Senator from Mississippi if it would be possible to provide that the Federal Government shall contribute its $15 a month, leaving the State to contribute whatever it may up to $15 more? In other words, is it necessary to provide that the Federal Government will pay nothing unless the State contributes a like amount?

Mr. HARRISON. The Senator from Florida is a wise Senator and a very practical one, and he knows that if we should write such a provision into the bill the States would not contribute, and the Federal Government would be holding the bag.

As practical men, we know there is not any doubt that there is going to be a tremendous pressure in the future upon any gentleman who runs for public office, either in the lower House or in the Senate, to ask for an increase of the old-age pension; and we are all going to be subjected to that pressure. It is a reality that in this day and time groups become powerful and very often influence the judgment of candidates for political office. This is not a very logical argument, but it is a practical one. If we leave it entirely to the Congress to provide all the fund, and do not require the States to contribute their part of it, there will ever be pressure upon those seeking the Federal office. There should be some check against too great expenditures, and the cooperative plan here proposed will furnish it. The Senator appreciates that the State is not limited in the amount to be appropriated within the State for old-age pensions. They are permitted as each State may decide to go beyond the $30 a month.

There are so many things to consider in connection with a great forward movement like this that we must hold ourselves back a little bit, and get the very best and most constructive measure that we can.

I think this measure is most constructive. I think it is going forward quicker and better than we anticipated, and I hope we can pass this bill without having it complicated by proposals for eliminating State contributions. To do so may jeopardize this whole bill. That would be a travesty.

Mr. BORAH. Mr. President, as I said a moment ago, I do not desire to excuse the States wholly from this contribution. I think they ought to be required to put up some amount. But I am sure in some instances the amount will be very small. Now I do not want to see these old people end their lives in dire want simply because the State and the Government are unable to agree as to their respective portions. The National Government, by this bill, is assuming a responsibility. That matter is not open for debate. Having assumed the responsibility we should be just to the aged people who have, in many instances, contributed a life of service to the State and Nation.

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

Mr. BORAH. I yield.

Mr. ROBINSON. Therein lies a difficulty which suggests itself to my mind with great force.

We all realize, of course, that it is probably impracticable now to effectuate any arrangement which will constitute a final and a permanent basis for old-age pensions. Nevertheless, unless we have well defined in the law what portion of the expense must be met by the local community or the State, as well as that which must be met by the National Government, we shall have almost as many different standards as there are States and localities; and we shall have this situation arising:

The authorities in some States will feel that it is difficult, in fact, almost impossible, to make any immediate provision for contribution, with the result that the Federal Government will carry the whole load that may be borne; and, as has been suggested by the Senator from Mississippi [Mr. HARRISON], the pressure on Congress will become irresistible to make adequate provision by the use of Federal funds alone. If we do not define in the law within limitation what the States shall do, some of them will do nothing, and discriminations will result. A contest may arise as to which State may be able to obtain the greatest benefit for its citizens without assuming corresponding responsibilities.

The Senator from Idaho has said that he realizes it is absolutely necessary to require the States to contribute something to this fund. What requirement would the Senator impose? This bill proceeds on the basis of other legislation which has been enacted, on the 50-50 basis. If we depart from the 50-50 basis, what basis shall we establish or accept; and will there be varying standards of Federal contribution set up to meet the differences in conditions that may reflect themselves from the various States?

I know there are some States which will find great difficulty in meeting the requirements that are contemplated by this bill; but, on the other hand, if we say they must do something, we are immediately confronted with the question, "Then what must they do?" And who will define or make clear the requirements that must be met by the States in order that their citizens may have the benefits of this measure?

If the Senator from Idaho were amending the bill, what change would he make? I ask for information because this subject has given me great cause for study.

Mr. BORAH. Exactly, Mr. President, I understand perfectly the difficulty of framing an amendment so as to leave the obligation upon the State, while at the same time providing a sufficient amount on which these old people can live.

I have made some effort today to draw an amendment, and I have done so, but it is not exactly satisfactory, although it represents the idea. If the bill is to go over until tomorrow I shall offer the amendment tomorrow. The amendment contemplates matching the States up to $15, and then after that the Federal Government making an appropriation which would fix the sum at a specified amount, say $30. The State, therefore, would have to put up something. It might put up but $6, and if it put up but $6 the Federal Government would match the $6 and put up enough more to make up the $30. That is as near as I have been able to arrive at a practical solution of the matter.

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

Mr. BORAH. I yield.

Mr. KING. This is not quite pertinent, perhaps, to the observations being submitted by the Senator, but I am sure he has in mind the fact that the Federal Government is confronted with the necessity of expenditures which it has great difficulty in meeting. The Finance Committee will meet within a few days to increase the burden of taxes made necessary by the enormous deficit which we are creating.

There are some States in the Union which pay a large part of the Federal taxes. In addition, they are the populous States, and the people of those States will have to pay enormous taxes in order to carry the burdens which will rest upon them under the pending bill.

If the Federal Government is to assume a larger burden, it simply means that we must go to those few States for more money.

Mr. BORAH. Will the Senator pardon me right there?

Mr. KING. Certainly.

Mr. BORAH. While there are large States paying great sums of money, they have the wealth; and if we are to levy taxes in accordance with ability to pay, they should pay. In addition to that, I observe that in the distribution of funds which are going out from the Federal Treasury, these large States get their full share in proportion to their population.

Mr. KING. That is true; but consider the situation of the State of Illinois, though I do not wish to particularize any State. The Senator remembers that 2 or 3 years ago, notwithstanding there is considerable wealth in Illinois, they found difficulty, indeed, they found it was impossible, it was contended, for them to pay their school teachers and to carry on the schools, and they had to come to the Federal Government and ask for aid in order to meet some of the burdens resting upon them.

I do not want any State or any individual or any corporation to escape legitimate taxation, but the burdens now resting upon all of the States and upon the Federal Government are very, very great, and we ought to bear that in mind when we are seeking to increase the burdens of the Federal Government.

Mr. BORAH. I appreciate that. I think the question of the burden of taxes is one of the great problems which may be holding back recovery. I understand that perfectly. But we are peculiar in the fact that we discuss the question of the tax burden only on particular occasions.

I shall not offer the amendment at this time, but I wish to say to the Senator from Mississippi that I have not changed my view that we ought to take care of this situation, and I hope to be able to present an amendment to the Senator later which he may accept.

Mr. FLETCHER. Mr. President, may I ask the Senator if he clings to the view that Federal aid should be conditioned on State aid?

Mr. BORAH. I cling to the view that there should be a matching up to a certain point where the State is unable to take care of the matter.

Mr. FLETCHER. I was wondering whether it would be possible to do away with that condition, let the Federal Government contribute what is thought wise, say $15, and let the States match the payment if it is possible to do so. Of course, the beneficiary would get the $15 even if the State did not contribute.

Mr. CLARK. Mr. President, I have several amendments, which really constitute one amendment, which I desire to offer, but on which I do not desire unnecessarily to detain the Senate. The amendments are important, and a number of Senators have indicated a desire to discuss them, and since it would be impossible to act on them before the usual time of adjournment tonight, and inasmuch as several other amendments have gone over until tomorrow, I ask unanimous consent that I may be permitted to offer the amendments and have them pending, and that they may go over until tomorrow.

Mr. ROBINSON. Have the amendments been printed?

Mr. CLARK. They have been printed, and have been on the desk for several days.

The PRESIDING OFFICER (Mr. O'MAHONEY in the chair). The Senator from Missouri asks unanimous consent that he may have leave to present certain amendments, and have them go over until tomorrow. Is there objection? The chair hears none.

Mr. CLARK. I offer the amendments.

The PRESIDING OFFICER. The clerk will state the amendments?

The CHIEF CLERK. It is proposed on page 15, after line 25, to insert the following:

(7) Service performed in the employ of an employer who has in operation a plan providing annuities to employees which is certified by the Board as having been approved by it under section 702, if the employee performing such service has elected to come under such plan; except that if any such employee withdraws from the plan before he attains the age of 65, or if the board withdraws its approval of the plan, the service performed while the employee was under such plan as approved shall be construed to be employment as defined in this subsection.

On page 43, line 11, after "Sec. 702.", to insert "(a)".

On page 43, between lines 17 and 18, to add the following new paragraphs:

(b) The board shall receive applications from employers who desire to operate private annuity plans with a view to providing benefits in lieu of the benefits otherwise provided for in title II of this act, and the board shall approve any such plan and issue a certificate of such approval if it finds that such plan meets the following requirements:

(1) The plan shall be available, without limitation as to age, to any employee who elects to come under such plan.

(2) The benefits payable at retirement and the conditions as to retirement shall not be less favorable, based upon accepted actuarial principles, than those provided for under section 202.

(3) The contributions of the employee and the employer shall be deposited with a life-insurance company, an annuity organization, or a trustee, approved by the board.

(4) Termination of employment shall constitute withdrawal from the plan.

(5) Upon the death of an employee his estate shall receive an amount not less than the amount it would have received if the employee had been entitled to receive benefits under title II of this act.

(c) The board shall have the right to call for such reports from the employer and to make such inspections of his records as will satisfy it that the requirements of subsection (b) are being met, and to make such regulations as will facilitate the operation of such private annuity plans in conformity with such requirements.

(d) The board shall withdraw its approval of any such plan upon the request of the employer, or if it finds that the plan or any action taken thereunder fails to meet the requirements of subsection (b)."

On page 52, after line 7, to add the following new paragraph:

(7) Service performed by an employee before he attains the age of 65 in the employ of an employer who has in operation a plan providing annuities to employees which is certified by the board as having been approved by it under section 702, if the employee has elected to come under such plan, and if the Commissioner of Internal Revenue determines that the aggregate annual contributions of the employee and the employer under such plan as approved are not less than the taxes which would otherwise be payable under sections 801 and 804, and that the employer pays an amount at least equal to 50 percent of such taxes: *Provided*, That if any such employee withdraws from the plan before he attains the age of 65, or if the board withdraws its approval of the plan, there shall be paid by the employer to the Treasurer of the United States, in such manner as the Secretary of the Treasury shall prescribe, an amount equal to the taxes which would otherwise have been payable by the employer and the employee on account of such service, together with interest on such amount at 3 percent per annum compounded annually.

Mr. RUSSELL. Mr. President, I send to the desk two amendments which I ask to have printed and to lie on the table.

The PRESIDING OFFICER. The amendments will be printed and lie on the table.

Mr. ROBINSON. Mr. President, I understand that only two or three amendments have been suggested which remain undisposed of, and that those amendments are not to be acted on today. Unless there is some objection, I shall move an executive session.

Mr. BORAH. Mr. President, although I may make some changes in my amendment, I think I ought to have it printed so that Senators may have an opportunity to consider it.

The PRESIDING OFFICER. The Senator from Idaho offers an amendment, which will be printed and lie on the table.

TRIFUNE KORAC

The PRESIDING OFFICER laid before the Senate the amendment of the House of Representatives to the bill (S. 1863) for the relief of Trifune Korac, which was, on page 1, line 6, to strike out "representing" and insert "in full settlement of all claims against the Government of the United States for."

Mr. VANDENBERG. For the Senator from Michigan [Mr. COUZENS], I move that the Senate concur in the amendment of the House.

The motion was agreed to.

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. KING, from the Committee on the Judiciary, reported favorably the nomination of Harry E. Pratt, of Alaska, to be district judge, division no. 4, District of Alaska, to succeed E. Coke Hill, resigned.

Mr. LOGAN, from the Committee on the Judiciary, reported favorably the nomination of Elwood Hamilton, of Kentucky, to be United States district judge, Western District of Kentucky, to succeed Charles I. Dawson, resigned.

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, reported favorably the nominations of sundry postmasters.

The PRESIDING OFFICER (Mr. O'MAHONEY 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.

FEDERAL HOME LOAN BANK BOARD

The legislative clerk read the nomination of John H. Fahey to be a member of the Federal Home Loan Bank Board.

Mr. RUSSELL. Mr. President, I ask that the nomination go over for the present.

Mr. FLETCHER. Mr. President, the nomination cannot be carried over simply on one objection. I think the matter ought to be disposed of.

Mr. RUSSELL. I think that if the Senator will allow the nomination to go over until tomorrow I shall be able to have it disposed of at that time. It may be that I will have no objection, but there are one or two matters in connection with it I am looking into, and I should like to have the nomination go over.

Mr. FLETCHER. I merely make the point that one objection will not carry it over. I am willing to accommodate the Senator if he desires to have the nomination go over until tomorrow and thinks it can be disposed of tomorrow.

Mr. RUSSELL. I think we will be able to dispose of the nomination tomorrow.

The PRESIDING OFFICER. The nomination will go over. over.

POSTMASTER

The legislative clerk read the nomination of Margaret C. Henderson to be postmaster at Fair Mount, Ga.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

That completes the calendar.

RECESS

Mr. ROBINSON. I move that the Senate take a recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 4 o'clock and 31 minutes p. m.) the Senate, in legislative session, took a recess until tomorrow, Tuesday, June 18, 1935, at 12 o'clock meridian.

CONFIRMATION

Executive nomination confirmed by the Senate June 17 (legislative day of May 13), 1935

POSTMASTER

GEORGIA

Margaret C. Henderson, Fair Mount.

HOUSE OF REPRESENTATIVES

MONDAY, JUNE 17, 1935

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Heavenly Father, as we wait at the mercy seat of prayer, we beseech Thee to hear us. Put Thy seal upon our foreheads and a consciousness of our sonship in our hearts. To be worthy of our intellectual, moral, and spiritual gifts with which we are endowed is our earnest desire. In all our relationships with our fellow men may we do unto them as we would have them do unto us. Hold us loyal to the stern ideals of duty, possessing a passion of patriotism and asserting an influence for righteousness. We need Thee for fleeting time, for shifting scenes, and for varying fortunes. O blessed Lord, be with us in life's transitions and teach us the sacredness of each common day. Through Christ, in whose holy name we pray. Amen.

The Journal of the proceedings of Saturday, June 15, 1935, was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Horne, its enrolling clerk, announced that the Senate agrees to the amendments of the House to bills of the Senate of the following titles:

S. 547. An act for the relief of Alfred W. Kliefoth;

S. 1325. An act for the relief of Dino Carbonell;

S. 1585. An act for the relief of Stefano Talanco and Edith Talanco;

S. 2218. An act for the relief of Elsie Segar; and

S. 2333. An act for the relief of John W. Dady.

The message also announced that the Senate insists upon its amendments to the bill (H. R. 7160) entitled "An act to provide for research into basic laws and principles relating to agriculture and to provide for the further development of cooperative agricultural extension work and the more complete endowment and support of land-grant colleges", disagreed to by the House; agrees to the conference asked by the House on the disagreeing votes of the two Houses thereon, and appoints Mr. SMITH, Mr. WHEELER, and Mr. NORRIS to be the conferees on the part of the Senate.

The message also announced that the Senate had passed a concurrent resolution of the following title, in which the concurrence of the House is requested:

S. Con. Res. 18. Concurrent resolution authorizing the Secretary of the Senate in the enrollment of the bill (S. 1611) to authorize an exchange of lands between the Richmond, Fredericksburg & Potomac Railroad Co. and the United States at Quantico, Va., to correct an error.

EXTENSION OF CERTAIN EXCISE TAXES, ETC.

Mr. DOUGHTON. Mr. Speaker, I move to suspend the rules and pass House Joint Resolution 324, to provide revenue, and for other purposes, which I send to the desk and ask to have read.

The Clerk read as follows:

House Joint Resolution 324

Resolved, etc., That title IV, as amended, and parts I, II, III, and IV of title V, as amended, of the Revenue Act of 1932, are further amended by striking out "1935" wherever appearing therein, and inserting in lieu thereof "1937." Section 1001 (a), as amended, of the Revenue Act of 1932, and section 2, as amended, of the act entitled "An act to extend the gasoline tax for 1 year, to modify postage rates on mail matter, and for other purposes", approved June 16, 1933, are further amended by striking out "1935" wherever appearing therein, and inserting in lieu thereof "1937."

The SPEAKER. The gentleman from North Carolina moves to suspend the rules and pass House Joint Resolution 324. Is a second demanded?

Mr. TREADWAY. Mr. Speaker, I demand a second.

Mr. DOUGHTON. Mr. Speaker, I ask unanimous consent that a second be considered as ordered.

The SPEAKER. Is there objection?

There was no objection.

The SPEAKER. The gentleman from North Carolina is entitled to 20 minutes and the gentleman from Massachusetts to 20 minutes.

Mr. DOUGHTON. House Joint Resolution 324, which is now under consideration, merely proposes to extend certain temporary provisions of our revenue laws for a period of 2 years. These temporary provisions were originally enacted in the Revenue Act of 1932 in a desperate effort to balance the Budget at that time. The majority of the taxing provisions are in the same form today as when originally enacted, and a few have been amended by subsequent leg-

islation. There are about 24 excise taxes which will automatically expire under existing law within the next 2 months unless the resolution now under consideration passes. The majority of these taxes will expire on June 30, 1935, and four of them will expire on July 31, 1935. There are also five permanent taxes which have temporarily increased rates or decreased exemptions. Unless the pending resolution becomes law, these increased rates or decreased exemptions will cease to take effect after June 30, 1935. In addition, the existing temporary rate of 3 cents on nonlocal first-class mail matter will automatically be reduced to 2 cents on June 30, 1935, unless the legislation now under consideration is enacted.

The most important of the excise taxes which your committee recommends extending and which will be completely eliminated within the next 2 months if such an extension is not accomplished, include those on lubricating oil, gasoline, automobile trucks, passenger automobiles, motorcycles, auto accessories, tires and tubes, jewelry, furs, radios, mechanical refrigerators, sporting goods and firearms, electrical energy, matches, telephone and telegraph messages, transfer of bonds, conveyances, transportation of oil by pipe line, and imported crude oil, coal, lumber, and copper.

The excise taxes which are subject to rate reduction under existing temporary laws include those on issues of bonds, issues of stock, stock transfers, sales of produce for future delivery, and admissions.

It is estimated that the Federal Government will face an annual loss of revenue of nearly $502,000,000 if the temporary tax provisions already referred to are not extended. While our revenues are showing a substantial increase in the current year over the prior year, nevertheless, our expenditures in connection with the recovery program and in connection with relief are so heavy that it appears obvious that the Federal Government cannot afford to lose over one-half billion dollars of revenue annually at this time. I am aware that many of the taxes extended by this resolution are objectionable or contain objectionable features. However, if we should attempt to take off even one of these taxes, numerous arguments would be presented which would show that it would be fully as meritorious to take off some other tax. I believe, therefore, that it is the wisest plan to renew all of these temporary taxing provisions for a period of 2 years without change. If it becomes apparent in the future that conditions warrant the removal of some or all of these taxes, then, of course, there is no legal obstacle to such removal prior to the date now provided for in the joint resolution.

Mr. ANDREWS of New York. Mr. Speaker, will the gentleman yield?

Mr. DOUGHTON. Yes.

Mr. ANDREWS of New York. As I understand it, the gentleman says that these taxes were enacted in 1932 during the Hoover administration.

Mr. DOUGHTON. Yes.

Mr. ANDREWS of New York. Is it not a fact that at that time the Democrats had a majority of the Committee on Ways and Means, and they brought in the tax bill?

Mr. DOUGHTON. Yes; and that shows the generosity, patriotism, and fairness of the Democratic Party, when a Republican administration was seriously embarrassed on account of expenditures; when President Hoover said in his December message, 1931, there would be a deficit for the fiscal year of 1932 of $900,000,000, and for 1933 of over $2,000,000,000.

Mr. SAMUEL B. HILL. Mr. Speaker, will the gentleman yield?

Mr. DOUGHTON. Yes.

Mr. SAMUEL B. HILL. You say that this was under the Hoover administration, and that we had a majority in the House on the Democratic side, and these taxes were put on at the special instance of the then administration. The taxes were put on at the recommendation of the Secretary of the Treasury, Mr. Ogden Mills.

Mr. DOUGHTON. Secretary Mellon appeared, and Under Secretary Mills, who was the spokesman for Secretary Mellon, urged the imposition of certain special taxes in order to meet, or meet in part, that deficit. He estimated the taxes would bring something over $500,000,000 and help to meet the needs of the Treasury. But after we raised these additional taxes, it turned out that the deficit for the last 2 years of the Hoover administration, which was added to the public debt, was over $4,000,000,000, without any substantial expenditures for relief or recovery.

Mr. CHRISTIANSON. Will the gentleman yield for a nonpolitical question?

Mr. DOUGHTON. Yes; I yield.

Mr. CHRISTIANSON. Does not the gentleman believe that it is a wise policy for the Federal Government to stay out of fields of taxation that have already been preempted by the States? I have special reference to the excise tax on gasoline.

Mr. DOUGHTON. Oh, we hear a great deal about the excise tax on gasoline. I opposed the imposition of that tax at the time it was imposed, but it was imposed to meet an emergency, and so long as the beneficiaries of the gasoline tax receive the benefits they are now getting out of the large appropriations from the Federal Treasury for the construction and maintenance of highways, I think that of all taxpayers they have, perhaps, the least reason to complain. It will be remembered that out of the $3,300,000,000 allocated to the P. W. A., $400,000,000 was earmarked, specially designated and set aside for the building of highways in the country, and $50,000,000 additional for highways in public parks, forest preserves, and on Indian lands.

Mr. CHRISTIANSON. But it is a fact that the States are not actually receiving any Federal aid on highways from the Federal Government. As a matter of fact, the Government is simply returning to the States this additional gasoline tax that it takes away from the States?

Mr. SAMUEL B. HILL. Will the gentleman yield there?

Mr. DOUGHTON. I yield.

Mr. SAMUEL B. HILL. It is true that the Federal Government has contributed more than $2,000,000,000 altogether to the building of roads in the various States, and at the present time under the present status the Government is returning to each State in money for roads about $4 for every dollar collected from that State in gasoline tax.

Mr. DOUGHTON. And so long as that is done, so long as there is going to the various States three or four times as much from the Federal Treasury as is being paid into the Federal Treasury under the gasoline tax, I think there is no just ground for complaint as far as that is concerned. Of course, we all know that gasoline, automobiles, and automobile accessories are heavily taxed, but the great part of this tax is imposed by the States. The States impose from 4 to 6 cents a gallon on gasoline, while the Federal Government is imposing only 1 cent per gallon, and still we are appropriating more money from the Federal Treasury than the States are appropriating themselves for road building.

Mr. CHRISTIANSON. Will the gentleman yield further?

Mr. DOUGHTON. I yield.

Mr. CHRISTIANSON. That would not be true for the State of Minnesota.

Mr. DOUGHTON. Does the gentleman know how much money his State is getting from the Federal Treasury for roads?

Mr. CHRISTIANSON. I know that we are contributing several times as much in taxes on motor vehicles and gasoline as the Federal Government is contributing.

Mr. DOUGHTON. Oh, that does not answer the question. The gentleman knows that unless these taxes are imposed we will have to add to the public debt and pay additional interest, or we must sit here and levy additional taxes. If in the judgment of the House it is better to remain here and write a tax bill, the Ways and Means Committee is the willing servant of the House.

Mr. CHRISTIANSON. If the gentleman will yield further, my objection is not predicated upon any complaint that my State is not getting back enough from the Federal Government, but that there is an inherent danger in the Fed-

eral Government taxing the same sources of income as the States tax, and pyramiding the taxes unduly.

Mr. SAMUEL B. HILL. Will the gentleman yield on that question?

Mr. DOUGHTON. I yield.

Mr. SAMUEL B. HILL. The States have also offended against the Federal Government by entering a field previously occupied by the Federal Government in the levying of inheritance taxes. This is a temporary tax. As soon as the emergency is passed we want to leave this to the States, but under conditions which exist now and have existed for the past 2 years, we feel that we must have this money. That is the only reason we are asking to have this tax continued.

Mr. TRUAX. Will the gentleman yield?

Mr. DOUGHTON. I yield.

Mr. TRUAX. Some of the Members feel that certain of the nuisance taxes ought to be repealed. I believe the gentleman himself feels that way about certain items in this bill. I would like to ask why, under those conditions, it is necessary to bring this bill up under suspension of the rules, with only 20 minutes' debate on a side? Why not give us sufficient time for general debate and an opportunity to amend the bill?

Mr. DOUGHTON. Every one is familiar with these taxes. They have been in existence, as I stated, since 1932. We feel that the least burdensome way of raising the necessary revenue can be effected by extending these taxes. If we were to get into long extended debate about amending this bill, it will make it necessary to rewrite the entire revenue laws of the Government. That is all there is to it. If we undertake to remove any of these taxes, of course it will be necessary to substitute others. If the gentleman has in mind other taxes that can be substituted for these taxes, of course the Ways and Means Committee would have been glad to have considered a bill, if the gentleman had introduced one.

Mr. TRUAX. Does the gentleman not think that this is a rather long-drawn-out emergency? We are talking about a tax bill that was enacted in 1932. Will the gentleman tell me the emergency for which we must continue and perpetuate these unjust nuisance taxes?

Mr. DOUGHTON. I will say to the gentleman, who, of course, has voted for most of the appropriations for the recovery and relief measures deemed necessary by the Congress, were it not for those extraordinary and emergency expenditures we would not need to continue these emergency taxes, because for this year the current expenses of the Government, not taking into consideration expenditures for relief and recovery, are about $100,000,000 less than receipts. The gentleman from Ohio is a very valuable and capable Member of this House, always at his post, and I am sure he realizes that were it not for these emergency expenditures it would not be necessary to continue these excise taxes.

Mr. TRUAX. Is it not a fact that if we taxed wealth and income sufficiently that we could do away with, repeal, many of these nuisance taxes?

Mr. DOUGHTON. Perhaps we could, but there is a great difference in judgment as to the meaning of the word "sufficient." The gentleman must remember that some income taxes now run as high as 63 percent, and then we have estate taxes, and almost every form of taxation. I am not pretending, of course, to defend or explain the general tax situation. It might be that if we had ample time, substitute taxes less burdensome and onerous could be levied. The gentleman recalls that in the last Congress a subcommittee of the Committee on Ways and Means sat during the summer recess of Congress and wrote a tax bill whereby we raised over $400,000,000 in revenue without increasing any tax rates, but by closing loopholes; and that bill was so popular that it was passed by the House with only seven opposing votes. Our committee is anxious to, and will as soon as it has time, continue the study of the whole tax question with a view of readjusting taxes and removing as far as we can the most burdensome ones, but under present conditions the committee is of the opinion that the best we can do now is to continue these taxes. They expire on the 30th day of the month and cannot be made retroactive. So we feel they should be continued under this resolution, but that does not foreclose further consideration, I will say to the gentleman from Ohio.

Mr. TRUAX. I am glad to hear this statement from the chairman of the committee, and I do hope his committee will give careful study and consideration to this whole matter.

Mr. DOUGHTON. As far as I am concerned as chairman of the committee, it will be my purpose to discuss with the committee the matter of having early hearings with the purpose in mind of readjusting these taxes.

Mr. COLDEN. Mr. Speaker, will the gentleman yield?

Mr. DOUGHTON. I yield.

Mr. COLDEN. How much additional revenue was provided by the increase in the price of stamps from 2 cents to 3 cents, which is one of the most objectionable of the nuisance taxes?

Mr. DOUGHTON. About $75,000,000, I will say to the gentleman from California. It is estimated that if these taxes are extended the postal receipts and expenditures will about balance.

The President in his Budget message recommended the extension of all these temporary provisions. This recommendation has been reiterated in recent letters from the Secretary of the Treasury and the Postmaster General, which I will insert at this point as part of my remarks. In connection with the continuation of the 3-cent postage rate on nonlocal first-class mail it is to be observed that the resolution continues the provision empowering the President to reduce such 3-cent rate if, after a survey, he finds the facts warrant such reduction.

OFFICE OF THE POSTMASTER GENERAL,
Washington, D. C., April 26, 1935.

Hon. ROBERT L. DOUGHTON,
Chairman Committee on Ways and Means,
House of Representatives.

MY DEAR MR. DOUGHTON: Under existing law, Revenue Act of May 10, 1934, the additional charge of 1 cent on each ounce of first-class matter mailed for other than local delivery will expire July 1, 1935, and unless there be legislation to the contrary the former rate of 2 cents for each ounce will automatically be restored on that date.

The rate for first-class local matter at letter-carrier offices was restored to 2 cents an ounce or fraction thereof by the act of June 10, 1933, effective July 1, 1933. Such reduction was recommended by the Department in the hope that it would result in the return to the mails of local first-class matter diverted therefrom when the rate was increased to 3 cents, and that the additional volume would offset in a material way the loss of revenue resulting from the restoration of the lower rate. However, the anticipated increase of volume did not materialize, and consequently the restoration of the 2-cent rate for local first-class matter has resulted in a considerable loss of revenue. The cost ascertainment shows that for the fiscal year ended June 30, 1933, during which the 3-cent rate applied to first-class matter addressed for local delivery, the postage on such matter amounted to $83,702,040, while for the fiscal year ended June 30, 1934, during which the 2-cent rate was applicable, the postage on such matter amounted to only $62,545,550, or a loss of $21,156,490.

There is some sentiment for the restoration of the 2-cent rate for first-class matter generally. While the Department is heartily in favor of such restoration at the earliest practicable date, in view of the present state of the postal finances it is felt that it would be imprudent to do this on July 1 next, as it would result in an estimated loss of approximately $75,000,000.

It is therefore recommended that legislation be enacted continuing until July 1, 1936, the 3-cent rate on first-class matter mailed for other than local delivery. For this purpose it is recommended that section 515 of the Revenue Act of 1934 be amended to read as follows:

"Section 1001 (a), as amended, of the Revenue Act of 1932, and section 2 of the act entitled 'An act to extend the gasoline tax for 1 year, to modify postage rates on mail matter, and for other purposes', approved June 16, 1933, as amended by the act of May 10, 1934, are further amended by striking out '1935' wherever such date appears and inserting in lieu thereof '1936.'"

Very truly yours,

JAMES A. FARLEY,
Postmaster General.

THE SECRETARY OF THE TREASURY,
Washington.

MY DEAR MR. CHAIRMAN: I am glad to avail myself of the opportunity afforded by your invitation to have representatives of the Treasury appear before the subcommittee of which you are chairman to answer questions in respect to legislation affecting the miscellaneous internal-revenue taxes. As you are aware, a num-

ber of these taxes were terminated by the Revenue Act of 1934; a substantial number of other taxes expire on June 30 and July 31 of this year; and in the case of a few of the continuing taxes, the rate will be substantially reduced, effective on June 30.

The President in his Budget message of January 7 estimated that the miscellaneous internal-revenue taxes for 1936 would increase some $143,000,000 over the collections for 1935, stating that "this increase is predicated on the assumption that the taxes terminating on June 30 and July 31, 1935, will be extended by Congress, and also that the tax rates which would be reduced on June 30, 1935, will be continued." Accordingly the President recommended "that the Congress take steps by suitable legislation to extend the miscellaneous internal-revenue taxes which under existing law will expire next June or July, and also to maintain the current rates of taxes which will be reduced next June." He added, "I consider that such taxes are necessary to the financing of the Budget for 1936."

The representatives of the Treasury appearing before your committee will be glad to answer any questions and to make available to the committee the results of its experience with these taxes.

Respectfully, H. MORGENTHAU, Jr.,
Secretary of the Treasury.

Hon. SAMUEL B. HILL,
Chairman Subcommittee of Ways and Means Committee, House of Representatives.

In respect to the excise taxes, it appears that the Federal rates are not unreasonable as a whole. For instance, the gasoline tax is only 1 cent per gallon, while the tax in Great Britain is 16 cents per British gallon, corresponding to about 13 cents per United States gallon. It is true that the States also impose the gasoline tax, but their rate when added to the Federal rate rarely exceeds 6 cents per gallon. Again, on account of reasonable rates and liberal exemptions, we receive less than $16,000,000 from our tax on admissions. Great Britain, with about one-third our population, collects over $46,000,000 annually from this source. I do not wish it to be inferred from the above comparison that I would not be glad to see the gasoline tax relinquished to the States, or to see the admissions tax removed, but I do contend that we should cheerfully bear our present reasonable tax burden on these items until our revenues more nearly provide for our expenditures.

The present condition of the Treasury is most encouraging, in light of the tremendous expenditures it has been obliged to face in connection with the recovery and relief programs. The revenues for the first 10 months of this fiscal year exceed the revenues for the first 10 months of the last fiscal year by over $600,000,000, or by 22 percent. Moreover, the revenues in the same period exceeded the regular operating expenses of the Government by nearly $100,000,000. We are in the "red" solely as the result of the emergency expenditures for recovery and relief.

The revenues which will be continued with the passage of this joint resolution are important, since they constitute nearly one-seventh of our total revenues from all sources. We cannot afford to give up such a substantial portion of our revenues at this time. Such action would only increase our national debt at a rapid rate, increase our annual interest charge, and shift to future generations the burden we should be sufficiently courageous to bear. I hope that the Membership of the House will concur in this view and pass this joint resolution, which will insure to the Treasury a reliable and substantial source of revenue. [Applause.]

Mr. TREADWAY. Mr. Speaker, I yield 3 minutes to the gentleman from New York [Mr. BACON].

Mr. BACON. Mr. Speaker, we are about to extend the 3-cent postage rate in this resolution, and the 2-cent drop-letter rate will still apply to letters mailed for delivery within a city. In this connection, I wish to call attention in the short time at my disposal to the discrimination against the city of New York and the city of Los Angeles, because the cities of New York and Los Angeles will be the only cities where the 2-cent drop-letter rate will not apply. There are 5 counties in the city of New York, yet there are 7 separate postal districts; for example, there are 4 postal districts in Queens, 1 in Kings, 1 in Richmond, 1 in New York, and none in the Bronx. Letters mailed within the city from one of these postal districts to another must carry a 3-cent rate. This means that in some cases a business man or an individual can mail a letter at the 2-cent rate for delivery within, say, a distance of 16 miles in one direction, but if he mails it in another direction he has to put a 3-cent stamp on the letter to carry it only one block. This has caused great annoyance and confusion, and I think it is discriminatory against the people of the Greater City of New York. It is impossible for the average citizen to know the boundaries of these postal districts, and many to insure delivery of their mail within the city put a 3-cent stamp when perhaps 2 cents would do.

Had this bill come up under the general rules of the House I would have offered an amendment to correct this discrimination against the people of the cities of New York and Los Angeles. I am unable to do so, of course, under the parliamentary situation. The Members of the House are denied the right to offer amendments, yet in the Senate this right will not be denied. The courteous Chairman of the Ways and Means Committee has assured me that he will grant those of us who are interested in New York City a hearing with a view of bringing out a short bill to correct this discrimination. I wish to thank the gentleman from California [Mr. COLDEN] for calling my attention to the similar situation which exists in Los Angeles.

Mr. DOUGHTON. Mr. Speaker, will the gentleman yield?

Mr. BACON. I yield.

Mr. DOUGHTON. I would say to the gentleman from New York that I shall be glad to give this matter careful consideration. I would call the gentleman's attention to the fact that the President has authority to reduce the rate from 3 cents to 2 cents on letters for local delivery; he can do that by Executive order, and will still have that power after this resolution is passed at any time he deems it advisable to reduce the rate from 3 cents to 2 cents.

Mr. BACON. I appreciate that. I have felt that the citizens of New York, no matter where they live within the city, ought to be given the same 2-cent rate on letters for local delivery within the city that prevails in the case of every other incorporated city. If the President has the power to correct this situation, I hope he will act at once. If he does not act, I hope in the interest of fair play that Congress will act.

[Here the gavel fell.]

Mr. BACON. Mr. Speaker, I have had such a short time allotted me that I ask unanimous consent to revise and extend my remarks, and to include therein a letter I addressed to the Chairman of the Committee on Ways and Means and a letter of the Merchants' Association of New York that is addressed to the gentleman from North Carolina [Mr. DOUGHTON], Chairman of the Ways and Means Committee, other letters, and two bills I have introduced on the subject.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

The matter referred to follows:

MARCH 14, 1935.

The CHAIRMAN COMMITTEE ON WAYS AND MEANS,
House of Representatives.

MY DEAR MR. DOUGHTON: For the consideration of your committee, I enclose herewith a copy each of H. R. 6514 and H. R. 6515. While carrying different numbers, both of these bills have the same objective, namely, to provide for the application of the 2-cent rate on first-class mail matter for delivery within the confines of any incorporated city and to contiguous cities. For bill-drafting purposes it may be that H. R. 6515 is to be preferred.

My primary purpose in introducing these measures, which contemplate an amendment to the 1932 Revenue Act, and therefore should properly come before your committee, is to remedy an unfair, discriminating, and annoying condition brought about through the limitation of the 2-cent postal rate on first-class mail matter for local delivery, insofar as it affects the city of New York.

The incorporated city of New York, with a population of 6,930,446 (1930 census), is made up of five counties and boroughs. The boroughs are coextensive with the counties, and for your easy reference I list them below, with their populations:

Population:	
Bronx County, Bronx Borough	1,265,258
New York County, Manhattan Borough	1,867,312
Richmond County, Richmond Borough	158,346
Kings County, Brooklyn Borough	2,560,401
Queens County, Queens Borough	1,079,129
Total population, city of New York	6,930,446

However, in the city of New York, there are today 7 independent post offices, and, therefore, the existence of 7 independent local delivery rates.

But these 7 post offices are not distributed equally—4 are in Queens County, 1 in Kings County, 1 in Richmond County, 1 in New York County, and none in Bronx County.

The condition is created, therefore, that the 2-cent local-delivery rate does not apply throughout the whole county of Queens, but only within the four postal districts in that county. Stated another way, it means that the 3-cent rate applies in Queens County wherever first-class mail is sent from one postal area to another in Queens County.

This obviously, in the case of Queens County, puts the people of this county at a decided disadvantage, without any justification of any sort, so far as I can see. But when Queens County's situation is contrasted with what obtains in Bronx and New York Counties, this disadvantage is magnified tremendously.

Bronx County, having no independent post office, has its mail facilities served out of the post office in New York County. Therefore, not only does Bronx County have the local 2-cent delivery rate within its own entire area but this privilege is extended for Bronx County residents to the entire area of New York County also, or Manhattan. Therefore, a person in the Bronx can send a letter either to an address in the Bronx or to an address in Manhattan and still get the benefit of the 2-cent rate.

New York County, of course, has the same advantages as the Bronx; in fact, they must have, for the reason that it has the only post office for both New York County and Bronx County.

Kings County has the privilege of the 2-cent local-delivery rate throughout its county confines.

Richmond County, or Staten Island, has the privilege of the 2-cent local-delivery rate throughout its county confines.

But Queens County is the one county, and the only county, part and parcel of the city of New York though it is, that does not have the 2-cent local-delivery rate on a county-wide basis.

But while there is the above intercounty discrimination, there is at present also the confusion and annoyance and discrimination that is created by having an un-uniform postal rate for the entire city of New York, or the incorporated city.

It is true there are the borough subdivisions, but, after all, these are administrative border lines, and not border lines easily known or establishable. The average citizen, especially in Queens County, who has not a postal zone map before him, in many cases is absolutely unable to determine precisely the delivery limits of the various post offices in that county.

In Queens County the situation is absolutely chaotic. But in addition—and this is an important consideration—the Queens County businessman and resident is very decidedly discriminated against under the present definition that has been applied to the 1932 Revenue Act provision providing the 2-cent local delivery rate.

Business in the incorporated city of New York today is greatly hindered in its mailing operations, and because of the discrimination raised by the seven independent postal areas within the confines of the incorporated city of New York there is the definite and added handicap to business because of the additional cost raised by the 3-cent rate when the mail passes artificial administrative boundaries.

A business man enjoying the areas of Bronx and New York Counties in his operations can send first-class mail in these areas for 2 cents, yet right across the river, in Queens County, the business man there can only enjoy the 2-cent rate in the area bounded by the postal district of each of the four existing post offices.

For example, Queens County has four post offices: Long Island City, Far Rockaway, Flushing, and Jamaica. Within the limits of each postal district the 2-cent rate applies. Yet when the business man in Queens County, with his headquarters, say, in Jamaica, wants to send a letter to Flushing, a mile or so away, he has to pay 3 cents. If he wants to send a letter to Long Island City he has to pay 3 cents. If he wants to send a letter to the Bronx, entirely outside of the county, and the farthest removed, he still has only to pay 3 cents.

This example, compared with the fact that Bronx and New York Counties enjoy the 2-cent rate in both these counties, I think amply emphasizes the discrimination against Queens County.

In my estimation, Greater New York, or the incorporated city of New York, homogeneous as it is in area and also in business activity, ought to be treated as one delivery area. And so ought every other incorporated city, if there is any other where the same conditions apply.

If deemed advisable, I should like to see this policy applied also to contiguous cities, and my bill provides for this.

Sincerely,

ROBERT L. BACON.

MARCH 27, 1935.

Hon. ROBERT L. DOUGHTON,
Chairman Committee on Ways and Means,
House of Representatives, Washington, D. C.

DEAR MR. DOUGHTON: To correct an anomalous situation existing in Greater New York with respect to postage rates, Representative BACON has introduced two bills—H. R. 6514 and H. R. 6515—proposing an amendment to section 1001 (a) of the Revenue Act of 1932, the effect of which would be to make the 2-cent rate on first-class matter applicable within all of the boroughs of Greater New York.

The Merchants' Association of New York strongly endorses the proposal contained in Mr. BACON's bills and urgently requests that it receive favorable consideration by your committee to the end that either one or the other be enacted at the earliest practicable date.

Since July 1, 1933, under the provisions of the act of June 16, 1933 (Public, No. 73, 73d Cong.), first-class mail addressed for delivery within the Boroughs of Manhattan and the Bronx has been subject to the rate of 2 cents per ounce, while that for delivery between the Borough of Manhattan and the other boroughs has been subject to the rate of 3 cents per ounce. Because of the eight separate postal jurisdictions within Greater New York the confining of the 2-cent rate to the respective postal districts has created a most inequitable condition. It has caused a great deal of confusion, delay, and additional expense to the business interests and unquestionably considerable loss incident to those delays.

In September 1933 we made a careful study of this matter and made direct inquiry among the large mail users in our membership. So far as we were able to get figures they showed that if the 2-cent rate were uniformly applied throughout the city the Government would obtain additional first-class mailings, the revenues from which would, to a large degree, offset any possible loss.

Under date of September 19, 1933, we addressed a letter to the President, transmitting a petition signed by 81 of the largest users of mails in this city urging the President to use the powers vested in him under section 2 of the act approved June 16, 1933, for the purpose of ordering a survey of the first-class mail rates as they applied to New York City in order to determine what modifications of that rate would do the most to promote the interests of business and of the Postal Service. A copy of that letter and petition are enclosed.

In due course that letter and petition were referred to the Postmaster General. Under date of October 6, 1933, the Third Assistant Postmaster General, to whom the letter had been referred by the Postmaster General, responded to the effect that the Department found it impracticable to modify the rates as suggested.

May we count upon your active cooperation in securing the early consideration and passage of the amendment proposed by Mr. BACON?

Sincerely yours,

THE MERCHANTS' ASSOCIATION OF NEW YORK,
By S. C. MEAD, *Secretary.*

SEPTEMBER 19, 1933.

Hon. FRANKLIN D. ROOSEVELT,
President of the United States, Washington, D. C.

DEAR MR. PRESIDENT: The Merchants' Association of New York begs to present to you herewith a petition that has been signed by 81 large users of the mails in New York City asking that you use the powers vested in you under section 2 of the act of Congress approved June 16, 1933, and order a survey of the first-class-mail rates as they are applied in New York City in order to determine what modifications of that rate will do the most to promote the interests of business and of the Postal Service, and that if you find such action justified you issue an order establishing a 2-cent rate on all first-class matter mailed in Greater New York for delivery in Greater New York.

In presenting this matter to you may we state that the situation existing in New York City is of very deep concern to all those who have occasion to make frequent use of the intracity mails. The segregation within the city of eight separate postal districts, with a 2-cent rate applying within the districts and a 3-cent rate applying on letters transmitted to other districts, is the cause of endless confusion and delay and imposes an expense on concerns whose business is city-wide in character, which goes far beyond the matter of the extra postage.

The companies that have joined in this petition to you to correct this situation are users of the first-class mails for intracity delivery to the extent of more than 18,000,000 pieces per year, of which approximately half are for delivery within the postal zones of their places of business and, therefore, at the 2-cent rate, and half are for delivery in other zones at the 3-cent rate.

About one-quarter of the concerns reporting state that so far as they are concerned the Government is losing revenue, because they are now making use of the third-class mails, postal cards, or messenger service for the delivery of material which at the 2-cent rate would be sent by first-class mail. Some of our correspondents have expressed the opinion that this use of substitutes is so great that the Government has incurred large net losses because of the city-wide application of the 3-cent rate.

So far as we have been able to get figures, these figures show that if the 2-cent rate were uniformly applied throughout the entire city, the Government would obtain additional first-class mailings, the revenues from which would, to a large degree, offset the loss through the reduction of rates. Specifically, 18 concerns whose monthly first-class mail, within the city, amounts to 534,000 pieces have indicated to us that this mail would be increased by approximately 350,000 pieces if the petition which we have forwarded to you is granted.

The most frequently heard complaint, however, deals with the inconvenience, confusion, and expense which the present system entails on mail users. In this connection we beg to call your attention to comments which have been made by some of those who have signed this petition. These comments are set down on a separate memorandum attached to this letter, each paragraph of which represents the comment made by a different signer. Attached to this communication also is a copy of the petition which

was signed, together with a list of the concerns signing it and a statement of the amount of their first-class mail. The original signed petitions are on file in our office and we would be very glad to submit them to you at your request.

We respectfully urge that you give this matter your very careful attention.

Respectfully yours,

THE MERCHANTS' ASSOCIATION OF NEW YORK,
By L. K. COMSTOCK, *President.*

CHAMBER OF COMMERCE OF THE STATE OF NEW YORK,
New York, May 3, 1935.

Hon. ROBERT L. BACON,
House of Representatives, Washington, D. C.

SIR: I have the honor to send you herewith a copy of a report entitled "City-wide Two-cent Local First-class Postage Rate Urged", which was unanimously adopted at the annual meeting of the Chamber of Commerce of the State of New York held May 2, 1935.

Your attention is called thereto.

Copies of this report have been sent to all Members of Congress.

Respectfully yours,

JERE D. TAMBLYN, *Secretary.*

(NOTICE.—This report was mailed to all members of the chamber 5 days before the meeting, and copies were also placed in the hands of each member attending the meeting, when opportunity was given for discussion. The vote thereon therefore can fairly be said to represent the opinion of the entire membership. The meetings of the chamber are attended by three or four hundred members.)

CHAMBER OF COMMERCE OF THE STATE OF NEW YORK.

At the annual meeting of the Chamber of Commerce of the State of New York, held May 2, 1935, the following resolution and report, submitted by its committee on internal trade and improvements, were unanimously adopted:

CITY-WIDE 2-CENT LOCAL FIRST-CLASS POSTAGE RATE URGED

To the Chamber of Commerce:

The committee on internal trade and improvements offers the following resolution:

"*Resolved,* That the Chamber of Commerce of the State of New York endorses H. R. 6514 and H. R. 6515, recently introduced in Congress, to establish a 2-cent rate on first-class mail matter for delivery within the confines of any incorporated city, and urges upon Congress the enactment into law of these or similar measures."

This chamber pointed out at the monthly meeting, October 5, 1933, that owing to the geographical position of this city and the several post offices therein, the ruling regarding local delivery at a 2-cent rate for first-class mail caused considerable confusion and inequities. Under this ruling, in the city of New York some first-class mail is carried a distance of 16 miles for 2 cents, while in other directions 3-cent postage is necessary to transmit a letter a distance of 2 miles. The report adopted at that time by the members of the chamber expressed the opinion that the local delivery rates should apply to all points within city limits. It was pointed out that the recent reduction in first-class local postage rates had been a great benefit to business and industry, and an extension of this rate throughout the city of New York and other cities where similar conditions exist, would be an additional benefit. Your committee on internal trade and improvements is of the same opinion today.

Respectfully submitted.

THOMAS F. WOODLOCK, *Chairman,*
WILLIAM H. COVERDALE,
JOHN F. FOWLER,
MARSHALL W. GLEASON,
SAMUEL T. HUBBARD,
JAMES J. MAGUIRE,
JOHN P. H. PERRY,
Committee on Internal Trade and Improvements.
THOMAS I. PARKINSON, *President.*
CHARLES T. GWYNNE,
Executive Vice President.

Attest:

JERE D. TAMBLYN, *Secretary.*

NEW YORK, *May 2, 1935.*

Mr. BACON. Other civic associations of New York City endorsing 2-cent postal rate within city limits of New York City are:

Jamaica Chamber of Commerce, West Side Association of Commerce, Uptown Chamber of Commerce, Central Park West and Columbus Avenue Association, Forty-second Street Property Owners' & Merchants' Association, Murray Hill Association, Brooklyn Chamber of Commerce, Broadway Association, Inc., New York Board of Trade, New York State Chamber of Commerce, First Avenue Association, Staten Island Chamber of Commerce, Regional Plan Association, Fifth Avenue Association, Sixth Avenue Association, Central Mercantile Association, Flatbush Chamber of Commerce, Thirty-fourth Street Midtown Association, Bronx Board of Trade, Merchants' Association, Real Estate Board of New York, Madison Avenue Association, Merchants & Manufacturers Association of Bush Terminal, Lexington Avenue Association, Chamber of Commerce of the Rockaways, Bronx Real Estate Board, Chamber of Commerce of Washington Heights, Chamber of Commerce of the Borough of Queens, Washington Square Association, and Downtown Brooklyn Association.

The following two bills suggest the language necessary to remove this discrimination against the people of New York City and the city of Los Angeles:

H. R. 6514

A bill to provide for the application of the 2-cent rate on first-class mail matter for delivery within the confines of any incorporated city and to contiguous cities

Be it enacted, etc., That the proviso in section 1001 (a) of the Revenue Act of 1932 providing a 2-cent rate on first-class mail matter for local delivery is amended so that such 2-cent rate shall also apply to first-class mail matter for delivery within the confines of any incorporated city, and to such immediately contiguous incorporated cities as may be determined by the Postmaster General.

H. R. 6515

A bill to amend section 1001 (a) of the Revenue Act of 1932

Be it enacted, etc., That the proviso in section 1001 (a) of the Revenue Act of 1932 is amended by inserting at the end thereof the following: "or for delivery within the confines of any incorporated city and to such immediately contiguous incorporated cities as may be determined by the Postmaster General."

Mr. TREADWAY. Mr. Speaker, I yield 1 minute to the gentleman from Oregon [Mr. MOTT].

Mr. MOTT. Mr. Speaker, I am not so much interested in the revenue features of this bill, which extends the excise taxes of the Revenue Act of 1932, because I think some of the revenues provided in it could be better raised by other methods. But I am tremendously interested in the protective features of the bill. I am particularly interested in the protection which this extension will give the lumber industry. The excise tax of $3 per thousand upon lumber imports takes the place of a lumber tariff and is equivalent to a tariff, and without the extension of this tariff protection, which expires on the 30th of this month, the lumber industry of the Pacific Northwest cannot exist. It would be impossible, therefore, to exaggerate the importance of this bill to the people I represent.

The most important industry in the State of Oregon, from the viewpoint both of the magnitude of the investment and the amount of annual pay roll, is lumber. In normal times it furnishes 60 percent of the entire industrial pay roll of the State. The industry which has been hit hardest by the depression and which has the longest way to travel on the road to recovery is lumber. The industry which, in order to survive, has had to meet and bear the greatest burden of foreign competition, of any in my State, is the lumber industry. The industry which would be soonest ruined by depriving it of the little tariff protection it now has is the lumber industry.

Up until 1930 lumber had no tariff protection at all. The 1930 Tariff Act gave it a protective duty of $1 per thousand. The Revenue Act of 1932, which the pending bill proposes to extend to 1937, gave it the additional temporary protection of an import excise duty tax of $3 per thousand upon the kind of lumber imports which compete most heavily with the domestic product. I say to you in all sincerity that had it not been for that protection the lumber industry of the Pacific Northwest could not have survived the depression, and that four operators out of five, instead of being merely in their present crippled condition, would have been out of business altogether before this time, and that the lumber market of the United States would by now be almost entirely in the hands of foreign producers.

Mr. Speaker, may I take this opportunity to thank the Ways and Means Committee, and particularly Chairman DOUGHTON, and my colleague the gentleman from Washington, Mr. SAMUEL B. HILL, chairman of the tax subcommittee, for bringing in this bill. The people of my State have been greatly concerned for weeks for fear the time limit on the 1932 Revenue Act would expire before the bill extending it was reported. I went to these gentlemen early in the session and they both assured me that the bill would be reported within the time limit. They have kept their word, as they always do when they give it, and I want to assure them that my people are profoundly grateful to them.

Although I do not like some of the nuisance taxes in this bill, especially those which have no protective features, and although I agree with gentlemen who have opposed them and would like to see them eliminated, nevertheless at this particular time I do not care to incur the risk of having this bill opened for amendment so that the lumber import excise duty may be singled out for attack by those who oppose a lumber tariff. Therefore I shall vote to suspend the rules and pass the bill as it is, and I sincerely trust it may receive the necessary two-thirds vote to pass it.

Mr. TREADWAY. Mr. Speaker, I yield 2 minutes to the gentleman from Wisconsin [Mr. BOILEAU].

Mr. BOILEAU. Mr. Speaker, I take this occasion to protest against bringing this bill up for consideration under suspension of the rules, because it does not give the Membership of the House an opportunity to offer amendments. These taxes have been in operation for several years, and we have seen the unfairness of many of these taxes.

Mr. Speaker, I want to register a protest against continuing the tax on furs, because they are a necessity of life. I realize that some of the Members, who come from certain sections of the country where the climatic conditions are favorable to wearing cotton rather than fur, do not realize that fur clothing, as a matter of fact, is a necessity in certain other sections of the country.

Mr. SAMUEL B. HILL. Will the gentleman yield?

Mr. BOILEAU. I yield to the gentleman from Washington.

Mr. SAMUEL B. HILL. There is an exemption up to $75.

Mr. BOILEAU. I appreciate that fact, but the exemption of $75 simply means that people cannot afford to buy a good fur coat and will buy a poor grade of fur.

In Wisconsin we have been developing a rather important fur industry, which is a necessary industry in that climate and State. We have developed the silver-black fox fur industry in the State of Wisconsin, and many of our farmers, who were formerly engaged in other types of agricultural pursuits, have gone into the commercial raising of silver-black furs, as well as mink, beaver, and other types of furs, with the result that it has developed into a very important industry in my State. These furs are a necessity in our climate. This $75 exemption means that people who buy fur coats are influenced to buy cheap furs, and this tax therefore discriminates against the fur producers, and particularly those who produce high-quality furs. I am unalterably opposed to passing this resolution under a gag rule which prohibits us from amending the resolution, and I will therefore vote against the resolution in its present form.

Mr. TREADWAY. Mr. Speaker, I yield 5 minutes to the gentleman from New York [Mr. REED].

Mr. REED of New York. Mr. Speaker, the resolution before us this morning is significant because it is a reminder to the country that the spending of this administration is going on without restraint. When the Committee on Appropriations shall have completed its work on the deficiency bill, the commitments of the Government and its debts will amount to approximately $48,000,000,000. What I am concerned about is just where we are going. Whatever I may say in regard to the program of unlimited spending will have no weight whatever in this House. It will not make the slightest impression upon the majority side of the House. It may be interesting to the majority side, however, if I call attention to what Gen. Hugh Johnson has recently had to say. Everybody in the United States of America has heard his voice over the radio and they have heard it repeatedly. He has been the chief mouthpiece of this administration.

As late as June of this year, over his own signature, he published an article in the American Magazine, and here is what he had to say:

> The mounting burden of debt and taxes threatens a new bondage. * * * Our sons are in danger of becoming galley slaves * * * paying for dead horses they never rode.
>
> It is just blatant political bunk to try to fool people who pay these almost unbelievable charges. People of all classes pay them and none more directly than workers and farmers. They may never get a tax receipt, but the cost of government is part of every grocery bill, every monthly rent charge, every ton of coal, or suit of clothes—everything, in fact, that any of us uses or has. The cost of government must be taken out of the money available to buy every bushel of wheat or cow or pig or bale of cotton before the farmer gets his price.

Gen. Hugh Johnson says further—and remember this is as late as June of this year:

> We are headed straight for a general repudiation of Government debt.

He further states:

> I believe that the overwhelming questions about much of the new deal, as it is going now, are, "Who is going to pay for it? And how?" You can't neglect those questions and you can't postpone them. Unless something is done promptly to make payment possible through orthodox taxes and borrowing, without too great a burden on the very business of living, the single unavoidable alternative of a vast catastrophe of inflation will become more threatening and imminent every day.

Continuing, General Johnson says:

> I think it is fair to charge that we simply have done nothing to relieve the three most obvious, threatening, and effective causes of our continued distress—cost of government, taxes, and debt. On the contrary, we have moved in almost every instance to aggravate and increase them.

This is from the chief mouthpiece of the present administration, a man who more than any other, night after night over the radio has talked to the people of this free country, just as a top sergeant would talk to his soldiers. He sees the danger.

Ever since President Roosevelt was placed in charge of the fiscal policy of the Government, the people have been assured by him that the Federal Budget would be balanced; that expenses of Government would be curtailed. As late as January 1934 the President in his Budget message lead the taxpayers to believe that the public debt might be increased to $31,834,000,000 by June 30, 1935. Furthermore, he then said:

> It is my belief that so far as we can make estimates with our present knowledge, the Government should seek to hold the debt within this amount. Furthermore, the Government during the balance of this calendar year should plan to bring its 1936 expenditures, including recovery and relief, within the revenues expected in the fiscal year 1936.

Now, the President, in his present Budget statement, asserts that the national debt at the end of the fiscal year 1936 may increase to $34,239,000,000. As I have already stated, the President knows that when the Appropriations Committee finishes the present deficiency appropriation bill, the debt of the United States will be $48,000,000,000.

Why is the tax bill now before us brought here under a gag rule? It is to prevent a disclosure, in open debate, that the continued imposition of nuisance taxes for 2 years—as provided in this resolution—has been made necessary by the wanton waste of the taxpayers' money. The pay roll of the Government has been padded and packed with over 100,000 political appointees, some drawing over $10,000 a year, with little or nothing for some of them to do.

The administration instead of facing the facts outlined by Gen. Hugh Johnson is day by day driving the country further and further into debt.

Business men face ultimate ruin. Day by day the relief rolls lengthen. Twenty-two million persons are now on relief.

The promise of the President to economize has been thrown to the winds. Is it any wonder that the taxpayers are alarmed as they contemplate the debt that eventually they must pay by the sweat of the brow.

Some of the nuisance taxes contained in the bill, which this resolution will perpetuate for 10 years more, are indefensible. I refer especially to the tax on gasoline, the tax on soap, and the tax on postage.

It is regrettable that the Demorcatic leaders should ignore the appeal of the taxpayers for the reduction of the tax on these items. This has been done by means of the gag rule under which we are considering this resolution. It is not only the Members of the House who have been gagged and hog-tied, but it is the constituents of the respective Members who have been denied a voice on the floor of the

House of Representatives. I shall record my opposition to this method of high-handed departure from legislative procedure by voting against this resolution. [Applause.]

Mr. TREADWAY. Mr. Speaker, I yield 2 minutes to the gentleman from New York [Mr. TABER].

Mr. TABER. Mr. Speaker, the estimated deficit of the Federal Government for the fiscal year 1936 is upward of four and a half billion dollars. This bill is brought here under suspension of the rules with the idea in view of carrying out to the country the information that the Democratic Party is meeting its obligations to present taxes with which to balance the Budget. This bill carries taxes providing for less than 10 percent of the amount of the deficit, and that is the way they are meeting their responsibility right straight down the line. Instead of putting the taxes on those who ought to bear them, this bill provides a lot of nuisance taxes and a gasoline tax which bears heavily upon the poor people and upon the farmers. There is absolutely no sense of balance to it.

Mr. Speaker, the Democratic Party does not dare bring a wide-open rule and bill in here recommending the taxes that are required to balance the Budget of this country.

We can never recover from this depression until we have the courage to meet our obligations. It is typical of the Democratic Party that they fail to meet their responsibility when they get a chance in that they bring in here a bill to provide only 10 percent of the revenue required and then put the burden on the poor people. [Applause.]

[Here the gavel fell.]

Mr. TREADWAY. Mr. Speaker, I consider the bill before us at this time the worst illustration of gag that has ever been perpetrated on an American Congress—absolutely the worst. I repeat it, and let the Democrats smile all they have a mind to. When it is possible to bring in from the Ways and Means Committee a privileged bill without a rule and have it considered on the floor of the House, then to use suspension of rules that gags the Members and denies them an opportunity of amendment, levying a tax on the American people of $500,000,000 with 40 minutes of debate, is an outrage on representative government, and I do not hesitate to say so. You can contradict it all you wish to, but that is going to be the judgment of the American people on the action of the House of Representatives at this time.

When the nuisance taxes were first imposed in 1932 the promise was held out to the people that they were of an emergency character and would be allowed to expire at the end of 2 years, as provided in the act. However, a full year before they would have expired the Democratic administration secured their extension for an additional year, or until June 30, 1935. Now the committee comes forward with a proposal to extend them for 2 additional years. This constitutes an outright breach of faith on the part of the administration.

The chairman of the committee passed out the very general remark that these taxes were laid under the Hoover administration. I am delighted that the gentleman made this admission, because it is a credit to the Hoover administration, in view of the conditions under which we then tried to balance the Budget. Let me call the attention of the House to the statement made at that time by the Secretary of the Treasury:

> Under existing conditions the task of bringing our Budget into balance is by no means an easy one, and involves not only self-denial but a measure of self-sacrifice; yet it is possible to attain this objective if we address ourselves resolutely to the task of drastically reducing expenditures, refusing to take on additional obligations save those that are absolutely necessary, and by drawing on available resources through increased taxation. I cannot overemphasize the importance of retrenchment. Without real economy there can be no balanced Budget. We are fully justified in calling on the people to make further sacrifice in order to supply their Government with adequate revenue.

This was the basis on which these temporary taxes were laid, and this is a suitable program to advance to the people.

The hearing from which I am quoting was held on Wednesday, January 13, 1932, at the very beginning of a congressional session, when there was ample opportunity for consideration of all measures coming before us in the way of taxation, and not a gag proposition involving 40 minutes of debate in an effort to raise $500,000,000.

Further than this, the reason we were in the red in trying to balance the Budget was due to the default of our former allies in not paying their just debts for money borrowed of us under the Democratic administration to carry on the war. This is the reason we were in the red at that time. I want to emphasize the fact, Mr. Speaker, that the President of the United States, Mr. Roosevelt, in his Budget message at the opening of this session, said that he does not consider it advisable to propose new or additional taxes for the fiscal year 1936, but he says:

> I do recommend that the Congress take steps by suitable legislation to extend the miscellaneous internal-revenue taxes, which under existing law expire in June or July.

Still a majority of the Ways and Means Committee, instead of taking up this question in January, wait until what we hope to be the closing days of the session and then thrust this gag method of procedure on us and say that we must do this under the emergency. Emergency for what? Why was not the matter considered at the proper time and in the proper manner, and the Members of the House given an opportunity to express the views of their constituents on whether these taxes or other forms of taxation should be continued?

Balance the Budget! Whoever heard until this administration came into power of two Budgets? You talk about an ordinary Budget and an extraordinary one. How absurd—two systems of bookkeeping. How ridiculous to say that whatever you do not want to charge up to ordinary expenses are extraordinary. Extraordinary for what? For Democratic officeholders. That is what it is extraordinary for and that is why you are extending this measure today for 2 years. You do not dare go before the people next year with a new tax measure. You want to say that we are balancing the Budget, but we will tell the people there are two Budgets and one of them you are not paying the slightest attention to in endeavoring to balance it. However, you take the position that by merely extending these taxes for 2 years you are passing by an election period, but do not for a moment think that the Republicans will not tell the people of the country the kind of tax bill you are passing here today and how you are passing it.

If you want us to help you balance the Budget, set up a decent form of taxation, a tax measure that we passed in the Ways and Means Committee, a fair sales tax or a manufacturers' tax, or whatever you may want to call it, instead of one of these special-interest tax measures, such as you are proposing here today. This is the worst system of taxation I have ever seen introduced in a Congress, and the meanest, lowest, most contemptible manner of trying to put such a bill across—a miserable gag. [Applause.]

Mr. VINSON of Kentucky. Mr. Speaker, will the gentleman yield?

Mr. TREADWAY. I yield, and I shall not take back a word of what I have said.

Mr. VINSON of Kentucky. If I understood the gentleman from New York [Mr. REED] correctly, he complained that this is only one-tenth of the amount of taxes that should be raised.

Mr. TREADWAY. I am for an equitable tax bill under all circumstances and this is not such a bill. I have always advocated an equitable tax and one upon which the people can express their views upon the floor of the House or out among the people themselves, without any gag.

Mr. VINSON of Kentucky. Does the gentleman join with the gentleman from New York?

Mr. TREADWAY. I am distinctly in favor of equitable taxation and against this or any other gag.

I wish particularly to emphasize that a vote against suspending the rules to pass this bill would not kill the bill, because it could still be brought up under the general rules of the House, with liberal debate and an opportunity to offer amendments. However, the Democratic leadership does not

want the bill considered that way. They want to force it through under this gag procedure, with only 40 minutes debate and with no opportunity to offer amendments.

They know that if the bill were considered under the general rules of the House, motions would be offered from the Republican side to repeal the tax on gasoline, furs, soap, and so forth, and to restore the 2-cent postal rate. They know that other amendments would be offered to put excise taxes on certain imported commodities, such as are now imposed on coal, lumber, petroleum, and copper. The gag procedure was adopted so that the Members of the House would not have an opportunity to offer these amendments, and so that the House would not have an opportunity to vote on them.

These excise taxes, which it is now proposed to renew without opportunity for revision and without opportunity for hearing, were hurriedly designed and need revision if any taxes ever did.

I wonder if the Members of this House realize that we tax books for the blind recorded on phonograph records, but that we do not tax books of the most worthless character which anyone can read; that we tax baseball uniforms used by the schoolboys but do not tax golf trousers used by adults; that we tax a man when he buys a little automobile but do not tax a man when he buys a million-dollar yacht; and that we tax a hunter and trapper on his means of livelihood; that is, on his gun and his ammunition.

The sales tax is the real answer to the present discriminatory special sales taxes. It has been pointed out that these special taxes bring in about $425,000,000 annually. Possibly we cannot give up this revenue in the present distressing state of our finances, but we could substitute the sales tax. In my opinion, the revenue which has been officially estimated from the sales tax has been altogether too conservative. The experience of other countries and the yield of these special sales taxes causes me to believe that seven to eight hundred million dollars annually could easily be secured from a general sales tax. But if the House is not yet convinced of the merit of this general tax, that is no excuse for not revising the existing special taxes so that they may be made reasonably fair and equitable.

In voting against this bill I do not wish it to be understood that I am voting against balancing the Budget. There are two ways to balance the Budget—one is by increasing taxation and the other is by drastically reducing expenditures. I think more attention should be paid to the second method. However, as long as high taxes are necessary they should be imposed on a fair and equitable basis. The present nuisance taxes do not meet that test.

Mr. DOUGHTON. Mr. Speaker, I yield 3 minutes to the gentleman from Washington [Mr. SAMUEL B. HILL].

Mr. SAMUEL B. HILL. Mr. Speaker, for the fiscal year 1931 the deficit was about $500,000,000. In January 1932, under the Hoover administration, the Under Secretary of the Treasury, Mr. Mills, came before the Ways and Means Committee and advised the committee that there would be a probable deficit of $903,000,000. He proposed certain taxes out of which to raise the money.

The committee went to work on these representations of Mr. Mills that the deficit would be $903,000,000.

We had been at work about 2 weeks when Mr. Mills came back and stated to the committee that a revised estimate showed that the deficit would be $1,300,000,000 instead of $903,000,000 for the fiscal year 1932—an increase of $400,000,000.

The committee then wrote a bill on the basis of those figures and we brought in the bill, which on paper balanced the Budget. The House passed it.

It went to the Senate, and before they got through with the bill they again revised the estimate of the Secretary of the Treasury and said the deficit would be $1,800,000,000 for the fiscal year 1932. The Senate included additional taxes to meet the increased estimate of the deficit, to which the House agreed; but it did not balance the Budget, because the economic conditions of the country were so bad that these additional levies did not produce the necessary revenue.

The deficit in 1932 was $1,800,000,000, and in 1933 it was $3,000,000,000. These taxes now under consideration, with others, were levied to meet the requirements for revenue that those conditions had brought about in order to carry on the operations of the Government. There was a total deficit in the Hoover administration of more than $5,000,000,000.

To meet this situation of accumulating deficits, every item in this list of temporary taxes was put into the Revenue Act of 1932 upon the recommendation of Mr. Ogden Mills, acting for the Treasury Department, and, furthermore, the Congress put into that Revenue Act of 1932 every item of tax recommended by Secretary Mills, except one. Now, that is the situation with reference to these temporary taxes, yielding now $502,000,000—about $100,000,000 more than the present ordinary expenditures of the Government, excluding the emergency expenditures. That balances the Budget of the ordinary expenditures of the Government. We have extended these taxes heretofore and propose now to extend them again for 2 years in the hope that the condition of the Treasury will then warrant their elimination. We did not create the conditions which brought about the necessity for these taxes, but must meet that necessity by providing for a further temporary continuance of these revenues. We ask you to support the bill. [Applause.]

The SPEAKER. The question is on suspending the rules and passing the bill.

Mr. TREADWAY. Mr. Speaker, I ask for the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 246, nays 118, not voting 65, as follows:

[Roll No. 96]

YEAS—246

Adair	Dockweiler	Keller	Peterson, Fla.
Andrew, Mass.	Dorsey	Kelly	Pfeifer
Arnold	Doughton	Kenney	Pierce
Ashbrook	Doxey	Kerr	Polk
Barden	Drewry	Kleberg	Quinn
Beam	Driscoll	Kloeb	Ramsay
Beiter	Driver	Kniffin	Ramspeck
Bell	Duffey, Ohio	Kocialkowski	Randolph
Biermann	Duffy, N. Y.	Kopplemann	Rankin
Binderup	Duncan	Kramer	Rayburn
Bland	Eckert	Lambertson	Reilly
Blanton	Edmiston	Lambeth	Richards
Boehne	Eicher	Lea, Calif.	Richardson
Boland	Ekwall	Lee, Okla.	Robertson
Brennan	Evans	Lewis, Colo.	Robinson, Utah
Brooks	Farley	Lewis, Md.	Rogers, N. H.
Brown, Ga.	Ferguson	Lloyd	Romjue
Brown, Mich.	Fernandez	Lucas	Rudd
Brunner	Fiesinger	Luckey	Sabath
Buchanan	Flannagan	Ludlow	Sanders, La.
Buck	Ford, Calif.	McAndrews	Sanders, Tex.
Burch	Ford, Miss.	McCormack	Sandlin
Caldwell	Fuller	McGehee	Schaefer
Cannon, Mo.	Gambrill	McGrath	Schuetz
Carpenter	Gassaway	McKeough	Scrugham
Carter	Gavagan	McLaughlin	Sears
Cary	Gildea	McMillan	Shanley
Celler	Gillette	McReynolds	Sirovich
Chandler	Gingery	Mahon	Smith, Conn.
Chapman	Goldsborough	Maloney	Smith, Va.
Citron	Gray, Ind.	Martin, Colo.	Smith, Wash.
Clark, Idaho	Gray, Pa.	Mason	Snyder
Clark, N. C.	Green	Massingale	South
Coffee	Greenway	May	Spence
Colden	Greenwood	Mead	Stack
Cole, N. Y.	Greever	Meeks	Starnes
Collins	Gregory	Merritt, N. Y.	Sullivan
Colmer	Griswold	Miller	Sumners, Tex.
Connery	Halleck	Mitchell, Ill.	Sutphin
Cooley	Hamlin	Monaghan	Tarver
Cooper, Tenn.	Hancock, N. C.	Montague	Taylor, Colo.
Costello	Harlan	Montet	Taylor, S. C.
Cox	Hart	Moran	Terry
Cravens	Healey	Mott	Thom
Crosby	Hennings	Murdock	Thomason
Crosser, Ohio	Hildebrandt	Nichols	Thompson
Crowe	Hill, Ala.	Norton	Tolan
Crowther	Hill, Knute	O'Brien	Tonry
Cullen	Hill, Samuel B.	O'Connell	Turner
Cummings	Hobbs	O'Connor	Umstead
Daly	Hook	O'Day	Utterback
Darden	Huddleston	O'Leary	Vinson, Ga.
Deen	Imhoff	O'Neal	Vinson, Ky.
Delaney	Jacobsen	Owen	Wallgren
Dempsey	Jenckes, Ind.	Palmisano	Walter
Dickstein	Johnson, Tex.	Parks	Warren
Dietrich	Johnson, W. Va.	Parsons	Weaver
Dingell	Jones	Patton	Werner
Dobbins	Kee	Pearson	West

White	Williams	Wood	Zimmerman
Whittington	Wilson, La.	Young	Zioncheck
Wilcox	Wolcott		

NAYS—118

Allen	Fenerty	Lemke	Rogers, Okla.
Amlie	Fish	Lord	Ryan
Andresen	Fletcher	Lundeen	Sauthoff
Andrews, N. Y.	Focht	McFarlane	Schneider
Arends	Fulmer	McGroarty	Scott
Bacharach	Gasque	McLean	Secrest
Bacon	Gearhart	McLeod	Seger
Blackney	Gehrmann	Maas	Snell
Boileau	Gifford	Mapes	Stefan
Brewster	Gilchrist	Marcantonio	Stewart
Buckbee	Goodwin	Marshall	Stubbs
Buckler, Minn.	Guyer	Martin, Mass.	Taber
Burdick	Gwynne	Maverick	Taylor, Tenn.
Burnham	Hancock, N. Y.	Michener	Thomas
Carmichael	Harter	Millard	Thurston
Cartwright	Hartley	Mitchell, Tenn.	Tinkham
Castellow	Hess	Moritz	Tobey
Cavicchia	Higgins, Conn.	Nelson	Treadway
Christianson	Hoeppel	O'Malley	Truax
Church	Hope	Patterson	Turpin
Cooper, Ohio	Houston	Perkins	Wearin
Crawford	Hull	Peterson, Ga.	Whelchel
Culkin	Johnson, Okla.	Pittenger	Wigglesworth
Disney	Kahn	Plumley	Wilson, Pa.
Ditter	Kimball	Powers	Withrow
Dondero	Kinzer	Ransley	Wolfenden
Dunn, Pa.	Knutson	Reece	Wolverton
Engel	Kvale	Reed, Ill.	Woodruff
Englebright	Lanham	Reed, N. Y.	
Faddis	Lehlbach	Rogers, Mass.	

NOT VOTING—65

Ayers	Dear	Jenkins, Ohio	Russell
Bankhead	DeRouen	Kennedy, Md.	Sadowski
Berlin	Dies	Kennedy, N. Y.	Schulte
Bloom	Dirksen	Lamneck	Shannon
Bolton	Doutrich	Larrabee	Short
Boylan	Dunn, Miss.	Lesinski	Sisson
Buckley, N. Y.	Eagle	McClellan	Smith, W. Va.
Bulwinkle	Eaton	McSwain	Somers, N. Y.
Cannon, Wis.	Ellenbogen	Mansfield	Steagall
Carlson	Fitzpatrick	Merritt, Conn.	Sweeney
Casey	Frey	Oliver	Underwood
Claiborne	Granfield	Patman	Wadsworth
Cochran	Haines	Pettengill	Welch
Cole, Md.	Higgins, Mass.	Peyser	Woodrum
Corning	Hoffman	Rabaut	
Cross, Tex.	Hollister	Rich	
Darrow	Holmes	Robsion, Ky.	

So the motion was agreed to, and the bill was passed.

The Clerk announced the following pairs:

On this vote:

Mr. Russell and Mr. Sisson (for) with Mr. Darrow (against).
Mr. Patman and Mr. Dear (for) with Mr. Hoffman (against).
Mr. Oliver and Mr. McSwain (for) with Mr. Eaton (against).
Mr. Fitzpatrick and Mr. Bloom (for) with Mr. Granfield (against).
Mr. Ellenbogen and Mr. Kennedy of New York (for) with Mr. Short (against).
Mr. Casey and Mr. Cole of Maryland (for) with Mr. Jenkins of Ohio (against).
Mr. Frey and Mr. Somers of New York (for) with Mr. Merritt of Connecticut (against).
Mr. Smith of West Virginia and Mr. Boylan (for) with Mr. Holmes (against).
Mr. Woodrum and Mr. Buckley of New York (for) with Mr. Cannon of Wisconsin (against).
Mr. DeRouen and Mr. Sadowski (for) with Mr. Robsion of Kentucky (against).
Mr. Steagall and Mr. Lamneck (for) with Mr. Wadsworth (against).
Mr. Bankhead and Mr. Larrabee (for) with Mr. Bolton (against).
Mr. Kennedy of Maryland and Mr. Underwood (for) with Mr. Doutrich (against).

General pairs:

Mr. Cochran with Mr. Rich.
Mr. Bulwinkle with Mr. Welch.
Mr. Mansfield with Mr. Higgins of Massachusetts.
Mr. Dies with Mr. Dirksen.
Mr. Cross of Texas with Mr. Hollister.
Mr. Eagle with Mr. Carlson.
Mr. Corning with Mr. Berlin.
Mr. Lesinski with Mr. Ayers.
Mr. McClellan with Mr. Claiborne.
Mr. Haines with Mr. Dunn of Mississippi.
Mr. Pettengill with Mr. Sweeney.
Mr. Rabaut with Mr. Schulte.

Mr. MAVERICK changed his vote from "aye" to "no."

Mr. McCORMACK. Mr. Speaker, the gentleman from Massachusetts, Mr. RUSSELL, is not present. If he were present, he would vote "yea."

Mr. CONNERY. Mr. Speaker, the gentleman from Massachusetts, Mr. HIGGINS, is unavoidably absent. If present, he would vote "yea."

Mr. REED of New York. Mr. Speaker, the gentleman from Ohio, Mr. JENKINS, a member of the Committee on Ways and Means, was called home to attend to very important business for some of his constituents. If he were here, he would vote "no."

Mr. O'CONNOR. Mr. Speaker, the gentleman from New York, Mr. SISSON, is ill. If he were here, he would vote "yea."

Mr. KEE. Mr. Speaker, the gentleman from West Virginia, Mr. SMITH, is absent on account of important business. If present, he would vote "yea."

The result of the vote was announced as above recorded.

Mr. LUDLOW assumed the chair as Speaker pro tempore.

Mr. BYRNS. Mr. Speaker, I ask unanimous consent to address the House for 5 minutes.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. BYRNS. Mr. Speaker, I have asked for this time not to talk upon any controversial subject but to call the attention of the entire Membership of the House to the situation which confronts us so far as legislation is concerned. I am quite well aware that all of the Membership of the House are engaged on legislation before their respective committees, and, therefore, have not the opportunity to investigate the situation as it appears on the calendar with reference to bills from all of the committees. That is a part of my job, and, therefore, I come to report to the Membership just what confronts us and what possibly may be necessary for us to do if we are to adjourn at anything like a reasonable date.

We have just passed the tax bill, which, of course, was essential. I am not saying that all of these bills to which I shall refer would have to be passed or considered or that all of them will be considered, but certainly some of them will have to be considered.

I hope that what I say will not be misunderstood or misconstrued, and I am sure it will not be by the Membership or by our friends in the press gallery. This is not a lecture, it is not for the purpose of scolding the House, as I was accused of doing on a previous occasion. I would not presume to do that even were I disposed to do so. And I take this occasion to pay tribute to the House and to all of its Members for the manner in which they have disposed of important legislation this session. This House has taken up the bills as they have come from the committees and have considered them and disposed of them. I think the Membership of the House is entitled to the commendation of the American public for its dispatch of business, but we now have a situation where all of these committee reports are coming in, and we are having many things laid on the Speaker's table which must be considered.

The Members will have noted that at the other end of the Capitol the Senate, it is said, is going to pass the social security bill either today or tomorrow, after 3 or 4 days' discussion and consideration, which indicates to me that possibly the Senate has made up its mind to dispose of the business before that body so that at a reasonably early date an adjournment may be had. They have the banking bill over there. I do not know how much discussion there will be on that, but what I came to talk about is what we have before us today. We have the triple A bill, essential and important; the Wagner bill, which they tell us must be considered; the utility bill; the deficiency appropriation bill; the transportation bill, or as it is sometimes called, the "bus and truck bill"; the T. V. A.; the Guffey bill; the Federal alcohol control bill; and some say the merchant marine bill. There may be others to be added to this list before we get through; I do not know; but I am calling attention to the fact that there are probably 10 bills which this House must consider, so we are told, in the interest of the public, before we adjourn. My object in doing this is to acquaint you with what is before you, because, as I said, I know that it has been impossible for the individual Member to keep track of all these bills as they appear on the calendar, because of the multitude of their duties before their respective committees; but it is my business, and Members expect me and others in the organization to do that. For that reason I am making this report to you.

The SPEAKER pro tempore. The time of the gentleman from Tennessee has expired.

Mr. BYRNS. Mr. Speaker, I ask unanimous consent to proceed for 5 minutes more.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. BYRNS. If we expect to adjourn at anything like a reasonable date, I submit to Members on both sides of the aisle that we will have to make some sacrifices in time. We will have to come here perhaps a little earlier, and we certainly will have to sit a little later and perhaps have night sessions.

Mr. BOLAND. Mr. Speaker, will the gentleman yield?

Mr. BYRNS. Yes.

Mr. BOLAND. If I understand the gentleman, he is trying to advise the House that it is quite necessary for Members to stay on the floor for the next couple of weeks, I believe, to expedite these matters.

Mr. BYRNS. I think the gentleman has correctly sized up what I was trying to say and to put over.

Mr. BLANTON. Mr. Speaker, will the gentleman yield?

Mr. BYRNS. Yes.

Mr. BLANTON. I am unalterably opposed to the Wagner bill, but if the House with all of its good judgment and discretion can pass the N. R. A. bill with only an hour debate, does not the Speaker think that we can pass upon, and get a vote on, each one of these other 10 bills with about an hour of debate on each? Every Member of this House has his mind already made up on how he is to vote on these different measures, and, in my judgment, it would be a waste of time to devote more than an hour to general debate on each of them.

Mr. BYRNS. I do not know that I would advocate passing them in that way, but what I do say is that within the next 2 weeks this House can give these bills to which I have called attention, full consideration and act upon all of them, if we make up our minds to do it. [Applause.] I do not think there is any question but what the Members will all agree with me that the best interest of the country, as well as our own interests, physical, and otherwise, demand that we have an early adjournment. [Applause.] We ought to adjourn as quickly as we can. We will not be able to adjourn unless we make up our minds to come here and, as the gentleman from Pennsylvania [Mr. BOLAND] has suggested, keep a quorum in attendance and dispose of this business, sitting sometimes rather late in the evening. Surely we can do that for the next 2 weeks. I think I know the temper of this House; I know the individual sentiments on both sides of this chamber possibly as well as any other Member. I know how you all feel about it. I felt that all that was necessary for me to do was to show you the condition of the calendar and you will do the rest.

Mr. MAPES. Will the Speaker yield?

Mr. BYRNS. I yield.

Mr. MAPES. If expedition is the main consideration, I should like to ask the Speaker what he would think about this procedure: It has been suggested that all of these bills be put into one omnibus bill, and that we vote upon them as we did this afternoon on the tax bill, under suspension of the rules. What would the Speaker think of that procedure?

Mr. BYRNS. I assume that I think just as the gentleman does. I do not know whether the inquiry of the gentleman indicates that he would favor that in the interest of early adjournment or not, but I take it otherwise.

Mr. MAPES. No. I will say to the Speaker that I think other considerations ought to be kept in mind than speed.

Mr. BYRNS. Undoubtedly. I do not want anybody to understand that I am advocating passage of these bills without giving them the fullest consideration, but I do say that under the circumstances it is not necessary for this House, as is being demonstrated in the other body on the social security bill, to consume unnecessary time. What we should do is refrain from asking the privilege of making speeches on outside matters. [Applause.] If we will devote ourselves to the consideration of this legislation, I repeat that every Member of this House will have the fullest opportunity to understand just what he is voting on and we can get through with the bills to which I have referred in the next 2 weeks.

The SPEAKER pro tempore. The time of the gentleman from Tennessee has again expired.

Mr. O'CONNOR. Mr. Speaker, I ask unanimous consent that the gentleman from Tennessee may have 3 additional minutes.

The SPEAKER pro tempore. Without objection it is so ordered.

There was no objection.

Mr. SABATH. Will the gentleman yield?

Mr. BYRNS. I yield.

Mr. SABATH. Is it not also of the greatest importance that the committees report out the bills as speedily as possible? There are some bills which have been before the committees for months which have not yet been acted upon. Should not the committees get busy and report those matters that are before them?

Mr. BYRNS. Of course, I am not asking any committee to report any bill until it has given such consideration as it thinks necessary, but the point is that several bills have been reported and are now on the calendar and they can be taken up while the other bills are being considered before the committees.

Mr. SNELL. Will the gentleman yield?

Mr. BYRNS. I yield.

Mr. SNELL. The gentleman referred to an adjournment within a reasonable time. Has the gentleman any definite time in mind that he would desire to make public, which he would consider a reasonable time, or would he rather leave that in abeyance?

Mr. BYRNS. I would rather leave that in abeyance. I made a prediction once that we would adjourn on June 15. I was such a poor prophet that I do not care to make any other prophecy, but I hope we can get away from here not later than the middle of July, and we can do so if we will make up our minds to attend to the legislation here on this floor. [Applause.]

Mr. RANKIN. Will the gentleman yield?

Mr. BYRNS. I yield.

Mr. RANKIN. I agree with what the gentleman has said. We ought to expedite this legislation as much as possible. The utilities bill has been before the Committee on Interstate and Foreign Commerce for more than 5 months. It has already passed the Senate. I should like to ask the gentleman from Tennessee, the distinguished Speaker, if he can give us any information or any suggestion as to when that bill is likely to come out and when we will have an opportunity to vote on it.

Mr. BYRNS. No. I have understood that it will possibly be reported the latter part of this week, but I have no information on that subject, and it is not my purpose in what I have said to complain about any committee for failure to report out any bill. The utilities bill and the bus and truck bill are two of the most important pieces of legislation that have come before the Congress in many months. We expect the committees to give fullest consideration to this legislation, because evidently we cannot do it on the floor and we must rely upon the committees to give us proper information.

Mr. RANKIN. I should like to ask the gentleman from Tennessee about the T. V. A. bill that is now tied up in the Committee on Military Affairs. I think this information would be interesting.

The SPEAKER pro tempore. The time of the gentleman from Tennessee has again expired.

Mr. ZIONCHEK. Mr. Speaker, I ask unanimous consent that the gentleman be granted 5 additional minutes.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Washington?

There was no objection.

Mr. RANKIN. I want to say to the gentleman from Tennessee that Washington is full of power lobbyists who have been blocking this legislation all winter, all spring, and all summer. There are many Members of the House who are anxious to vote on it. We would like to have some in-

formation, if we can get it, as to when these two bills will come out: The T. V. A. bill and also the utilities bill which is now before the Committee on Interstate and Foreign Commerce.

Mr. BYRNS. I cannot give the gentleman any information on that subject. I hope that the committees will report out the bills at the earliest possible moment. That is all I can say.

Mr. RAYBURN. Mr. Speaker, will the gentleman yield?

Mr. BYRNS. I yield.

Mr. RAYBURN. I should like to say for the benefit of the gentleman from Illinois [Mr. SABATH] and for the benefit of the gentleman from Mississippi [Mr. RANKIN] that there has been no unnecessary delay with reference to the holding-company bill so far as any intent on the part of the chairman or a vast majority of the committee is concerned.

Mr. RANKIN. We know that as to the chairman, I will say to the gentleman from Texas; but somebody seems to be holding this legislation up.

Mr. RAYBURN. The Committee on Interstate and Foreign Commerce, however, I think, long ago established the reputation in this House and before the country of not reporting legislation they did not fully consider. We had the securities bill before us in 1933, one of the most controversial bills ever before Congress. We were a long time on that, but we reported a bill and passed a bill that did a good job.

We had the stock-exchange bill in 1934. That was as controversial as the holding-company bill we are now considering. We considered it, we heard people on it, we took it into the full committee and into executive session, and brought forward a bill that works and does the job; and that is exactly what we intend to do with the utilities bill. I trust we will have the bill out of the committee the latter part of this week, ready as soon as the House can act on it next week.

Mr. RANKIN. That is the information I wanted from the gentleman from Texas. I hope we may get to a vote on it without delay.

Mr. RAYBURN. And I want to say this, that the bus and truck bill is ready for report by the subcommittee, or will be on Thursday, and the Committee on Interstate and Foreign Commerce for the next week or two, if we can get the opportunity, will keep the House very busy.

Mr. KVALE. Mr. Speaker, will the gentleman yield?

Mr. BYRNS. I yield.

Mr. KVALE. It might help the Speaker to make the announcement that the fish are biting ravenously in every one of Minnesota's 10,000 sparkling lakes. [Applause.]

Mr. KNUTSON. Mr. Speaker, will the gentleman yield?

Mr. BYRNS. I yield.

Mr. KNUTSON. I wish to question the gentleman with reference to the conference at the White House the other day at which the President is reported to have pounded the table and laid down his "must" program. Can the gentleman, or will the gentleman—I know he can if he will—will the gentleman inform the House just what part of the "must" program must be enacted before we will be permitted to adjourn?

Mr. BYRNS. I never attended a conference where the President pounded the table as the gentleman suggested.

Mr. KNUTSON. I did not mean to say that our Speaker was there.

Mr. BYRNS. And I am not undertaking to say that all these bills are on the "must" program, but a number of them, the gentleman will readily understand, must be considered before Congress adjourns. I think he himself will agree to that. Now, whether all these bills must be considered, I do not know; but what I do say is that if we are to consider these bills we must proceed with a little dispatch, for there are conference reports and various other matters which will intervene to take time of Congress. [Applause.]

Mr. KNUTSON. I agree with the gentleman.

LABOR-DISPUTES BILL

Mr. CONNERY. Mr. Speaker, I ask unanimous consent that a privileged status be given to the bill (S. 1958) to promote equality of bargaining power between employers and employees, to diminish the causes of labor disputes, to create a national labor relations board, and for other purposes, that general debate be confined to the bill, and continue not to exceed 4 hours, to be equally divided and controlled by the gentleman from California [Mr. WELCH] and myself.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

Mr. SNELL. What is the bill?

Mr. CONNERY. It is the Wagner labor-disputes bill.

Mr. SNELL. For the present, Mr. Speaker, I object. We have a Rules Committee to take care of such matters.

SHOSHONE POWER PLANT

Mr. WHITE. Mr. Speaker, I ask unanimous consent to file a supplemental report on the bill (H. R. 6875) providing for the allocation of net revenues of the Shoshone power plant of the Shoshone reclamation project in Wyoming.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Idaho?

There was no objection.

RICHMOND, FREDERICKSBURG & POTOMAC RAILROAD CO.

Mr. VINSON of Georgia. Mr. Speaker, I ask unanimous consent for the immediate consideration of Senate Concurrent Resolution No. 18, which is on the Speaker's desk.

The Clerk read as follows:

Senate Concurrent Resolution 18

Resolved by the Senate (the House of Representatives concurring), That the Secretary of the Senate be, and he is hereby, authorized and directed, in the enrollment of the bill (S. 1611) to authorize an exchange of lands between the Richmond, Fredericksburg & Potomac Railroad Co. and the United States at Quantico, Va., to make the following correction, viz: On page 5, line 22, of the Senate engrossed bill, in lieu of the numeral "4" insert the numeral "14."

The concurrent resolution was agreed to.

A motion to reconsider was laid on the table.

AMENDMENT OF AGRICULTURAL ADJUSTMENT ACT

Mr. O'CONNOR. Mr. Speaker, I call up House Resolution 230.

The Clerk read as follows:

Resolution

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. 8052, a bill to amend the Agricultural Adjustment Act, and for other purposes, and all points of order against said bill are hereby waived. That after general debate, which shall be confined to the bill and shall continue not to exceed 6 hours, to be equally divided and controlled by the Chairman and ranking minority member of the Committee on Agriculture, the bill shall be read for amendments under the 5-minute rule. At the conclusion of the reading of the bill for amendments 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.

Mr. O'CONNOR. Mr. Speaker, I ask unanimous consent to amend the rule as follows: On page 1, line 4, strike out the figures "8052" and insert in lieu thereof the figures "8492."

The Clerk read the amendment as follows:

Amendment offered by Mr. O'CONNOR: Page 1, line 4, strike out the figures "8052" and insert in lieu thereof the figures "8492."

The SPEAKER. Is there objection to the request of the gentleman from New York?

Mr. LEHLBACH. Mr. Speaker, reserving the right to object, and I do not contemplate objecting under certain circumstances to the unanimous-consent request, but the point occurs to me that the amendment is clearly out of order.

Mr. O'CONNOR. That is why I am asking unanimous consent to make the change. I admit it is not in order to offer the amendment.

Mr. LEHLBACH. It is to protect the procedure of the House that I make this statement. The rules provide that by motion from the floor one bill may not be substituted for another bill upon the same subject.

Mr. O'CONNOR. I agree with the gentleman.

Mr. LEHLBACH. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

The amendment was agreed to.

Mr. O'CONNOR. Mr. Speaker, I yield 30 minutes to the gentleman from Pennsylvania [Mr. RANSLEY].

Mr. RANSLEY. Mr. Speaker, I yield 20 minutes to the gentleman from Massachusetts [Mr. MARTIN].

The SPEAKER. The gentleman from Massachusetts [Mr. MARTIN] is recognized for 20 minutes.

Mr. ANDREWS of New York. Will the gentleman yield?

Mr. MARTIN of Massachusetts. I yield to the gentleman from New York.

Mr. ANDREWS of New York. Mr. Speaker, I thank the gentleman from Massachusetts who has yielded to me for a half minute in order that I may make an announcement in connection with legislation affecting veterans of the World War.

The gentleman from New Jersey, Mr. SUTPHIN, on January 3 introduced a bill, H. R. 1421, in the House to waive all interest on veterans' service-compensation certificates. This particular measure seems to be the best drawn of all the bills which have been introduced to accomplish its purpose for the veterans. On Saturday I filed a petition at the Clerk's desk to discharge the Ways and Means Committee from the consideration of this bill, so that the Members will have an opportunity to vote upon it. I understand the American Legion and the Veterans of Foreign Wars are solidly behind this measure.

Mr. MARTIN of Massachusetts. The processing tax is a Roosevelt tax on the necessities of life; upon the poor man's food and clothing. It falls hardest upon the submerged millions and prevents them from seeing a little sunshine. These taxes bring poverty, distress, and despair to millions of Americans and benefits temporarily to only a small part of our farming population. In the end, the tax will be a Frankenstein to the southern and western farmers, who are being lured into a blind alley, at the end of which is destruction to the farming industry through the loss of markets both at home and abroad.

This bill not only seeks to strengthen the legal status of the processing taxes but also would bar equity suits for the recovery of such taxes which it is claimed were unlawfully assessed. Think of that. They take taxes from a man and then deprive him of the opportunity of seeking justice in courts. If such legislation can be held constitutional, I would be greatly surprised. As a matter of fact, the constitutionality doubt runs all through this legislation and is prompted through the spirit of might makes right and does not contemplate the even justice for which England and America have hitherto been noted.

A new policy of export subsidy is included in this measure. It has been only slightly debated and may have far-reaching effects on industry. Unquestionably it will for a while cause exports to be suspended. No one will care to buy goods unless urgently needed while they wait for the announcement of how much of a subsidy is to be paid. Its effect on home industries and particularly the cotton-spinning industry is quite likely to be harmful. With all his present handicaps the cotton spinner of the North and South will be obliged to compete with a foreign manufacturer getting his raw material at a cheaper figure. It may result in a two-price system and that can result only in uncertainty and unsettlement at a time when business needs most stabilization.

When the bonus to veterans was pending the President came out strongly to insist upon some method of paying the increased costs. I ask if he will take a similar position on a bill which would divert one-third of the custom receipts to an export subsidy. That will leave the Treasury $125,000,000 at least poorer off and eventually will mean new taxes. Why not demand now, as in the case of the veterans, that the taxes be provided? Who is going to be assessed for this new adventure?

Let us look at the record of the 2 years of cotton-processing tax.

There is distress and increased unemployment in the cotton mills; many factories have closed their doors for all time and the employees have been forced upon the tender mercy of charity. And it is no small disaster to a country when an industry employing 500,000 workers and giving a livelihood in one way or another to 10,000,000 people is pushed to the brink of disaster. Hundreds of thousands of cotton-field workers and handlers of cotton have lost their employment. The suffering in some of the cotton-field sections has not been so acute at any time since the days following the close of the Civil War. The promised abundant life is a ghastly joke to these undernourished and suffering Americans. The politically minded farmers may be improved but not the real workers and the toilers of the South. They have been forced in many instances to leave their homes and in a number unparalleled in modern times have sought an opportunity elsewhere. I have read a newspaper item where it is estimated in the State of New Jersey alone there are over 100,000 former workers in the southern cotton fields on the relief rolls.

More unemployment in the cotton mills means more on the relief rolls. It means declining valuations of mill property for tax purposes, and that in turn means no hope of restored pay cuts to underpaid policemen, firemen, school teachers, and other city employees. It means declining revenues for the merchant, the baker, and the candlestick maker. In brief, I know of no better way to spread the poverty of cotton manufacturing communities than to pass this bill.

The avalanche of protests from cotton manufacturing communities a few weeks ago spurred the President to appoint a Cabinet committee to investigate the effects of the processing tax and foreign importations upon the American textile industry. Hearings were held and the industry presented its case. Weeks have passed and we have been waiting patiently for a report upon the results of that study. And before any report has been made as to whether the cotton-processing tax is for good or evil, this bill is brought in to strengthen the law and to freeze the tax. Moreover, it is brought in with the full approval of the administration or manifestly it would not be here.

Does this mean, as many suspect, that the supposed investigation of the Cabinet committee was merely for show purposes, to put the industry and its employees off their guard? Does it mean the case was tried before a hung jury? Does it mean we were licked before we started? I ask, in all earnestness, is this the kind of treatment the cotton-textile communities of this country must expect from this administration? There is one thing which the enactment of this law will do. It will tell us in no uncertain terms just where we stand in the consideration of this administration and what we can expect for the future.

New York City lately has been the scene of many food riots. Food shops have been picketed and the people have demanded prices which will permit them to live. A California city has experienced similar demonstrations. Continue this administration policy and you will find the scene enacted in every densely populated city in this country. The people who dwell in the cities are willing to pay good farm prices but they must have the earning power to pay the prices. They will not tolerate a policy which stands for high living costs and a low wage scale.

How is the poor man going to pay these high prices, when his purchasing power is at a very low level? How much food and clothing can he buy at the new wage scale recently established for relief workers by President Roosevelt, in some instances $19 a month and varying from 23 cents an hour in towns under 5,000 population and 31.7 cents in cities in excess of 100,000 population? With 23,000,000 people being cared for through relief, the demand is not for higher prices, which further impoverish the under dog, but for increased purchasing power that he may buy these necessary goods.

The farmer can read his answer in the 22,000,000 more pounds of fish handled through New England ports in the first 3 months of this year over the same period in 1934. He can read his fate when it is realized in the same period the American people consumed 756,000,000 less pounds of beef, veal, and pork than they did in 1934.

Continue this policy of scarcity and high prices and the end is ruin to the farmer who now thinks he is being aided.

The farmer can read his future in the increased importations from foreign countries. Bleached cotton cloth rose from 6,043,845 yards in the entire year of 1934, to 10,835,284 yards in the first 3 months of 1935. Cottonseed meal and cake importations were 474,014 pounds in the first 3 months of 1934, and in the same period this year there were 35,402,698 pounds.

Butter was imported to the extent of 127,501 pounds in the first 3 months of 1934, and this year, in the same period, the importations were 8,538,140 pounds. Corn entered in the amount of 50,051 bushels in the first 3 months of last year, and for the same period this year the importations were 7,017,558 bushels. Oats in March of 1934 were imported to the extent of 153 bushels, and in March this year, 2,596,241 bushels were brought in from foreign countries.

This administration talks of expanding foreign markets and then with characteristic zigzagging does everything to stifle the expansion. In the 9 months ending April 1, the cotton exports were 3,044,240 bales less and the accumulation of cotton in the hands of the Government are over 5,000,000 bales. These figures are worthy of serious consideration. We may continue through Government manipulation to postpone the evil day of adjustment, but come it will eventually, and when it does come it will shake the very foundations of the South.

Higher prices for the American fiber than its world prices bring brighter hopes to Brazil, Egypt, and India. They can continue to expand their fields and gain a firm grip on the foreign market. Brazil alone can raise more cotton than the South is now raising and with their ships running regularly to New England, there is something for the American cotton grower to think about when he scans the horizon of the future. If he can complacently contemplate a South with a 6,000,000-bale maximum production, he should support this legislation, for that is the goal toward which we are drifting.

Mr. FISH. I would like to ask the gentleman where he got his figures.

Mr. MARTIN of Massachusetts. These are supposed to be official figures.

Mr. FISH. The figures, as I understand them, are very much below the ones I have received. The gentleman, referred to imports of oats amounting to 2,000,000 bushels.

Mr. MARTIN of Massachusetts. Two and one-half million bushels in 1 month.

Mr. FISH. My information is that the imports amounted to about 12,000,000 bushels during the year.

Mr. MARTIN of Massachusetts. They went from 153 bushels to over two and a half million in just 1 month.

These figures show that there is no surplus or overproduction in this country.

There is eternal talk of surpluses and overproduction. It is idle chatter. There are no surpluses in this country. Millions of people are clamoring for food; millions more have gone for years without the clothing absolutely necessary for decency. Instead of making their plight worse by putting the costs beyond their reach, we should devote our energies to getting them work at real wages; to increase their purchasing powers. Do this and surpluses will vanish and we will have a sustained prosperity.

In the State of Alabama, last September, to show you the need for cotton cloth, there were thousands of school children who could not go to school until the relief authorities gave the cloth necessary to properly clothe them.

The progress of the rest of the world along the road to recovery in comparison to our record shows the folly of many of the Roosevelt experiments. Fifteen countries have started back on the recovery trail, Sweden leading with a 41-percent gain; Hungary is 33 percent ahead of 2 years ago; Italy, 31 percent; Germany, 26 percent; Japan, 17 percent; Canada, 17 percent. Only four countries are worse off than they were 2 years ago; Norway, 1 percent; Belgium, 3 percent; United States, 9 percent; and France, 16 percent.

When this legislation was brought into existence the President said frankly it was experimental, and if it proved unwise he would be the first to urge their discontinuance. The record shows plainly what is apparent to all except those who have a selfish interest, and in behalf of the American people he should discontinue a ruinous policy.

Mr. PIERCE. Will the gentleman yield?

Mr. MARTIN of Massachusetts. I yield.

Mr. PIERCE. The country the gentleman represents has been made wealthy and prosperous by the tariff law. Does the gentleman think it is right to have a tariff law in the interest of a special group and deny it to the agricultural interests of the West?

Mr. MARTIN of Massachusetts. In reply to the gentleman, I do not believe in giving special tariff laws to any group of people. I believe in giving a tariff that will spread its benefits into the 48 States and give full protection to all of the American people. I do not believe in class legislation, I do not believe in special legislation, I do not believe in legislation that takes from one class of people and gives it to another class of people, whether they live in the North, the South, the East, or the West. That is the type of legislation now presented.

Mr. PIERCE. Is that the result of the tariff law?

Mr. MARTIN of Massachusetts. Oh, the gentleman is trying to draw a red herring across the trail.

Mr. HARLAN. Will the gentleman yield?

Mr. MARTIN of Massachusetts. I yield.

Mr. HARLAN. The gentleman in the early part of his speech gave out some figures. I should like to ask him where he got those figures?

Mr. MARTIN of Massachusetts. They were printed in yesterday's Sunday newspapers, in a report quoted from the League of Nations.

Mr. LEE of Oklahoma. Will the gentleman yield?

Mr. MARTIN of Massachusetts. Yes.

Mr. LEE of Oklahoma. The gentleman gave the figures and said that the United States had fallen off 9 percent since 1932.

Mr. MARTIN of Massachusetts. The figures so show, taking the country as a whole.

Mr. LEE of Oklahoma. The gentleman would favor a protective tariff to keep out the importation of farm products?

Mr. MARTIN of Massachusetts. Absolutely.

Mr. LEE of Oklahoma. What would be the difference between a tariff on farm products and the processing tax?

Mr. MARTIN of Massachusetts. It is vastly different. If you put a processing tax on one industry—take cotton for instance—you put a 50-percent tax on the pay roll of that industry, and that industry is unable to bear the burden. The result is that you bring misery to great communities, you diminish purchasing power.

Mr. LEE of Oklahoma. Is not the processing tax spread out over all, the same as the tariff?

Mr. MARTIN of Massachusetts. No; I wish I had the time to go into that and explain the difference. In some instances it is spread out; where one is making novelties and has a monopoly; but in many mills in Georgia, North Carolina, and New England, where competition is keen, it cannot be passed along.

Mr. LEE of Oklahoma. Does not the gentleman think that the same argument would apply against the tariff now on manufactured articles?

Mr. MARTIN of Massachusetts. My answer is "no."

Mr. LEE of Oklahoma. Would not that be——

Mr. MARTIN of Massachusetts. I want to complete my answer. The people who work in the factories in New England, the South, and all over the country cannot compete with Japan and Czechoslovakia. They must have protection or they perish. When you pay good wages to the factory

workers you give them the purchasing power that makes it possible to buy the products of the South and the West. I do not yield any more.

Mr. Speaker, in closing, I think we should give serious consideration to the pending legislation, because it is vital. It is vital to a hundred million consumers of the country, who already are finding it impossible to pay the high prices. It is important to the farmer, and we all want a prosperous agriculture; but we do not want to ruin him while striving to give a little temporary aid. I do not believe this is a sound way to bring prosperity to the agricultural section of the country. I know it is very detrimental to 90 percent of the people. Let us go slowly with these un-American experiments. Let us stop trying to make water run up hill. Let us stop trying to do the fantastic and the spectacular, and let us give the American people a chance to live. In the last 150 years the American people have done fairly well when they had the opportunity to do so, and I believe they would again if given half a chance. What we need in this country is less experimenting and a restoration of confidence. [Applause.]

Mr. GREENWOOD. Mr. Speaker, I yield 15 minutes to myself. The gentleman from Massachusetts [Mr. MARTIN] began his discussion by saying that the Rules Committee had not discussed this particular bill in granting the rule. We had discussed the amendments offered by the Committee on Agriculture which covered all the points covered by the present bill, and a rule was granted. In the meantime the Supreme Court decision was rendered and they felt that the Committee on Agriculture should take some further time in revamping some of their amendments to make them come within the decision of the Supreme Court. Substituting the present bill with its amendments is merely granting the privilege of consideration that was granted by the first rule.

The gentleman from Massachusetts, of course, is opposed to farm relief that is based on the theory of the processing tax. I am a little surprised that a man from his part of the Nation that has used the powers of Federal taxation for more than half a century to build up manufacturing industries in New England, at a sacrifice of the consumers of the Nation of manufactured goods, should find fault with the theory of taxation which permits the Federal Government to levy a tax to bring relief to agriculture. By this bill we are not stifling production. We are doing what the manufacturers of New England and other portions of the Nation have done for many decades. We are planning a better production, a better marketing, a better distribution of farm products, so as to develop a better purchasing power in that largest group of all the American people, those who live on the farms of our Nation, so that they might buy the products from the factories. Because this tax is working there seems to be some opposition to it, but under the levying of a processing tax and paying that to the farmer who will cooperate with his Nation to curtail and plan his production there can be a better control of marketing and marketing processes and give more purchasing power to the farming class. We have raised the price of cotton from 5 cents as it was under Mr. Hoover's administration to 12 and 13 cents under this plan of agricultural relief. We have raised the price of hogs from 2½ to 7½ cents per pound and the price of wheat from 30 to 35 cents a bushel to in the neighborhood of $1. And the farmer is now going to receive some return on his investment and his labor, then he can buy shoes and clothing and other products of the factory in New England and other parts of the country. By this processing tax we are bringing a more uniform prosperity to all the people. The gentleman will remember that the farmers for 10 or 12 years have been in a position where they could not buy the products of manufacturing.

It is true that this bill proposes to use some of the money that is raised by tariff taxation to provide a subsidy to sell the surplus abroad if found necessary. Whether it will be necessary or not will be determined by whether the processing tax will bring returns to the farmer. The use of these tariff taxes will supplement present methods if found necessary

Mr. Wallace, before the Committee on Rules, said that they were reducing the surplus carry-over of cotton by approximately 1,000,000 bales a year.

In other words, the surplus inherited from the Republican Party by the Democratic is now being consistently reduced every year, and the price of cotton is up to around 12 cents per pound. I do not agree with the gentleman from Massachusetts that this is an unwise program or policy. It is right to solve the problems of the depression among 30,000,000 who live on the farms and give them a new hope and a purchasing power that they have not had, helping them to pay their debts and buy commodities which will promote industrial employment. Upon this foundation the hope of these 30,000,000 people for any permanent prosperity must rest, because it is the largest group of all and who are engaged in raising the raw materials that feed and clothe this Nation.

Mr. O'MALLEY. What is the sense of paying the farmers to curtail their crops when on the other hand the Department of the Interior is opening up new land to raise crops by irrigation and reclamation?

Mr. GREENWOOD. I would not divert the attention of the House to the policies of the Department of the Interior. I am not responsible for any particular project. I am arguing about the general policies of the administration of this law. The gentleman can reach his own conclusion about whether any particular project is wise or not. It does not enter into this debate.

Mr. FARLEY. Will the gentleman yield?

Mr. GREENWOOD. I yield.

Mr. FARLEY. Is it not true that the Department of the Interior is likewise buying up a great deal of submarginal land and retiring it at this time?

Mr. GREENWOOD. That is true. The Interior Department is retiring nonproductive land and helping to build up the Department of Forestry Reservation. In other words, we are engaged in a gigantic enterprise, and you can always check some one project against some other policy if you desire to do it. But this is a general principle of helping all classes that are producing farm products, to lift the prices of their products and their purchasing power, in order to help turn the wheels of industry and help all people.

Mr. DICKSTEIN. Will the gentleman yield for a question?

Mr. GREENWOOD. I yield.

Mr. DICKSTEIN. Has the gentleman's committee, or has the gentleman himself given any study to the constitutionality of this processing tax? If I am correctly informed, I feel that if the N. R. A. was unconstitutional, certainly the confiscation of property and the restraint of trade as it appears in the gentleman's own report, would seem to me to be unconstitutional.

Mr. GREENWOOD. The gentleman can take that up with the Chairman of the Committee on Agriculture after the House goes into the Committee of the Whole. I assume that that committee did study the constitutional features of this bill, because they revamped their amendments after the decision of the Supreme Court. I am sure he can give more and better information about that than a member of the Committee on Rules.

Mr. CHRISTIANSON. Will the gentleman yield?

Mr. GREENWOOD. I yield.

Mr. CHRISTIANSON. The gentleman has given some figures showing that there have been increases in prices of agricultural products, and has told us that the increases were due to a reduction in the production. Does not the gentleman concede that most of that reduction was accomplished by the weather man and not by the Democratic Party?

Mr. GREENWOOD. I am not making that concession. I would say it was a contributing factor, but, according to my mind, it was a minor contributing factor.

Mr. CHRISTIANSON. Has the gentleman considered the fact that since the crop prospects have improved the price of wheat has dropped 20 cents?

Mr. GREENWOOD. There are always seasonal variations in that, according to the future production. I would not enter into any split-penny argument on that. There are variations at all times in the year because of future production. The prospect of next crop and the manipulation of buyers frequently cause fluctuations.

Mr. CHRISTIANSON. How much actual net reduction of acreage does the gentleman think the allotment plan has accomplished?

Mr. GREENWOOD. I am making the comparison that under the Republican administration under Mr. Hoover, wheat went down to 30 cents a bushel, and now it is a dollar a bushel. I say that on a comparative basis it justifies what we have done to decrease the acreage of wheat.

Mr. CHRISTIANSON. I assume, therefore, that the gentleman would give Mr. Hoover and the Republican Party credit for the good weather which produced the good crops?

Mr. GREENWOOD. I will give them credit for one of the worst depressions that ever hit the farming class in this Nation. It happened under a high protective tariff and under a gold standard and all of the sacred policies which they have always claimed was a guaranty to prosperity.

Mr. CHRISTIANSON. I would like to remind the gentleman that the agricultural depression did not begin in October 1929, but followed the adoption of the Federal Reserve order of May 1920, when Woodrow Wilson was President of the United States, a policy which was initiated by the Federal Reserve Board which he created.

Mr. GREENWOOD. I did not yield for a speech; but we had some pretty good times after that happened, between 1920 and 1930.

Mr. CHRISTIANSON. Under Republican administrations; yes.

Mr. GREENWOOD. The gentleman can get time from his side and can discuss all he desires these policies to which he has referred.

Mr. MEAD. Will the gentleman yield?

Mr. GREENWOOD. I yield.

Mr. MEAD. The interjection of a partisan motive by the gentleman from Minnesota [Mr. CHRISTIANSON] permits me to interject this little partisan idea: I understand that the "grass roots convention" O. K'd. the McNary-Haugen policy, and I understand that one of the distinguished leaders on the Republican side, candidate for President, also approves the McNary-Haugen bill. I wanted to ask the gentleman if that bill and every other similar effort to relieve agriculture was not killed under the administration of President Hoover and his immediate predecessor?

Mr. GREENWOOD. Certainly. I voted for every one of those, and a Republican President proceeded to kill them by veto.

Mr. CHRISTIANSON. Will the gentleman yield further?

Mr. GREENWOOD. I yield.

Mr. CHRISTIANSON. During the last 2 years the President of the United States and the Secretary of Agriculture have had the power to put into effect the principles of the McNary-Haugen bill, and they have not done so. Therefore, the present Democratic President is taking exactly the same position that two Republican Presidents took when they vetoed the bill.

Mr. GREENWOOD. I do not yield further.

Mr. MEAD. At least the Democratic President is taking an affirmative attitude.

Mr. GREENWOOD. The Democratic Secretary of Agriculture is putting into effect, and it is working, the contents of this bill which we are now proposing to continue with certain amendments which we think are essential.

I take it that the constituency of the gentleman from Minnesota is pretty well satisfied with the conditions as they now are compared to what they were under the former administration.

Mr. LEE of Oklahoma. If the gentleman will permit this observation, under Mr. Hoover they started out with the Farm Board and 16-cent cotton and wound up with 4-cent cotton. This program started out with 4-cent cotton and wound up with 12-cent cotton.

Mr. CHRISTIANSON. To be fair, the gentleman should note that the price declines during the latter part of Hoover's administration which he has cited were world-wide and resulted from a world-wide depression.

Mr. GREENWOOD. Mr. Speaker, I do not yield further to the gentleman from Minnesota. I do not yield to him now and have not yielded to him for a speech. He can make his speech later on.

Mr. Speaker, I have given comparative figures showing the progress we have made in agriculture under this bill. The farmers are now able to plan on a cooperative basis with the right to sign a contract with their Government, which they certainly have the right to do under the Constitution of the United States, and where they do they are compensated for cooperating with their Government. Crop reduction is encouraged and the surplus is being controlled, even in regard to cotton. The surplus is being reduced, and the price is holding up under crop reduction.

Mr. FOCHT. Mr. Speaker, will the gentleman yield?

Mr. GREENWOOD. I yield.

Mr. FOCHT. May I ask the gentleman in the matter of importation of agricultural products if he will please tell the House and tell the world how it contributes to the prosperity of the American farmer to import millions of tons of lard, millions of tons of butter, and hundreds of thousands of cattle from South America?

Mr. GREENWOOD. If my memory serves me right, we are operating under a Republican tariff at the present time, a tariff that was passed at a special session called by Mr. Hoover for the purpose, he said, of revising the tariff for the benefit of American agriculture.

Mr. FOCHT. If the gentleman will yield further, we are operating under a flexible tariff bill with a flexibility of 50 percent.

Mr. GREENWOOD. I do not recall that the President has used his powers to reduce on any of the items the gentleman has mentioned.

Mr. FOCHT. The gentleman still has not answered my question. Does the gentleman think it contributes to the happiness and prosperity of the American farmer to have this lard, this butter, and these cattle come in here in competition with his products?

Mr. GREENWOOD. I can agree with the gentleman on that, but I can say that a lot of those figures are not applicable; that farm policy has been effective in a great many places in stopping importations.

[Here the gavel fell.]

Mr. RANSLEY. Mr. Speaker, I yield 10 minutes to the gentleman from Massachusetts [Mr. GIFFORD].

Mr. GIFFORD. Mr. Speaker, must we again say to this House, and in emphatic language, that the cotton textile industry is not fighting farm relief? To say it is, is unwarranted, is insidious and false. In spite of the propaganda of the Department of Agriculture, in spite of the obstinacy of the Secretary of Agriculture, in spite of the 5,000 articles that have been issued from that Department, many of which have been strictly propaganda, tending to aline one section of the country against another, the cotton textile industry is not fighting agriculture. It is high time that these unwarranted attacks upon the textile industry are terminated.

We wish the farmer success. We will join in almost any form of relief for him that would not ruin our industry. Why help one industry only to ruin another and at the same time draw a picture depicting us as against farm relief? It is unfair; it is wrong; it may lead to serious trouble.

All we ask is that the tax be not placed on the back of one industry; find a broader base. We are not complaining about the benefits paid to the farmer. Take $100,000,000, if you please, by this bill from the customs revenues and pay it to the farmer and we shall not object. But why has Mr. Wallace been over the country attacking the textile industry? At Peoria, Ill.—think of such a speech, in which

he flatly stated that New England is opposed to the farmers' tariff! It is an absolute misstatement. Sixteen thousand farmers applauded and were made to believe it. As if the farmer already did not have all the benefits of a tariff on all agricultural products; and we want him to have it. Certainly he must be satisfied or he would have asked for more. If he needs more we would want him to have all he requires to protect him against foreign competition. Again I ask how it can be satisfying to collect this all from one industry and ruin that industry. That is the whole problem. Do not try to drag any other red herrings across this trail. We want the farmers to prosper and we shall be glad to vote for this bill if you will put in it any other way of financing the cotton-processing taxes.

There is another phase of which I must speak, the moral break-down of the nations of the world has made men everywhere fearful of their own governments. There has been put into this bill a provision—and I ask you to consider it carefully—that if any taxes have been illegally collected we shall have no redress against our Government for their recovery. That is indeed a new doctrine. It does not apply to any other taxpayer in the country. The only argument you can possibly make in favor of it is that it has already been collected from the consumer, and therefore the Government should not pay it back.

We have an abundance of evidence, which has been presented week after week to the Cabinet officers in their special sessions, that the textile mills have not been able to pass that tax on and have lost a lot of money in consequence; and it is their right under the law, their moral right, to reclaim it. It is dishonest to take it away from them. Practically all of these payments of taxes were made under protest, yet now the payers are to be stripped of their lawful rights.

If it is found they were illegally collected, they should have the right of recovery, and God knows they need it. Do not go on the assumption that they have taken it out of the consuming public, because generally they have not. Do not commit another unmoral act and again deliberately violate the Constitution.

Mr. PARSONS. Will the gentleman yield?

Mr. GIFFORD. I yield to the gentleman from Illinois.

Mr. PARSONS. Naturally, of course, the gentleman would like to have the tariff for manufactured goods for New England, but the gentleman very well knows that the tariff for the protection of farm products, this being an export nation, has not worked.

Mr. GIFFORD. We will give you all the tariff you want. If you have not enough, we will give you more. We will give you all there is in this bill if you will not ruin our industry. I should like to have the gentleman take my place in New England today. I represent an industry that is being ruined, and there is no necessity for doing it. Why persist in this?

Mr. Speaker, why is it that the New England manufacturing industry is always attacked especially? Are there no industries located in Wisconsin, Pennsylvania, and many other States? The finger, however, is always pointed at New England, where exists only a small part of the manufacturing industry of this country. Why purposely destroy our textile industry?

Mr. MARTIN of Massachusetts. Will the gentleman yield?

Mr. GIFFORD. I yield to the gentleman from Massachusetts.

Mr. MARTIN of Massachusetts. I want the gentleman to have clearly in the RECORD that there is just as much industry in Illinois that shares in this as any other part of the country.

Mr. GIFFORD. Yes. But New England is always mentioned.

Mr. Speaker, we may take the floor again later, as we must do everything that is humanly possible to save our textile industry. The gentleman from Massachusetts [Mr. MARTIN] and myself are particularly affected. Why not let the burden of this tax fall upon a broader base or provide it from general revenue? The so-called "tax bill" reenacted today, was not for any one particular purpose.

Mr. PARSONS. The gentleman knows that for the last 15 or 20 years the American farmers of the Middle West and West have paid the tariff duties which have been levied for the protection of the industries in the gentleman's region.

Mr. GIFFORD. Perhaps, in a measure, but we have been very good customers of yours. When the South was down and out and could not build manufacturing plants, New England built them for it, that it might have a larger market for its cotton. We have lived in reasonable harmony ever since, until now this sectionalism feeling is brought forward. We want you to have this relief. We want you to have all there is in the bill, if you will remedy the one condition which can easily be done. Is that not fair?

Mr. KNUTE HILL. The gentleman said the farmer has been protected by the protective tariff.

Mr. GIFFORD. He is supposed to be protected.

Mr. KNUTE HILL. Will the gentleman explain how the wheat farmer was protected by the 42-cent wheat tariff when they were selling wheat for far less than that?

Mr. GIFFORD. Would he have that tariff repealed? Our industries have actually been threatened! Secretary Wallace said at Peoria that if this processing tax is defeated they will take the tariff off manufacture. Would they still retain the tariff for the farmer?

Mr. KNUTE HILL. But just explain how the wheat farmers are protected. A 42-cent wheat tariff is of no value to the farmer when we export millions of bushels. The tariff could be $1 per bushel and of no benefit, as price on exported wheat sets price on all domestic wheat.

Mr. GIFFORD. It may not be effective, I agree with the gentleman. The "whole" question is, why make this one industry bear the tax, and bring about its ruin? That is all there is to the question.

Mr. LEE of Oklahoma. Why did not the "grass roots" convention condemn the A. A. A. then?

Mr. GIFFORD. Are we condemning the A. A. A.? No. We want you to have it. Are you people over there so blind that you cannot understand all we are criticizing is the method of collections?

Mr. LEE of Oklahoma. Where would you put the tax?

Mr. GIFFORD. Place it under the general revenues, of course.

Mr. McFARLANE. The gentleman wants a general sales tax.

Mr. GIFFORD. In whatever general tax is levied. You raised $500,000,000 today. Take it out of that.

Mr. LEE of Oklahoma. How can the tariff do the farmers any good when we are an exporting Nation?

Mr. GIFFORD. That is not the question. All that I am objecting to is the method of the collection of this tax. Can you not get that? Are you going to allow Secretary Wallace to portray it in this unjust manner, and pay for all the propaganda stuff out of the taxpayers' money? Why should he be allowed to poison the minds of the farmers against New England? It is wrong. It will have a lasting unfavorable effect on the Nation.

Mr. McFARLANE. Will the gentleman yield?

Mr. GIFFORD. I yield to the gentleman from Texas.

Mr. McFARLANE. Have we not had that same kind of propaganda coming out of New England for years and years?

Mr. GIFFORD. No.

Mr. McFARLANE. Poisoning the rest of the country. We have heard all about the protective tariff to protect your industry and the South has heard it for years until you bled us to death and now we are tired of it.

Mr. GIFFORD. No. We had to build mills in order to manufacture your cotton. The people down there were delighted to have us do it. In general, farmers are protected today from foreign goods coming into this country exactly as the manufacturers are protected. A tariff is not required for cotton and we are glad to assist in this relief, if the collection of the tax is differently made so as not to destroy the industry itself.

[Here the gavel fell.]

The SPEAKER. The question is on agreeing to the resolution.

The resolution was agreed to.

Mr. JONES. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days after the House concludes its consideration of this bill to extend their own remarks on the bill.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. JONES. Mr. Speaker, I move that the House resolve itself into Committee of the Whole House on the state of the Union for the consideration of the bill (H. R. 8492) to amend the Agricultural Adjustment Act, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill H. R. 8492, with Mr. Cox in the chair.

The Clerk read the title of the bill.

The first reading of the bill was dispensed with.

Mr. JONES. Mr. Chairman, I shall yield to the gentleman from Illinois [Mr. BEAM] 45 minutes, with the understanding he will take care of those on this side who are opposed to the bill.

I now yield myself 30 minutes.

Mr. Chairman, I was a little surprised this morning to hear the gentleman from Massachusetts quoting with approval statistics furnished by the League of Nations.

This is not a partisan bill. The Committee on Agriculture for weeks has been trying to fashion a bill that would accomplish the purpose which was sought by the measure which was first enacted, a purpose which I believe is desired by all right-thinking American people. How well we have succeeded may be a matter of opinion, but I want to say that Members on both sides of the aisle, in the Committee on Agriculture, have worked earnestly. I regard this as the most important bill that that committee has ever presented to the House of Representatives.

The business of farming is the biggest individual business in America.

The farms and ranches of America include 986,000,000 acres. The total estimated value of these lands and improvements is $31,655,000,000. This does not include the value of farm personal property and equipment, nor does it include livestock. In round numbers there are 65,000,000 cattle, 26,000,000 milk cows, 51,000,000 sheep and lambs, 61,000,000 hogs. We produce annually great quantities of corn, wheat, cotton, barley, rice, flax, and many other commodities.

There is no other business in this land comparable to it either in value, volume, or number of people affected.

Engaged directly on the farm and ranch in the United States are about 30,000,000 people. Until recent years they were almost wholly unorganized. The farmer is the last great American individualist.

Mr. FISH. Mr. Chairman, will the gentleman yield for a question?

Mr. JONES. I am sorry, but I want to finish my statement. I will yield a little later. If I get into questioning now I shall not finish my statement.

Living thousands of miles apart, producing an infinite variety of crops in widely separated areas, the farmer has been hedged about by organized groups on every side. Had there been no legislation in behalf of these groups, had there been no regulations of commerce, had there been no trade barriers and no monopolies, he would have needed no legislation. I subscribe to the doctrine here and now that we ought to have a tariff for all or a tariff for none. [Applause.] Standing on a dead level with every other citizen, he could have fought his own battles, protected his own interests, and carved his own niche in the affairs of our common country.

However, for more than a half century this country has been breaking up into groups. These groups have descended upon our State and National capitals, insisting upon legislation to protect their interests. They have insisted upon trade barriers; they have insisted upon commercial regulations; they have insisted upon corporate organizations. They have secured all these privileges; they have organized vast companies and engaged in monopolistic practices.

Regardless of the merits or demerits of any of these matters, they have produced a situation and certain advantages in which the farmer could have no part. In the very nature of things the agricultural sections were bled white, with inevitable final paralysis. Just as the human body cannot properly function with a portion of it paralyzed, our economic structure is subject to the same inexorable rules. It became necessary to restore the purchasing power of the farmer if our Nation was to live and prosper.

This is the basis of the present move. It may not be—it is not—perfect. In many respects it may be crude, but it is an essential piece of machinery, and it is a short-sighted citizen who would scrap it because of apparent defects.

If these gentlemen whose sections have had some of these advantages—right or wrong, I am not going into that—can suggest a better plan, let them come in and lay it on the table, and we will talk to them; but we will not talk about backing up until they back up or present something else. [Applause.]

ACTION NECESSARY

Of course, this program is not perfect. If you will go down to the Smithsonian Institution and look at the first automobile that was built, you will find it almost has to be labeled an auto in order to be recognized as such. A man would be foolish to start anywhere in it; but did they run it into a ditch and junk it just because it was not perfect? We would not have done any of the fine things that have been done in America if we had deserted every new mechanical contrivance simply because it did not attain overnight the acme of perfection. I am proud of the fact that the Committee on Agriculture, representing the greatest industry in America, is determined to complete this circle and put every American on the same dead level of equality with every other American. [Applause.]

That is what we earnestly tried to do in this bill. Has the agricultural program accomplished anything? If you will put in deadly parallel the prices before the program started and the prices today, you will see that it has. Here are some of them:

Farm price of basic agricultural commodities

Commodity	Farm price, December 1932	Present price (May 15, 1935)
Wheat	31.6 cents per bushel	87.8 cents per bushel.
Rye	21.1 cents per bushel	62 cents per bushel.
Flaxseed	82.8 cents per bushel	1.56 cents per bushel.
Barley	19.3 cents per bushel	66 cents per bushel.
Cotton	5.4 cents per pound	12 cents per pound.
Corn	18.8 cents per bushel	84.8 cents per bushel.
Hogs	$2.73 per hundredweight	$7.92 per hundredweight.
Beef cattle	$3.41 per hundredweight	$6.80 per hundredweight.
Rice	40 cents per bushel	86 cents per bushel.
Peanuts	1.2 cents per pound	4.4 cents per pound.
Wholesale milk	$1.26 per hundredweight	$1.73 per hundredweight.
Butterfat	21.1 cents per pound	27.5 cents per pound.
Butter	21.3 cents per pound	27 cents per pound.
SEASONAL CROPS		
	1932 seasonal price	1934 seasonal price
Tobacco	10.5 cents per pound	22 cents per pound.
Grain sorghums	19.1 cents per bushel	1.15 cents per bushel (May 15 price).

These increased prices were necessary to restore the purchasing power of the farmer in the interest of the common welfare of the country. This has not brought any commodity up beyond the range of a fair and just price.

BUSINESS PRACTICES

We grow used to certain things and they seem commonplace. A new practice causes comment.

It is interesting to hear business men criticize the farmers for adjusting their production when they themselves have been practicing the same thing for years and take it for granted.

No merchant buys a double stock of goods when conditions are bad; no manufacturer runs his mills full tilt when there

is no demand for the goods he is producing; no manufacturer of automobiles or implements constructs vast thousands of cars and plows which he knows he cannot sell simply because he does not believe in the doctrine of scarcity. And yet he criticizes the farmers for practicing the same policy which he would not think of abandoning in his own business, simply because overproduction would ruin his prices and bankrupt him. It will have the same effect on the farmer or anybody else. It is the A B C of business.

Through depression years industry in the main reduced its volume and largely maintained its prices. Agriculture largely maintained its volume and its prices were greatly reduced.

I have in my hand an interesting table. Let us assume that both agricultural production and industrial production were 100 percent in 1929. In 1932, agriculture had reduced her production 18 percent, while industry had reduced her production 59 percent. By what species of logic can industry criticize agriculture when industry had decreased its volume three times as much as agriculture?

What was the result of this reduction on the price structure of the two? Agricultural prices went down to 46 percent of the 1929 level, while industrial prices went down to only 79 percent. In other words, industry reduced its production nearly three times as much as agriculture, and by inverse ratio agricultural prices went down nearly three times as much as industrial prices went down. By what form of glorified logic can the business man justify the one while criticizing the other?

If industrial production had been continued at the same ratio during the depression years that agricultural volume was maintained, automobiles would probably have sold for $100 apiece, plows would probably have sold for $10 apiece, and other commodities in proportion. No; the whole philosophy of the agricultural adjustment program is to apply business principles to agriculture.

In spite of defects; in spite of captious criticism; in spite of violent protests by affected interests that have long profited at the expense of the farmer, many fine results have been achieved without unfairness to the other citizens of our country.

NECESSARY CHANGES

The whole reduction program was an adjustment, a deck-clearing proposition. We are now moving into the long-range program, not to abandon what we already have, but to improve it. We strike out the word "reduction" by this amendment, and we insert the word "adjustment." The processing taxes are collected and paid into the Treasury. It is a general tax. The money is paid into the General Treasury, and a similar amount is appropriated for specified purposes. Under the original program, the benefit payment could be made only for reduction. We realize that world trade is important. Any man who does not, any man who will simply cry that we have better prices and therefore do not need to pay any attention to world trade, has not half thought through this proposition. We all recognize the importance of world trade. Of course, other countries will have to recover before they can purchase our commodities in large quantities. Much of their trade during the period from 1925 to 1929 was carried on with the money that was borrowed from us. It is not of very great value if you have to furnish the money to the man who buys your commodity, but as we get out of the mist of this thing, of course, our world trade must be increased.

PURPOSES

We add to the purposes for which the funds may be used not only adjustment in production but expansion of domestic and foreign markets, a removal of surpluses, and the paying of premiums on the domestic percentage, a two-price system that is used in many countries; and the Secretary may use any or all or a combination of any or all of the various plans in carrying out the purpose of the Agricultural Adjustment Act which is simply to restore the price of the farmer's product to a parity, to the same purchasing power that he had before we got into all this trouble through which we have passed since 1929. With the processing fee added it simply makes up that price and compels a fair price to the farmer for his product. The amendments broaden the program and fit it into the new and changing conditions.

A special fund is made available for the exportation of products of American agriculture. That may be very desirable. It certainly tallies with the program many of the critics say they are interested in. We cannot see anything wrong with that course. So long as we have trade barriers and tariffs which protect certain commodities, I cannot see any reason why that protection should not also go to the others. When a man grows a bale of cotton or a bushel of wheat, harvesting one in the hot July sun and picking the other under a blazing September sky, and carries them to market, he has a right as an American citizen to the same market conditions as any other man, and until somebody can show us a better plan I say let us ride on this train.

NONBASIC COMMODITIES

There are certain commodities classed as basic commodities; a distinct program is available for them. There are about 2,000,000 farmers engaged in the production of other commodities that do not lend themselves to the character of program that has been handled in the main as covering basic commodities. An effort was made at the time of the passage of the original act to have marketing agreements and a licensing provision to carry out those agreements so that these other commodities could be given a part of the protection in price adjustments in markets that was given to the basic commodities. The principal ones on which there seems to be an opportunity of planning something are milk and its products and fruits and vegetables. In the light of the Supreme Court decision it was thought wise to limit those products at least to the main ones until such time as we could work out a program that would meet all the requirements of the Supreme Court decision. I believe that especially on milk and its products we have succeeded in accomplishing that purpose.

ORDERS

The program for these commodities is covered by what is termed "orders" in the proposed amendments. These orders may cover only the marketing in interstate commerce of milk and its products, fruits, and vegetables, and two or three other named commodities, but do not include canned fruits and vegetables. We have undertaken to set out specifically just what these orders may and may not contain, thus furnishing a definite yardstick to guide the Department of Agriculture in making out the program under these "orders."

In reference to milk, the Secretary is given the authority to establish a minimum price to the producer. We believe this course is justified under the terms of the Supreme Court decision in the case of *Nebbia* v. *New York* (291 U. S. 502). In that particular case a State law fixing a minimum price to the producer as well as the resale price on the part of the handler was sustained by the Court. The Court commented on the fact that milk is an essential item of diet, that it is an excellent medium for the growth of bacteria, and that these facts necessitate safeguards in its production and handling for human consumption which greatly increase the cost of the business; that failure of producers to receive a reasonable return for their labor and investment over an extended period threatens a relaxation of vigilance against contamination; that it is a very important industry and that if price chaos is to prevail it would be difficult to maintain proper sanitary regulations in the field of production in such a way as to protect public health.

In passing on this question, the Court states that—

> Neither property rights nor contract rights are absolute, for government cannot exist if the citizen may at will use his property to the detriment of his fellows or exercise his freedom of contract to work them harm. Equally fundamental with the private right is that of the public to regulate it in the common interest.

The Court also uses the following language:

> The Court has repeatedly sustained curtailment of enjoyment of private property in the public interest. The owner's rights may be subordinated to the needs of other private owners whose pursuits are vital to the paramount interests of the community. The

State may control the use of property in various ways; may prohibit advertising billboards except of a prescribed size and location, or their use for certain kinds of advertising; may, in certain circumstances, authorize encroachments by party walls in cities; may fix the height of buildings, the character of materials, and methods of construction, the adjoining area which must be left open, and may exclude from residential sections offensive trades, industries, and structures likely injuriously to affect the public health or safety; or may establish zones within which certain types of buildings or businesses are permitted and others excluded. And, although the fourteenth amendment extends protection to aliens as well as citizens, a State may for adequate reasons of policy exclude aliens altogether from the use and occupancy of land.

Laws passed for the suppression of immorality, in the interest of health, to secure fair trade practices, and to safeguard the interests of depositors in banks, have been found consistent with due process. These measures not only affected the use of private property, but also interfered with the right of private contract. Other instances are numerous where valid regulation has restricted the right of contract, while less directly affecting property rights.

The Constitution does not guarantee the unrestricted privilege to engage in a business or to conduct it as one pleases. Certain kinds of business may be prohibited; and the right to conduct a business, or to pursue a calling, may be conditioned. Regulation of a business to prevent waste of the State's resources may be justified. And statutes prescribing the terms upon which those conducting certain businesses may contract, or imposing terms if they do enter into agreements, are within the State's competency.

Legislation concerning sales of goods, and incidentally affecting prices, has repeatedly been held valid. In this class fall laws forbidding unfair competition by the charging of lower prices in one locality than those exacted in another, by giving trade inducements to purchasers, and by other forms of price discrimination. The public policy with respect to free competition has engendered State and Federal statutes prohibiting monopolies, which have been upheld. On the other hand, where the policy of the State dictated that a monopoly should be granted, statutes having that effect have been held inoffensive to the constitutional guarantees. Moreover, the State or a municipality may itself enter into business in competition with private proprietors, and thus effectively although indirectly control the prices charged by them.

Again, the Court says:

The due-process clause makes no mention of sales or of prices any more than it speaks of business or contracts or buildings or other incidents of property. The thought seems nevertheless to have persisted that there is something peculiarly sacrosanct about the price one may charge for what he makes or sells, and that, however able to regulate other elements of manufacture or trade, with incidental effect upon price, the State is incapable of directly controlling the price itself. This view was negatived many years ago.

I quote further:

If the law-making body within its sphere of government concludes that the conditions or practices in an industry make unrestricted competition an inadequate safeguard of the consumer's interests, produce waste harmful to the public, threaten ultimately to cut off the supply of a commodity needed by the public, or portend the destruction of the industry itself, appropriate statutes passed in an honest effort to correct the threatened consequences may not be set aside because the regulation adopted fixes prices reasonably deemed by the legislature to be fair to those engaged in the industry and to the consuming public. And this is especially so where, as here, the economic maladjustment is one of price, which threatens harm to the producer at one end of the series and the consumer at the other. The Constitution does not secure to anyone liberty to conduct his business in such fashion as to inflict injury upon the public at large, or upon any substantial group of the people. Price control, like any other form of regulation, is unconstitutional only if arbitrary, discriminatory, or demonstrably irrelevant to the policy the legislature is free to adopt, and hence an unnecessary and unwarranted interference with individual liberty.

I have quoted rather liberally from this opinion, because I believe the principles announced in the decision are controlling.

The decision of the Court sustains the price fixing on the part of the State of New York on the subject of milk. In the case of *Baldwin* v. *Seelig* (55 Sup. Ct. Rep. 497) the Supreme Court held that the State of New York could not constitutionally prohibit the sale within its borders of milk produced outside of the State and purchased from producers at less than the minimum prices fixed under the statute for the purchase of milk in New York. The Supreme Court held that this attempt by the State of New York to fix minimum producer prices for milk moving in interstate commerce was unconstitutional because it constituted an attempted regulation of interstate commerce.

In the case of *Lemke* v. *Farmers Grain Co.* (258 U. S. 50) it was held that a North Dakota statute which fixed the price to be paid for grain purchased from growers in that State was unconstitutional because the fixing of such producer prices was a regulation of interstate commerce and hence was subject to regulation only by Congress and not by the States.

The case of *Hammer* v. *Dagenhart* (247 U. S. 251)—the Child Labor case—for example, is not an authority against the constitutionality of the fixing of minimum producer prices for milk going into interstate commerce. In that case the Supreme Court held that the real purpose and effect of the child-labor law was to regulate the hours of labor of children in factories within States—a matter which has no relation whatever to interstate commerce.

The cases above discussed demonstrate that the purchase and sale of milk for shipment in interstate commerce is itself a part of interstate commerce. Congress is regulating a transaction which is a part of interstate commerce, not one unrelated to interstate commerce, as was the employment of child labor involved in the Dagenhart case. The only transaction regulated is the purchase of such milk by the distributor from the producer, and that purchase initiates the movement of milk in interstate commerce and is itself a part of interstate commerce.

In the proposed amendments we have painstakingly limited the application of orders that may be made by the Secretary to transactions in the current of interstate commerce which directly burden, obstruct, or affect interstate commerce. One phase of the definition used is approved by the Supreme Court in the case of the Chicago Board of Trade against Olson, and the other phase we believe to be authorized by the decision in the Schechter case.

Those are the principal things authorized by the proposed amendments, namely, allocation of the market and minimum price to the producer, and a fair division of that money to the producer without any discrimination as between different sections of the country.

Mr. ANDRESEN. Will the gentleman yield right there?

Mr. JONES. Yes; I yield.

Mr. ANDRESEN. Is there anything in the milk section of the bill which gives the Secretary authority to set up trade barriers and stop the free flow in commerce throughout the United States of dairy products?

Mr. JONES. No. There is nothing in the bill that would authorize that. The Secretary may require that in crossing from one region to another that they comply with the same conditions which the farmers and distributors comply with in that region.

Mr. ANDRESEN. That is, sanitary regulations?

Mr. JONES. Sanitary and other uniform regulations; but he cannot set up any trade barriers which would keep them out.

Mr. ANDRESEN. A great many Members have inquired about that feature, and I just wanted the gentleman to bring that out.

Mr. JONES. The amendments require a uniform price and uniform set of conditions and fair distribution. In the first place, I do not believe we could give authority to set up these barriers. In the second place, the bill does not do that. It simply enables them to have a program in one of these regions, and in developing these orders which the Secretary issues, he uses the word "region" wherever possible. Those on the outside must come into that.

Mr. CULKIN. Will the gentleman yield?

Mr. JONES. I yield briefly.

Mr. CULKIN. Under subdivision (b) on page 20, an exception is made of milk and its products. That is, the smallest regional production area shall be followed, except in the case of milk and its products.

Mr. JONES. But there is another place where it says that no order having a national application shall be issued where a regional order is practical. The reason we had to put this exception in this part as to milk was the fact that

in certain sections like the New York area there are two or three States that must be considered together in a regional application, and it may not be practicable to use the smallest region. It is subject to the requirement that if practical, the Secretary must use a regional rather than a national application.

I want to say that in reference to milk, we gave broad powers in handling the question of milk to the Secretary of Agriculture. The orders section takes the place of the old license provision, but with much more limited application.

I am very much interested to have something done for the milk producers of America. That is one of the most important groups engaged in the farming business. They have probably been about as helpless as any other group possibly could be, because they produce a perishable commodity. It is an essential food. They haul their milk to town and turn it over to somebody else, as a rule. I am going to show you some conditions that impelled the Committee on Agriculture to give full powers in the handling of milk and its products. If you will get the Federal Trade Commission's report which came out in the early part of April and see what an amazing combination has controlled the distribution of milk in the industrial centers of America, and how they have paid the farmer a mere pittance while sustaining their distribution price, you will realize that something must be done in regard to milk.

Mr. HAMLIN. Will the gentleman yield briefly?

Mr. JONES. I yield.

Mr. HAMLIN. I had before me in the office a week ago two men, both milk producers from Maine, one of them a big grange man, one of the leaders in Maine. He informed me that they were well suited with the way the milk business had been going in the State of Maine, and especially the way that it was pointing in the propositions which the Committee on Agriculture had before it. Was he justified in that?

Mr. JONES. I think we have gone as far as we can legally go in giving authority to handle this milk proposition.

Let me call attention to two things which were shown about these big milk companies. They averaged, during the depression years, 1929 to 1934, from 13- to 20-percent profit. One of the big companies, according to the report of the Federal Trade Commission, the National Dairy Products Corporation, received returns from two subsidiaries during the period 1929–34, which practically paid for the original purchase, when they were not paying the farmer enough to feed the old cow. I say that is not right. You cannot expect to have pure milk, you cannot expect to maintain sanitary conditions in the production areas if you allow those people, simply because they have the power, to charge the consumer prices that will bring about such profits as that, while they hold down what the producer is to receive.

The question of the powers conferred in connection with fruits and vegetables, and so forth, included in the terms of the proposed orders is not quite so clear. However, some of the elements involved in the milk decisions also apply to fruits and vegetables. The case is not as strong. The legality is not quite so certain. However, fruits and vegetables are of a perishable nature. The seasonal character of their production frequently causes gluts in the market which without some sort of orderly marketing arrangements produce chaos and tend to wreck the industry. There did not seem to be any other way of working out a practical program—at least no such program was presented. In order that an attempt might be made to work out a practical program for a vast and important industry, these items were included, with specific directions as to what the program might or might not include.

Mr. SAMUEL B. HILL. Will the gentleman yield?

Mr. JONES. I yield.

Mr. SAMUEL B. HILL. The committee's report, on page 1, in the second paragraph, reads:

The bill proposes to supplement the Agricultural Adjustment program by (1) providing for the so-called "ever normal granary plan"; (2) providing for payments in connection with the exportation of basic agricultural commodities and products and for removal of quantities thereof from the normal channels of trade and providing for payments on that part of the production thereof which is for domestic consumption.

Will the gentleman briefly tell us what that provision is in the bill and how that is to be brought about?

Mr. JONES. If the gentleman will turn to the back of the report, to the page dealing with rental or benefit payments, he will find the particular section that is inserted and just how it will operate. I think he can go through that more quickly than I can explain it. That is among the enumerated purposes for which the proceeds of the processing fees may be used. The gentleman will find the new part set out in brackets, together with all of the old part of every section.

[Here the gavel fell.]

Mr. JONES. Mr. Chairman, I yield myself 10 additional minutes, and I ask not to be interrupted during this period because there are two or three things I want to cover.

I believe this measure was originally drafted so that these processing fees would be sustained, but out of an abundance of caution, or precaution, we have stipulated in the bill that the Congress enacts the processing fees as they existed on June 1. Then we provide that they may be varied, may be decreased even to zero under certain circumstances by the Secretary of Agriculture, with a further stipulation that if that second provision for variation is held unconstitutional, the other taxes immediately become and remain effective.

It is also provided in certain sections of the bill that if any of the processing fees are held unconstitutional, a recovery cannot be had by the person who paid the tax. The reason for this is that in practically no instance has the processor actually paid the tax. He physically pays the tax, to be sure, but it is passed back either to the farmer or on to the consumer; so he has sold his commodity on the basis of the processing fee and the money could not be returned to the people who would be entitled to it. That phase of the matter, therefore, is foreclosed.

A SPECIAL FUND

The bill contains another provision to the effect that 30 percent of the annual customs receipts, or rather, a sum equivalent to that, may be used in the promotion of foreign trade and for other purposes designated in the act. About 30 percent of the American people are engaged in farming. It is thought that in many instances this provision will be helpful in restoring world trade, in which we are all interested. These premiums may be paid on the products of the commodity as well as on the commodity itself; and in most instances they probably will be paid on the products of the commodity. This will help restore American trade, and in addition it may soften some of the burdens of the other parts of the processing-fee program. In other words, it may in some instances reduce some of the burdens that are occasioned by the application of the various processing-fee provisions.

Among other things, a portion of this fund may be used for the paying of the premium for exporting farm commodities or the products thereof, or for indemnifying against losses in such exportation. The use of these premiums can in some cases and under some circumstances be made to serve the double purpose of removing surpluses and of increasing the price of that portion of the production which flows into the domestic market.

As shown by the experience in other countries, the domestic price immediately rises practically the amount of the premium. For example, let us assume that the world price of cotton is 11 cents per pound. A premium of 2 cents per pound is placed upon the exportation of raw cotton. Immediately the local price becomes something near 13 cents. Otherwise it will all be purchased by exporters and sent into foreign lands. If the exporters refuse to bid up the price, the cooperatives could make a good deal of money in doing so.

In Germany, where they have for years had what is called the "Einfuhrscheine" system—an export-import certificate—the domestic price of the entire commodity was im-

mediately lifted practically the amount of the export certificate, according to Dr. Grunzell, the German writer. It has exactly the same effect that the paying of premiums on a domestic percentage through the processing fee has. In both cases the domestic spinner is protected by virtue of the fact that he gets his premium in the one case and his refund in the other when he exports the products of cotton. As a matter of fact, I would expect it to be largely used in exporting the products of the various commodities, but the exporting of the raw commodity, in my judgment, would not have anything like the effect indicated by some. At least it has not proven so in other countries.

The following countries have export premiums in varying forms: Australia, Argentina, Chile, Estonia, Finland, France, Greece, Hungary, Irish Free State, Italy, Latvia, Lithuania, Netherlands, Poland, Union of South Africa, Uruguay, and Yugoslavia. Belgium used it for many years, as did England. In practically all these countries the raw commodity as well as the finished product was included within the terms of the bounty.

I wish I might take the time to go through the various provisions of the bill, but I will not in view of the limitations we have. There is one other provision to which I wish to refer.

Mr. MOTT. Mr. Chairman, will the gentleman yield before he leaves this particular phase of the bill?

Mr. JONES. I yield for a question only.

Mr. MOTT. I was very much interested in the gentleman's discussion of the way in which the control of milk was brought within the constitutional limitations. I think his argument is very good. I was wondering, though, whether he thinks the same argument would apply to other commodities, for example, walnuts.

Mr. JONES. I think certain phases of it would apply. The gentleman understands they are not required to use all of the powers that may be conferred. I freely admit that it is less certain about walnuts and commodities of that kind, but they have a marketing agreement under which they seem to be operating with satisfaction in certain areas; and it is thought they might be able to continue at least certain of those powers. It will vary with the locality. The program will be dependent upon subsequent decisions by the Supreme Court. They could use the marketing provisions and also orders that may seem to apply to those commodities. If we did not permit many of the commodities to be included in that way, we would have to have a different set of forms for every specified commodity.

Mr. MOTT. If the gentleman has time to discuss the constitutional aspects of the law as applied to some of these other commodities, I think it would be very enlightening to the House. I want to take this occasion to compliment the gentleman on his argument.

Mr. JONES. I thank the gentleman. The gentleman will find a brief discussion in the report, and I expect to touch on those particular commodities later. I will state that some of the provisions probably cannot be applied as to certain of these commodities. The only reason we give the full powers to milk and its products is because the situation was so desperate; and the operations of some of these concerns amounted almost to the acts of highwaymen. They have been so outrageous that it seems to me we ought to try to see if we cannot bring them to account. I believe we have brought them literally within the terms of the Schechter case, followed by some of the implications in the Minnesota case, the Lemke grain case, and also the Baldwin case.

I shall not have time to go into a discussion of all the phases of the bill because of the limitation of time, but there is one other matter which I regard as important, and that is in regard to the measure of feeling with which certain gentlemen have complained of this bill. I believe if they fully understood the terms of this measure they would vote for it, even those who criticize it here today.

IMPORTS

We have included a provision covering imports to the effect that if the levy of a processing fee is causing an increase in the importation of a competing commodity, that commodity may be quotaed so far as its importation is concerned, just as sugar has been quotaed. In other words, if some competing commodity is brought in in increasing quantities, authority is given to freeze the importation on the basis of previous importations and thus prevent a further destruction of the domestic market. This has proved successful in the handling of sugar. This is much more effective than the gentleman's tariff that he talks so much about because that may be nullified through a variation in the exchange value of money. I believe the situation can be controlled by a quota. If it is logical and natural to say to a farmer what he may sell, the foreign producer who exports to this country should also be put on a like quota.

Mr. SCHNEIDER. Will the gentleman yield?

Mr. JONES. I yield to the gentleman from Wisconsin.

Mr. SCHNEIDER. With reference to the proposed tariff on imports, there is a feature a good deal like that appearing in the National Industrial Recovery Act.

Mr. JONES. I am sorry. I do not have time to discuss that act. The provision is somewhat similar, though I think this one is infinitely better.

Mr. SCHNEIDER. It is very important to the consideration of this bill.

Mr. JONES. This is greatly improved over the National Recovery Act.

Mr. SCHNEIDER. Under the National Industrial Recovery Act, industry has not been——

Mr. JONES. I am sorry. I cannot yield to the gentleman further. I apologize to all the Members for not being able to yield further, because I have used 7 minutes more time than I had allowed myself.

This will give the authority to take certain action. It is mandatory only under certain circumstances. I am not going into a full discussion of the other matter, because there would be no end.

A SOUND PROGRAM

Mr. Chairman, I believe in the agricultural program. I believe in its purposes. I believe that it is in the interest of the future of America. I do not take any stock in what certain people say who are afraid our Government is going to fall or something is going wrong. I believe in the United States Government, her history, her institutions, and her purposes. Knowing the glory of her past, I believe in her future. There is too much stamina, too much character, too much industry in the background of the American people to have our country destroyed in a few years. The point is that we must keep our heads above water and keep right on working. It does not do any good to stand on the side lines and howl. We must get together, consult with one another, and work toward a program that will be fair to every citizen in this land.

Mr. Chairman, I believe the measure which we have presented here today in the form of amendments to the A. A. A. Act will go a long way toward perfecting a farm program. It will go a long way toward making it more workable and allowing for a generous supply of all commodities of the farm to be available at all times. It will contribute materially to the welfare of our country. [Applause.]

[Here the gavel fell.]

Mr. HOPE. Mr. Chairman, I yield the gentleman 1 additional minute to answer a question.

Mr. LORD. Will the gentleman yield?

Mr. JONES. I yield to the gentleman from New York.

Mr. LORD. I should like to ask the gentleman how this bill will affect the milkshed of the city of New York. For instance, in New York there is what is called a "milkshed" set up by the board of health around New York. Beyond that territory they cannot ship into the city. What effect would this have upon that situation?

Mr. JONES. This will not have any effect on that matter, because we do not forbid the milk being shipped in. We cannot control intrastate operations. If it is wholly within the State we have nothing to do with it. The courts have held that a State cannot keep it from being shipped in from without the State. We undertake to control only the latter.

Local people will largely control the program. Within the State, of course, such laws may be enacted as the State deems proper. We do not undertake to keep them from shipping in, and we do not authorize them to ship in. We say when they ship from some other State they must ship in subject to the same regulatory measures that exist in the particular area. In many instances the States may wish to enact supplementary legislation, if they wish to make the program fully effective.

[Here the gavel fell.]

Mr. HOPE. Mr. Chairman, I yield such time as he may desire to the gentleman from Ohio [Mr. MARSHALL].

Mr. MARSHALL. Mr. Chairman, I wish there was time available to discuss the terms and conditions of this bill. As stated by the distinguished gentleman who just finished speaking, the Committee on Agriculture has spent several weeks in an earnest effort in regard to this measure. There has been much propaganda put out about this bill. I do not believe there has ever been a measure that has been less understood than has this bill; at least in its original form. There was propaganda put out that every merchant and storekeeper would be licensed under this act. Of course, there was some justification for that in its original form, but this bill has been rewritten time and time again in committee. There was propaganda, which was equally false, that the Agricultural Adjustment Act itself was under attack and that if these amendments were not passed it meant the downfall of the Agricultural Adjustment Act. Neither of those contentions was correct.

Mr. Chairman, I have stood in opposition in the past, and I still stand in opposition, to delegation of any further authority of a compulsory nature to the Secretary of Agriculture. That has been one of the things that I have been fighting against in the consideration of this bill in the Committee on Agriculture. May I say particularly to the Members on the minority side that the only particular in which I am able to determine that there is any additional authority conferred upon the Secretary is found on page 10. On that page there are named the commodities concerning which it may be truthfully said that some additional authority has been conferred.

Mr. CRAWFORD. Will the gentleman yield?

Mr. MARSHALL. I yield to the gentleman from Michigan.

Mr. CRAWFORD. Is not the Secretary's power to issue orders on those particular commodities limited to a marketing agreement first?

Mr. MARSHALL. Yes.

Mr. CRAWFORD. Which marketing agreement has to be approved by the producers of those commodities?

Mr. MARSHALL. Yes; by at least 50 percent of them. If 50 percent of the processors, regarding milk and tobacco, will not accept the marketing agreement as submitted to them, then an order may be issued by the Secretary if 75 percent of the producers ask for it. That is the extent of the additional authority that is conferred under this bill upon the Secretary of Agriculture.

When you take the bill as a whole I am willing to say there has been no further delegation of authority to the Secretary of Agriculture, because this bill sets out the terms and conditions of these marketing agreements, whereas the original act left that almost as a roving commission in the Secretary. He could put almost anything he pleased in these marketing agreements. These marketing agreements are now limited and the measure now under consideration specifies one or the other of two things that must go into these marketing agreements and none other.

So I have come to the conclusion that it cannot justly be said with respect to this measure that as a whole any further authority is conferred upon the Secretary of Agriculture.

There is also in this bill a provision that further curtails the authority of the Secretary, a provision in regard to the processing taxes. In the original act there was not much said about that, except it gave the Secretary authority to levy the processing tax; but in this measure there has been an attempt made in the rewriting of it, particularly since the decision of the Supreme Court in the N. R. A. case, to restrict and define as nearly as possible in advance, what these processing taxes are to be. So, again, I say that in some particulars the powers conferred upon the Secretary have been restricted rather than enlarged.

In the brief time I have I want to call your attention to the part of this bill, beginning on page 49, which is about the last of the bill, section 22, dealing with imports. This is something, of course, that is not in the original A. A. A. act. There is given to the President of the United States authority to make an investigation and refer the matter to the Tariff Commission, and without reading the language of the bill I may say that it places in the President and the Secretary of Agriculture the power to stop the importation into this country of farm commodities.

Now, I hope that the President of the United States will use this part of the bill. To my mind it is the best part of the bill. The President has had authority to act along this line under existing law, but he has not yet done so; but the provisions of this bill, in my opinion, become almost mandatory upon the President of the United States when this investigation is made if he finds that the imports are doing harm to this country.

Mr. SCHNEIDER. Mr. Chairman, will the gentleman yield there?

Mr. MARSHALL. Just briefly.

Mr. SCHNEIDER. The provision in the National Industrial Recovery Act is a good deal the same as this provision and many of the industries affected, because of the increase in the cost of production, asked for the application of that tariff restriction and the imposition of a quota under that act and the request was not granted by the President. What reason has the gentleman to believe now that the President is going to accede to the request in this instance and apply the tariff to this proposition?

Mr. MARSHALL. I cannot speak for the President and I do not know whether he is going to do so or not, but I just got through expressing the hope he would use what I consider the best feature of the bill.

Mr. SCHNEIDER. I am wondering if anyone on the committee has any such assurance.

Mr. MARSHALL. Of course, the gentleman knows that I would not know about that.

Mr. SCHNEIDER. May I also call attention to the fact that the tariff on butter now is 14 cents——

Mr. MARSHALL. I only yielded for a question, and I hope the gentleman will ask his question.

Mr. SCHNEIDER. The parity price of butter now is 39 cents, and the world price, plus the processing tariff, is 28 cents, or a differential of 11 cents, and applications have been made to the President for an increase in this tariff to protect the dairy industry, and yet it has been impossible to get an increase in this tariff, and with this situation in mind, how can we expect the enforcement of this provision if the President is opposed to an increase in the tariff?

Mr. MARSHALL. I cannot give the gentleman any assurance. The gentleman knows I could not give him any assurance about what the President is going to do.

Mr. SCHNEIDER. I think the House ought to have that information if anybody here has it.

Mr. MARSHALL. The gentleman will have to ask somebody on the other side. The gentleman cannot burden me with a question of that kind. I wish I could assure the gentleman that he would use this provision of the bill.

Mr. MOTT. Mr. Chairman, will the gentleman yield for a question on that point?

Mr. MARSHALL. I would rather finish my statement first, but I yield to the gentleman from Oregon.

Mr. MOTT. Since the gentleman has expressed the hope that the President might put this provision into effect, and since we know from past experience that he will not do it, is not the gentleman of the opinion that an amendment ought to be offered making the imposition of a quota or an embargo mandatory, and write it into the bill itself?

Mr. MARSHALL. I am not going to advise the gentleman as to what kind of amendments he may offer. The gentle-

man has that privilege under the rule, and I personally would not object to it, I may assure him.

Mr. MOTT. I thank the gentleman.

Mr. MARSHALL. Now, in regard to these imports, I want to submit the following data showing the vast increase of farm-commodity imports.

CORN

In January and February of this year our corn imports were at the yearly rate of 22,000,000 bushels, as compared with 160,000 bushels in 1933.

CATTLE

In January and February of 1935 cattle imports into the United States amounted to 729,500, as compared with only 591,000 for all 12 months of the previous year. Cattle are coming into the United States at a time when up to April 18 we have spent $111,000,000 at home to destroy cattle and to take care of the destruction of cattle. The imports were nearly 30 percent greater in 2 months than they were in all of last year.

CANNED MEATS

In January and February of this year we imported 8,390,000 pounds. If continued this would amount to 50,000,000 pounds a year of canned meats.

BUTTER

In January and February of this year we imported butter at the rate of $4,000,000 a year, compared with $160,000 in all of 1933 and $183,000 in all of 1934.

OATS

We imported 3,762,000 bushels in 2 months as compared with 132,000 bushels in all of 1933.

BARLEY

We imported 1,500,000 bushels in 2 months, as compared with 24,000 bushels in all of 1933.

COTTONSEED-OIL CAKE

We imported in the first 2 months of this year at the rate of 312,000,000 pounds a year, compared with only 7,000,000 pounds in all of 1933.

It is contended that the volume of the imports that are coming in is so small when compared with the total production, that it does not mean anything, but I may say to you that the tendency is so strong and that the rate of increase of these imports is so great that you will be fooling yourselves if you do not wake up to the fact that the farmers of the United States realize the vast rapidity with which these imports are increasing into this country. I am not going to take the time to read the figures, because they have been given you.

I may say, further, in regard to the original Adjustment Act, that I think it is a little early for anyone to point to the success or failure of the act under which we have been living for a couple of years, and the reason I say this is because, as you all know, it is hard to legislate in regard to agriculture, because you have the element of nature with which to contend, and I do not believe there is anyone who can point out just how much of the increased price of farm commodities to the farmer is due to the curtailment program, under the A. A. A., and how much of it is due to the drought.

I am fearful that if we have good weather, favorable weather, for a couple of years we may again have a surplus which always breaks the price. I feel that we must look to the future, and in some way put ourselves in the position of taking care of the surplus in a manner that will not break the price, and we must curtail production to that end, until we do solve the surplus problem.

Here is another thing to which I want to call your attention. It looks to me that it would be an act of insanity to levy a process tax, which we will have to admit increases the cost of that article to the consumers of America, and at the same time permit the farmers of Europe to send their products into this country in competition with the products raised by our farmers. Under this bill the Secretary can use the fund derived from the processing tax to pay a benefit to the exporter in financing exports and 30 percent of the customs receipts can be used for that purpose also.

Mr. GILLETTE. Will the gentleman yield?

Mr. MARSHALL. I yield.

Mr. GILLETTE. Speaking of the increased power given the Secretary of Agriculture, does not the gentleman think that under the change to the word "adjustment" it is possible for the Secretary to pay for an increase in crops as well as reducing crops?

Mr. MARSHALL. Yes; he can.

Now, as to whether or not the Agricultural Adjustment Act and the levying of the processing tax is a sound proposition, I want to say that if it is not a sound proposition it will not continue to survive.

I have tried to justify the processing tax on the same line of reasoning that I always justified a protective tariff. I am one of those who used to believe and still believe in the good American principle of protection. I am trying to justify the processing tax along the same line. What is the parallel? When you levy a tariff you not only increase the price of that commodity but you increase wages for the benefit of the American workman, and he spends the money which is for the benefit of the country at large.

The processing tax is in the same situation. It increases the price to the consumer but it also increases the purchasing power of the farmer, and to that extent it is for the welfare and benefit of the country at large. I like to justify the processing tax on that theory. If you cannot do it on that I do not know on what theory it can be justified.

Mr. FULMER. Will the gentleman yield?

Mr. MARSHALL. I yield.

Mr. FULMER. In the line of what the gentleman has just said, I cannot see any difference between a processing tax and my paying 20 percent tariff tax on the shoes I have on my feet, which tax is to protect the shoe manufacturer of New England.

Mr. MARSHALL. I have said that I am trying to justify it in my mind on that same ground. So far as the constitutional question is concerned, I am not going to discuss, particularly because, after all, it will be the Supreme Court that will have to determine that question, but I do believe that the bill will come more nearly standing up under the scrutiny of the Supreme Court with the adoption of these amendments than it would have before they were adopted. I believe the bill has been rewritten in the committee with that in mind and without expressing my own opinion as to what I think the Supreme Court decision will be when the measure reaches the Supreme Court, I believe the bill's position has been strengthened along that line.

Mr. ENGEL. Mr. Chairman, will the gentleman yield?

Mr. MARSHALL. Yes.

Mr. ENGEL. One question in my mind, and perhaps in the mind of many, is this: If I understand this bill correctly, 75 percent of the farmers can ratify or sign the agreement, or two-thirds.

Mr. MARSHALL. Yes; I do not know just exactly to what part of the bill you refer. Of course, marketing agreements must be entered into purely as a voluntary proposition with 50 percent of the processors. That is the only kind of a marketing agreement possible under this law, except as to milk and its products, and tobacco. Turn to page 10; you will find the commodities to which applicable. In other words, the most controversial feature of the bill before it was rewritten was what was called the imposed license.

This bill has no imposed license feature, but it does grant authority for the Secretary to issue orders, and page 10 tells what commodities these orders apply to, except in the case of milk and its products, fruits, but not for canning, vegetables, but not for canning, and tobacco. Those are the only commodities in regard to which orders can be issued. As to other commodities, for instance, fruit except for canning, there can be marketing agreements entered into, but they must be purely voluntary. There is no provision for marketing agreements to be forced on people at all. In other words, the only place wherein this bill confers any additional authority on the Secretary is to issue orders in regard to milk and its products, and tobacco, and fruits and vegetables, except for canning. Outside of that there is no compulsion.

Mr. EKWALL. Mr. Chairman, will the gentleman yield?

Mr. MARSHALL. Yes.

Mr. EKWALL. I have had a lot of protests from my district over what the gentleman has mentioned in the old bill. What is the difference between the old bill and the new bill? How much more far-reaching was the old bill as to commodities and the number of commodities to be licensed?

Mr. MARSHALL. Until last week when the bill was rewritten there were several more commodities that came in under the compulsory license or what was then called an "imposed license." Several more articles came in, but it is limited to the things I mentioned—milk and its products, tobacco, and fruits and vegetables, except for canning.

Mr. DITTER. Mr. Chairman, will the gentleman yield?

Mr. MARSHALL. Yes.

Mr. DITTER. Page 25, section 8 (d), is an entirely new delegation of power to the Secretary, is it not?

Mr. MARSHALL. Yes.

Mr. DITTER. In other words, the Secretary is clothed under this section with very extensive powers to inquire into, determine, and procure records of not only producers themselves, that entered into the agreements, but even those that are subsidiaries or indirectly connected with it. Will the gentleman give us his opinion with respect to that delegation?

Mr. MARSHALL. That authority is much more limited than it was when the bill was first considered in our committee, because it is confined here, if the gentleman will notice, to the commodities concerning which orders have been issued, which is milk and its products, tobacco, fruits and vegetables except for canning, and also where there is a voluntary marketing agreement. In other words, if the processors of some commodity, over 50 percent of them, agreed on a voluntary marketing agreement and adopted it, then they come under this provision and their books would be subject to investigation.

Mr. DITTER. And anybody directly or indirectly identified with them.

Mr. MARSHALL. I question just how far that will be extended.

Mr. WOODRUFF. Mr. Chairman, reverting again to the marketing agreements, if this bill is enacted can the processors of basic commodities engage in marketing agreements provided 51 percent of those enter into it?

Mr. MARSHALL. The marketing agreements never applied to any commodity that had been made a basic commodity.

Mr. WOODRUFF. And cannot under this bill?

Mr. MARSHALL. No.

Mr. DONDERO. And what becomes of the other 49 percent? Suppose 51 percent agree to a marketing agreement voluntarily, what effect does that have on the other 49 percent?

Mr. MARSHALL. They must comply.

Mr. DONDERO. What will happen if they do not?

Mr. MARSHALL. I do not know.

Mr. CHURCH. Does the gentleman consider that feature constitutional in his own mind?

Mr. MARSHALL. I seriously questioned the constitutionality of the original A. A. A. Act. I think it has been safeguarded somewhat by these amendments. I believe it will more nearly comply with the Constitution.

Mr. CHURCH. Then I have to assume that from the gentleman's answer that it is unconstitutional in his opinion?

Mr. MARSHALL. I am not asking the gentleman to assume that.

Mr. CHURCH. The gentleman does not deny it.

Mr. MARSHALL. I am not denying it. Why should I when we have a Supreme Court?

Mr. DONDERO. The gentleman has made a fine statement on this bill. I want to know what the gentleman's personal opinion is as to whether or not the 49 percent would be bound by the provisions of this act if they did not sign the marketing agreement?

Mr. MARSHALL. The law says they are. Whether they will be or not, I am not going to attempt to answer. [Applause.]

Mr. Chairman, I yield back the balance of my time.

Mr. HOPE. Mr. Chairman, I yield 15 minutes to the gentleman from Wisconsin [Mr. BOILEAU].

Mr. BOILEAU. Mr. Chairman, I want to direct my remarks to the section of the bill that relates to imports. This section has been referred to by both the Chairman of the Committee on Agriculture and the gentleman from Ohio [Mr. MARSHALL], but this section is of such great importance that I want to consume most of my time in trying to explain, if I can, some of the important features of that provision of the bill.

Let me say at the outset that this provision was written into the bill at the suggestion of a committee of midwestern farmers known as the "Northwest Farmers' Union Legislative Committee", representing the States of Montana, North Dakota, Minnesota, and Wisconsin. The farmers' union organizations of those various States, during the past winter, supported this group of 10 farm leaders of those States who were in the city of Washington in the interest of the farmers of the Nation. They spent a great deal of the winter here, and this provision relating to imports is, in their mind, of extreme importance and represents their principal recommendation to the committee. I had the honor of having been asked by that committee to submit the amendment to your Committee on Agriculture. I wish to say that the distinguished Chairman of our Committee on Agriculture and the distinguished ranking minority member of that committee and other members of the committee cooperated in every respect to write this provision so that it now has teeth and will be of immeasurable benefit to those States that produce agricultural commodities that have, during the past few years, been suffering as the result of increased importations of those commodities from foreign lands.

The bill provides that whenever the President has reason to believe that any one or more articles are being imported, or are likely to be imported, into the United States under such conditions and in sufficient quantities to render ineffective or materially interfere with any program or operation undertaken under this title, he, the President, shall cause an immediate investigation to be made by the Tariff Commission; and then it sets up certain regulations to be followed which will result in the fixing of a quota or the imposition of a tax upon the imports of those commodities, if the Tariff Commission finds that those imports or threatened imports actually are depressing the price of our domestically produced commodities.

Now, this is not anything new in the form of legislation, but it is new so far as the Agricultural Adjustment Act is concerned. In the National Industrial Recovery Act there is a provision similar to the provision that has been written into this bill. I refer to subsection (e) of section 3 of the National Industrial Recovery Act. It has been said by some that that provision has not been of real benefit in the protection of industries from foreign importations. I agree that it has not been; but the reason it has not been is because of the fact that the direction was not specific enough to the Administrator to put this provision of the law into effect. In that similar provision in the National Industrial Recovery Act it states that the President may cause an investigation to be made under certain circumstances. So far the President has not seen fit—at least I assume he has not seen fit—to use this power very generally, and for that reason very few of these investigations have been initiated; but in this bill the word "may" is not there, but the word "shall" is written into the bill; and whenever the President has reason to believe that the importation or threatened importation of agricultural commodities has caused the depression of prices for domestically produced farm commodities, he shall cause an investigation to be made and he shall cause this machinery to be set into operation.

I am satisfied that this provision of the bill will be of immeasurable benefit to many of the farmers in this coun-

try, particularly the dairy farmers, who have, during the past few months, suffered as a result of the importation of butter, which has depressed our price level and kept it below a fair exchange value. I maintain that that change in the language from "may" to "shall" will insure the effective operation of this provision of the bill.

Mr. FERGUSON. Will the gentleman yield?

Mr. BOILEAU. I yield.

Mr. FERGUSON. In the gentleman's opinion, does this affect all farm products, or only those on which a processing tax is levied?

Mr. BOILEAU. It provides for all commodities upon which there is a program in operation. It does not necessarily mean a processing-tax program. Any kind of a program carried out under the A. A. A. would be sufficient. For instance, in the case of butter, which is a basic commodity, there is no processing tax, but if the Agricultural Department should enter into a program of buying butter for the purpose of relieving bad conditions in the market, that would be a program put into effect under the provisions of this title, and in that case the President would be compelled, if he found that the importations of butter were affecting the price, to either put on a tax or impose a quota, or in some other way restrict the importation of that commodity. What I said refers to butter. That is a basic commodity. I want to answer the gentleman's question more completely. It applies to any commodity for which there is a program, whether it be a processing-tax program of a marketing agreement or any other type of program, and is not confined to basic commodities.

Mr. FERGUSON. I had in mind broomcorn, which is suffering now on account of importations.

Mr. BOILEAU. It would not help broomcorn unless there was some kind of a program in effect relating to that particular commodity.

Mr. CHRISTIANSON. Will the gentleman yield?

Mr. BOILEAU. I yield.

Mr. CHRISTIANSON. I wonder if the gentleman is not attaching too much importance to the substitution of the word "shall" for the word "may"?

Mr. BOILEAU. I do not believe so.

Mr. CHRISTIANSON. The gentleman realizes, does he not, that there is no way in which the President of the United States can be required to do it unless he wants to, because if he showed an indisposition to make an investigation of the effect of low tariff upon importation of agricultural commodities he could not be compelled to make it.

Mr. BOILEAU. Answering the gentleman from Minnesota, I should like to say that this bill provides that whenever the President of the United States has reason to believe that any one or more articles are being imported or are likely to be imported into the United States under such conditions and in sufficient quantities to render ineffective or materially ineffective a given program or operation undertaken under this title, he shall cause an investigation to be made. I maintain that if butter, for instance, is selling at 10 cents below parity, and we can prove that there have been millions of pounds of butter imported into this country since the first of the year, and if we can show that this importation of butter has caused the price of butter to be below parity, as I believe we can, then there is no discretion left in the President, because under those circumstances he shall cause this investigation to be made.

I grant you that if we were to assume that there is to be bad faith on the part of the President, if we were to assume that his advisers were going to urge him to betray the farmers, if we were to assume that the President would close his eyes to the mandate of Congress outlined in a bill signed by him, then, I say, there would be danger. I have no fear, however, because we say to him that he shall cause the investigation to be made. In the other act to which I referred, the N. I. R. A., the language used was "may" and there was no compulsion upon him whatsoever to put the machinery of the act into operation.

Mr. CHRISTIANSON. I sympathize very much with the gentleman's proposition, but I do not share his optimism because I called to the President's attention several times the importation of rye into the United States from Poland. The President has the power to help us out but he has neglected, failed, and refused to do so.

Mr. BOILEAU. That is because under the provisions of the present law he has the right to use the flexible tariff, but there is no definite formula fixed for him, there is no compulsion on him to put that machinery into motion. Here we use the strongest language possible to devise for the purpose of compelling the President to put the machinery into motion; and I, for one, cannot believe that the President will disregard the clear mandate of the law.

Mr. CHRISTIANSON. There is no language this Congress can use to compel the President of the United States to do anything he does not want to do.

Mr. BOILEAU. I do not believe that. I believe there are many things that Congress could compel him to do. I do not believe we could go into court and sue the President to make him do certain things; but I do not believe that President Roosevelt or any man who assumes the office of President of the United States will disregard his duty. This provision, in my mind, would make it so clear that no person need fear that the President will ignore it.

Mr. CHRISTIANSON. I had that experience in the case of rye, he neglected it.

Mr. BOILEAU. I am not familiar with the case to which the gentleman refers, but I do not think there is any compulsion in the flexible tariff law at the present time. But if we incorporate this provision in the pending bill there will be a clear mandate to the President and he will protect the farmers against commodities imported from foreign countries.

Mr. STEFAN. Mr. Chairman, will the gentleman yield for a question?

Mr. BOILEAU. I yield.

Mr. STEFAN. Would this provision protect the producers of pork, beef, and corn against importations?

Mr. BOILEAU. It absolutely will; it protects all of our farm commodities provided there are imports and provided the President has the right to believe that the importation of these commodities does depress our domestic price, in which case he puts this machinery into operation; and once he puts this machinery into operation then it is compulsory to levy this tax or to put into operation these various quotas to protect American farmers.

Mr. FERGUSON. Mr. Chairman, if the gentleman will permit, the gentleman from Nebraska said beef. Beef has no program at the present time. It would not be protected by this provision, I take it.

Mr. BOILEAU. Not unless there is a program for beef. I did not understand the gentleman to say beef.

Mr. STEFAN. I asked about beef.

Mr. BOILEAU. I will say that if in future there is a program for beef, then this provision will be applicable. It does not mean there must be a processing tax, but a marketing agreement would be such a program as to make this provision operative. If there is no program, of course, this provision would not be applicable to beef.

Mr. CRAWFORD. Mr. Chairman, will the gentleman yield?

Mr. BOILEAU. I yield.

Mr. CRAWFORD. With reference to the Jones-McNary Act, which was an amendment to the A. A. A., would that in any way bring beef within the scope of this provision against importations?

Mr. BOILEAU. No; because there is no program for beef. Beef is a basic agricultural commodity, and cattle raisers could easily have a program if they wanted it. If the farmers are sufficiently interested to have a program on beef, they can have it; if they do not want it, they do not have to have it; but at the present time there is no program on beef, and this provision would not be applicable.

Mr. COFFEE. Mr. Chairman, will the gentleman yield?

Mr. BOILEAU. I yield.

Mr. COFFEE. I am very much interested in this import section. The provision states that whenever it interferes

with any program. In case beef importation should interfere with the program of pork, could not the provisions of this section be invoked to restrict importations of beef, so as not to interfere with the pork program?

Mr. BOILEAU. If it could be proved that the importation of beef interfered with the pork program, then they could put this provision of the act into operation as regards beef.

Mr. ANDRESEN. Will the gentleman yield?

Mr. BOILEAU. I yield to the gentleman from Minnesota.

Mr. ANDRESEN. The gentleman comes from a great dairy State. What is the gentleman's understanding as to the dairy provisions of this bill?

Mr. BOILEAU. I want to conclude speaking on other provisions of this same subject matter which I am now discussing; then I shall use a few minutes to discuss that matter.

Mr. RYAN. Will the gentleman yield?

Mr. BOILEAU. I yield to the gentleman from Minnesota.

Mr. RYAN. In connection with this import question, does the gentleman believe that so long as our domestic prices continue to rise, as they have during the past 2 years, we need be concerned about imports of agricultural products?

Mr. BOILEAU. Yes. During the past winter, just as soon as butter got near the parity price, they started shipping in boatloads of butter from foreign countries, which depreciated the price of our butter. It is impossible under the present circumstances to get prices above the world level and our 14-cent tariff. Just as soon as it gets above that price they start importing butter from foreign countries and it puts the price of our butter down. A small amount of butter coming in from New Zealand, Australia, and other countries will absolutely depress our price to ruinous levels.

[Here the gavel fell.]

Mr. HOPE. Mr. Chairman, I yield the gentleman 5 additional minutes.

Mr. WITHROW. Will the gentleman yield?

Mr. BOILEAU. I yield to my friend and colleague.

Mr. WITHROW. During the past few years how many times have the farmers received the parity price for butter fat?

Mr. BOILEAU. Back in March it came up close to parity, but never right up to parity. Just as soon as the price got up that high, in came importations of butter from foreign countries and ruined our price.

Mr. Chairman, I want to refer now to the reciprocal-tariff provisions, and I think this may be of some interest to our Republican colleagues who are taking a very decided position against reciprocal-tariff agreements. In the event that we should enter into a reciprocal-tariff agreement with any foreign country which permitted them to send into this country certain agricultural commodities and as a result of those importations the price of our domestic commodity goes below the fair exchange value, then under the provisions of this bill the President of the United States could restrict the importation of those commodities, even in the face of a reciprocal-trade agreement. I think that is of vital importance.

Mr. DITTER. Will the gentleman yield?

Mr. BOILEAU. I yield to the gentleman from Pennsylvania.

Mr. DITTER. Do I understand the gentleman to feel that this particular provision of the act would enable the President to supersede any agreement entered into by the Secretary of State with a foreign country?

Mr. BOILEAU. Yes; the gentleman states my position perfectly, and, if he will permit, I will try to explain.

Mr. Chairman, I am advised that each and every one of the treaties that have thus far been negotiated contains a provision to the effect that the quotas may be changed if such change is made to effectuate any adjustment program. I call the gentleman's attention to the treaty with Sweden, one of the recent treaties entered into, and refer particularly to article VII. That article starts out with this language:

> No prohibitions, import quotas, imports licenses, or any other form of quantitative regulation, whether or not operated in connection with any agency of centralized control, shall be imposed by Sweden or by the United States.

In other words, it starts out by saying that these quotas cannot be changed; then it goes on to say:

> The foregoing provision shall not apply to quantitative restrictions in whatever form imposed by either country on the importation or sale of any article the growth, produce, or manufacture of the other country in conjunction with governmental measures operating to regulate or control the production, market, supply, or prices of like domestic articles.

In the press release of May 25 there is a more thorough explanation, and I commend that to the gentleman's consideration. I am informed by a representative of the State Department that each and every one of these treaties has carried such a provision.

Of course, it would require delay; it would require notice to be given to the other country and opportunity for hearing within 30 days. The other country, then, would have the right to disregard the treaty, or our country would have the right to provide quotas on the importation of these commodities. I believe that the provision in and of itself is of vital importance, and it should be of vital importance to the textile interests of this country. It should be of vital importance to all the producers of agricultural commodities, and the processors of agricultural commodities in this country. I believe this section is deserving of the support of all of the Membership of the House. I believe the provision will be of material help.

Mr. Chairman, in the 1 or 2 minutes I have remaining I want to refer briefly to the milk provisions. They have been discussed at some length by the chairman of the committee. I regret I have not more time, because I would like to discuss them in greater detail. I confess to the Membership of the House that this milk program is not all I should like it to be. However, I do not believe there is one thing in this bill, and I say "this bill" advisedly, that the dairy sections of the country should be the least bit worried about. My State is a large dairy State that is primarily interested in the production of cheese, and it also produces a good deal of butter and other milk products. I do not believe there is anything in this bill that is inimical to their best interests, but I believe the bill will materially assist them.

[Here the gavel fell.]

Mr. FULMER. Mr. Chairman, I yield 5 minutes to the gentleman from Mississippi [Mr. DOXEY].

Mr. DOXEY. Mr. Chairman, I want to say at the outset that I do not think there ever was a committee chairman who worked harder or more earnestly than the Chairman of our Agriculture Committee, MARVIN JONES, of Texas, with reference to this particular legislation. I am not ordinarily given to flattery, but I want to say for the entire membership of the Committee on Agriculture, both the majority and the minority, that our distinguished chairman had cooperation and that we have all endeavored to uphold his hands and work together.

The authorities of the Department of Agriculture charged with the administration of this act, have in every way cooperated and rendered most valuable assistance to our committee in shaping this particular legislation.

I think the results speak for themselves.

I also want to say that the ranking minority member of our committee, the gentleman from Kansas, my good friend CLIFFORD HOPE—and I do not mean to pick him out any more than anyone else—has at all times shown a wonderful spirit of cooperation with regard to the fundamentals of this bill. As members of the committee, we had different views about a question as broad as this, but we were willing to surrender here, accept over there, and by means of compromise this committee has brought to you this legislation, which, we feel, is the best piece of legislation that we could bring under the circumstances.

The Committee on Agriculture had done a great deal of work in fashioning, shaping, and reporting to the House the Agricultural Adjustment Act amendments known as "H. R. 8052." The program of the House was to consider this bill some time ago. However, in the meantime the Supreme Court of the United States handed down its famous decision in the Schechter case, declaring the present

N. R. A. unconstitutional, which necessarily changed the legislative program of the House of Representatives.

Thereupon agricultural leaders of both the Senate and the House conferred as to what would be the future program regarding this A. A. A. legislation. The entire agricultural program was generally discussed with the President, and immediately a select group of the House Committee on Agriculture, together with authorities of the Agriculture Department, having charge of the administration of the present agricultural program, began work on fashioning legislation to strengthen the present Agricultural Adjustment Act and to revamp the provisions of H. R. 8052 and the original act which might be affected by an adverse decision of the Supreme Court as was the N. R. A.

I attended those conferences and was one among those who helped draft the amendments that were later submitted to the entire membership of the Committee on Agriculture. The full committee, then in executive session, considered them in detail and spent much time and effort in bringing to the full Membership of this House this legislation that we are considering here today—H. R. 8492.

Time will not permit me to tell you the purposes of the legislation, and this is not necessary, but I do want to give you a brief outline and try to explain, if I can, just what this bill contains and also mention its salient points.

Of course, the first part of it deals with the declared policy. The second part defines and specifically sets out the powers of the Secretary of Agriculture. The third subdivision is the order feature where he exercises his powers over what? Over not the basic agricultural crops but the specialty crops therein named which are milk and its products, fruits including walnuts and pecans, vegetables including soybeans, but not vegetables or fruits for canning purposes; tobacco, and naval stores, but not the products of naval stores, as defined by the Naval Stores Act.

Then there is the levying of the processing tax. The bill strengthens that feature of the present Agricultural Adjustment Act and provides that none of the processing taxes that have been paid, which up to now amount to something over $800,000,000, that has gone into direct benefits paid to the farmer, can be recovered in a court of law by suits should this bill be declared unconstitutional. It freezes the processing taxes that we are now levying and it provides for the use of the processing taxes continuously for the payment of the benefits directly to the producer, and also not only sets up a program of domestic market expansion but provides for foreign-market expansion and it provides for better cooperation and for a more uniform and unified cooperation between the State and Federal authorities.

Now, in regard to the declared policy, this only means, briefly, that the purpose of this bill is to get for the producer the price that we call the parity price which means this: You have a current average farm price, and if the basis is from August 1909 to July 1914, with some exceptions, the purpose is to increase that price up to what is called the "fair-exchange value."

Now, the Secretary of Agriculture in using this yardstick, as is set out in the declared policy, in dealing with the basic agricultural commodities, which are wheat, cotton, tobacco, milk and its products, rice, corn, and hogs—and corn and hogs are considered as one product—deals with the producer. He uses for the benefit of the producers the reduction plan which in this legislation is called the "adjustment plan" and the benefits are paid as rental benefits and others, and in addition to this program there is what we have seen and heard a lot about, the "ever-normal granary plan", which is simply giving the Secretary of Agriculture the authority and the power in the fat years to store up something for the lean years.

This is the broad machinery with reference to the basic agricultural commodities, but when we come to deal with the specialty crops, in regard to which there are no licenses, because they have been abolished—the present Agricultural Adjustment Act provides for a license fee and license system but for many reasons, with which we are somewhat familiar in view of the recent decision of the Supreme Court, we have, you may say, done away with the licensing features and you might say the powers of the Secretary of Agriculture are spelled out, and these orders are not issued on these specialty crops unless 50 percent of the handlers by volume enters into a market agreement, and if this 50 percent enters into such a market agreement, of course, the Secretary of Agriculture, to determine whether or not your current average farm price meets the fair exchange value, investigates by giving everybody an opportunity to be present at a hearing; and if these handlers agree, under the marketing agreement, the orders and the provisions and stipulations are set out by the Secretary of Agriculture as to how the trade will be handled, with reference to the commodity affected by the marketing agreements.

I forgot to mention that apples are excepted, I may say to my friend from Virginia who has arisen.

Mr. ROBERTSON. I simply want the splendid remarks of the gentleman from Mississippi to show in the RECORD what I understand subsection (a), on page 14, means. This provision would seem to give the Government control over purely State transactions by using the words "which may be marketed in or transported to any or all markets during any specified period or periods by all handlers thereof", but this is simply permissive in these voluntary agreements, with no intention to use compulsion upon anyone.

Mr. DOXEY. And there is no intention to restrict this to anything except interstate commerce, and it is not intended to apply it to intrastate commerce, because that is one of the provisions we have adopted in order to provide for cooperation and to let the States set up their programs, but we all know that in the practical administration of the act the State program will be somewhat similar to the Government program.

Now, you may have a situation where the handlers would not want to make a marketing agreement and you would see unfair practices in the trade detrimental to the producer, and I am trying to show you the practical machinery we have provided and the judgment and the consideration we have given this bill in order to make it a farmers' bill.

Then we say if you, Mr. Handler or Processor, do not want to enter into a marketing agreement with reference to perishable crops—if two-thirds of the producers in a given area enter into a marketing agreement, they can protect the producer of a commodity against any unfair practice and secure for the producer a better price for his commodity.

There is a price-fixing feature of the bill, because we provide for a minimum price for the producer.

My friends, you cannot have a workable situation without that feature, regardless of what the opposition might be or the constitutional question involved. You cannot have effective administration without that, and also a provision for violation.

Now we come to that which has been discussed in your hearing by a number of distinguished speakers who have preceded me, and that is with reference to the foreign market.

Mr. ZIONCHECK. Before the gentleman comes to that, will he yield?

Mr. DOXEY. I yield gladly to the gentleman from Washington.

Mr. ZIONCHECK. The gentleman has mentioned the minimum cost to the producer. Is there any provision in the bill for a maximum cost to the consumer?

Mr. DOXEY. If the gentleman can show us how we can fix a maximum cost to the consumer, after the many people through whose hands the commodity passes, I am sure as one Member I would be grateful for his contribution. No; there is nothing in the bill which fixes a maximum cost to the consumer. That is to be left to competition and the law of supply and demand.

Mr. O'MALLEY. Will the gentleman yield?

Mr. DOXEY. I yield.

Mr. O'MALLEY. The cost to the consumer is regulated by the law of supply and demand. Why should not that apply to the producer?

Mr. DOXEY. The gentleman from Wisconsin does not have the same philosophy in relation to the bill that we have.

How could you in one piece of legislation do that where the interests are opposed and take care of both of them?

Mr. O'MALLEY. Will the gentleman accept an amendment fixing a maximum cost to the consumer?

Mr. DOXEY. Let the gentleman offer it and see.

Now, gentlemen, I say that the import feature in this bill is a new feature, for the reason that it gives the President the power, after proper investigation by the Tariff Commission, which finds that imports are coming into this country and destroying the home program of any commodity, to limit the quantity of importation. The power is there if the facts found by the Tariff Commission warrant such action, and also 30 percent of the gross customs receipts are appropriated for the purpose of extending our foreign trade in the commodities that are considered major.

There are several new and outstanding features in this bill beneficial to agriculture. None of us know how they will work, and nobody can tell how these laws will be administered until they are administered; and I say to you that we have had a sympathetic administration of the present laws relating to our agricultural program, and an efficient and faithful one, considering the many complex problems with which the administration has been faced, and when you try to increase your foreign markets with reference to wheat or cotton, if you have a world price below the domestic price it will encourage our people to find a world market and to sell it on the world market, and there will be a subsidy to pay and make the seller whole, you might say, for the difference between the domestic price and what you sell it for in the world market, just as the farmer is paid the benefit for reducing his production by limiting his acreage.

The general outline that I have briefly given here sets forth the high points of this bill.

Mr. Chairman, full well do I realize that especially since the decision of our United States Supreme Court in regard to the constitutionality of the N. R. A. many of you desire to speak on this measure. I shall not consume too much of your time, nor shall I attempt to comment at length upon that decision nor phophesy to what extent, in my judgment, it will affect the present A. A. A. or these proposed amendments to it. This will be given considerable attention when we begin to read the bill and offer amendments under the rule. However, I earnestly urge the friends of this measure not to be stampeded by the opposition to it and not to vote for amendments to this committee bill that will wreck it or impede our farm program. Let us keep it intact and pass it as nearly as possible just as it was written and reported by our committee to this House.

Regardless of the constitutional questions involved, we are faced with facts that cannot be controverted with reference to the efforts of this administration in behalf of agriculture. The benefits accruing to the farmer during the past 2 years as the result of the laws we have passed here are self-evident.

We know that in the winter of 1932 and in the spring of 1933 the farmer was receiving for his cotton 5 cents per pound; today he is receiving, and has received for this 1934 crop, at least 12 cents per pound. Under our program he will get at least that much for his 1935 crop.

The farm price then for wheat was 32 cents per bushel. Today it is 85 cents per bushel. Then corn was 19 cents per bushel. Today it is 85 cents. Hogs were then selling for about $2.75 per hundred. Today they are selling for around $9 per 100 pounds.

You can go down the list and call the roll and you will find in every instance that prices paid the producer for the crops he raises have increased in somewhat similar proportions as a result of the enactment of the original Agriculture Adjustment Act by Congress in 1933.

Who can conscientiously oppose, on grounds real or imaginary, legislation that really benefits the farmer?

Who begrudges the farmer the cash benefit checks that he has been receiving from his Government as a result of this legislation?

The increased purchasing power of the farmer during the last few years has benefited all. The farmer is just now getting on his feet, so to speak. He will now buy your manufactured goods and is buying them because he has a little money now to spend. The farmer will stimulate your business, if you do not grind him down by starvation prices for the things he has to sell. Give him a chance and he is your best customer. "Live and let live" is the purpose of this legislation.

You men who represent industry, banking, business, capital, and the manufacturing interests know this is true.

Those of you who have so vigorously opposed the processing tax and the benefits that are being paid out of this fund to the farmer also know this is the first piece of legislation ever enacted by any Congress that passed the benefits directly into the hands of the farmer.

Give forgotten agriculture a square deal. The tariff policies of this country have bled agriculture white. By this legislation we are just providing a bounty for agriculture that will to some degree offset the Republican tariff policies that for the last 100 years have protected you and your interests and almost destroyed us and our interests.

We have suffered long and patiently, but I firmly believe the farming interests of this country will come into their own under this Democratic administration if we will just stick together and work for what we know to be right, just, and proper—a well planned, organized, and balanced agricultural program. Cooperation has brought results.

Thus far under the courageous and sympathetic leadership of our great President we have passed more constructive legislation for the relief of agriculture in the last 2 years than was enacted by Congress during the preceding 50 years.

The Agricultural Adjustment Act was one of the first major pieces of legislation considered by the House Committee on Agriculture under the Roosevelt administration.

Time will not permit me to give you a graphic picture of conditions as they then existed in this country. Suffice it to say agriculture was prostrated, industry was paralyzed, business was stagnant, and the whole country was in the throes of one of the worst depressions this Nation has ever experienced.

Quick action was imperative. Results were necessary in order to avert an utter collapse.

Our committee had jurisdiction of the agricultural program and we immediately began to function and to map out the plans and program and devise the ways and means of helping distressed agriculture. We worked at this job night and day.

In March 1933 we reported and brought to the floor of this House for the consideration and vote of this Membership a bill known as the "Agricultural Adjustment Act." It was debated here, and on March 21, 1933, I made a speech on the floor of this House favoring its passage, and endeavored to explain its provisions. It passed this House on March 22, 1933. It passed the Senate on April 28, 1933. Conferees were appointed to adjust the differences between the Senate and the House. I was selected as one of the House conferees. After several days of hard work, the Senate and House conferees agreed on the provisions of the bill. The conference report was accepted by both the House and the Senate, and the bill was then signed by the President of the Senate and the Speaker of the House. Then it went to President Roosevelt for his signature. The day he decided to sign it—May 12, 1933—I was among those invited to the White House to be present when he signed it. I was there, and never shall I forget that eventful day and what President Roosevelt said when he signed it. Among other things he said, "Wall, if it works at all it surely will work for the benefit of cotton." Our great President spoke at that time even more wisely than he knew, for the Agricultural Adjustment Act has been the salvation of the cotton South and the cotton farmer as well as agriculture in general.

It has worked and has worked wonders.

No right-thinking person can deny the benefits that the Agricultural Adjustment Act has brought to the farmers in

general. Without this or some similar legislation, agriculture could not have survived. However, time and experience have proven that some amendments are necessary in order to make the agricultural-adjustment program more effective.

Our Committee on Agriculture has given this a great deal of thought and study and we have fashioned and submitted to you H. R. 8492, proposing certain amendments to the existing law that will permit a more flexible program by providing the use of different plans to be fitted to the particular commodity.

It can be readily seen that there is a vast difference between this proposed bill, H. R. 8492, and the original bill, H. R. 5585. The House Committee on Agriculture has rewritten this bill. We had long and extensive hearings and executive meetings and finally worked out what we believe to be the best bill possible under existing circumstances, H. R. 8492.

This bill is complicated, technical, and far-reaching. It contains 53 pages and 33 sections. Time will not permit an explanation of this bill section by section. Even a general analysis of this bill would require more time than any one Member has at his disposal during this debate.

I shall endeavor within the time allotted to me, not to discuss at any length the amendments to the various sections of the original Agricultural Adjustment Act, but to explain and discuss generally new and additional features and sections contained in this bill that are not a part of the original Agricultural Adjustment Act.

I am one of those of the Agriculture Committee who were determined, if possible, to bring before this House at this session of Congress legislation that would not only continue the processing tax and continue to pay the farmer—the producer—rental and other cash benefits but also some legislation that would give us a better world market for our exportable surplus of such commodities as cotton.

A portion of this bill is designed to create markets in foreign countries and not only to encourage and help our domestic markets but also to provide for an expansion of our foreign markets and payments of benefits toward this end.

We are well aware of the opposition to this bill. All kinds of propaganda have been circulated against it. Those of us who are friends of agriculture know that no benefits at all will be paid the farmer if the processing tax is done away with. That is collected from the processor of the raw material and paid to the producer of the commodity. This bill strengthens that feature of the original act.

In some instances in the administration of the act, it broadens the powers of the Secretary of Agriculture, and in other instances it limits and curtails the powers of the Secretary of Agriculture. It endeavors to make his powers more definite and specific.

This bill is designed to help the producer. It is a farmer's bill. Its purpose is to help obtain a better price to the producer for the agricultural commodities he raises. Also to establish and maintain such balance between the production and consumption of agricultural commodities, and such marketing conditions therefor, as will reestablish prices to farmers at a level that will give agricultural commodities a purchasing power with respect to articles that farmers buy, equivalent to the purchasing power of agricultural commodities in the base period, which is the pre-war period from August 1909 to July 1914.

The contract and sign-up policy between the Government and the farmer is entirely optional with the farmer. There is nothing compulsory in it regarding the producer. If the farmer desires to cooperate, all well and good. If he does not want to, he does not have to. It is entirely up to him.

In my humble judgment, the success of the present agricultural program is self-evident, especially with reference to our domestic situation. If we can keep what we have and continue our present program in regard to domestic markets and domestic policies, we will be doing mighty well. My great concern now is our foreign markets and foreign policies.

With that in view, those of us on the Agriculture Committee who represent districts and States that produce cotton and those commodities which necessarily must be sold to foreign countries, have incorporated in this bill certain provisions and sections that we believe if enacted into law will open up to the producers of exportable surplus commodities the markets of the world. At any rate it is a step in the right direction and sets up governmental machinery for that purpose.

Our Committee on Agriculture, of course, has no jurisdiction in regard to tariff. That is, within the exclusive jurisdiction of the House Committee on Ways and Means. However, the Agriculture Committee has worked out and fashioned legislation that, by indirect methods—employing the processing tax to be used as benefit payments to the producer—benefits the farmer just as in the past the levying of direct tariffs has been in the interest of the manufacturer.

Using all the powers that we are invested with as a committee in Congress, we have shaped our legislation in the interest of the farmer. We have met and are still meeting with all kinds of opposition from organized and protected interests, but I feel sure that the majority of the Membership of this House are willing to help us secure for the farmer as nearly as possible a fair share of the Nation's income and thereby restore economic recovery to all our people and all classes of industry.

The success of our present farm program, and the effective and sympathetic manner in which it has been administered, has thus far contributed greatly toward our onward march to the general economic recovery of this Nation.

My colleagues, the continuation, furtherance, expansion, and more effective administration of this farm program on behalf of the producer, relating to the production, handling, and marketing of agricultural commodities, is the purpose of of this proposed legislation.

The original Agricultural Adjustment Act provides for a "reduction" in the acreage or production of the commodity. This proposal provides for an "adjustment" of acreage and production.

Thus, under the provisions of the bill we are now considering, it is possible for the farmer to be paid benefits not only for reducing his acreage and cutting his production, but, if found necessary, from the proceeds of the processing tax, the farmer is also to be paid benefits, even though he increases his acreage and production, if we can more nearly balance our law of supply and demand by not only expanding our domestic markets but also our foreign markets.

In this bill we provide ways and means to increase our agricultural exports. It lends substantial encouragement and pays benefits for the removal of our agricultural surpluses of basic commodities by finding a market for them in foreign countries. The original Senate bill did not contain this feature with reference to helping our farmers by expanding our foreign trade.

I am aware of the opposition to this new feature of the bill, but I here and now say to you, my colleagues, if we pass this bill here in the House with this provision in it, I more than likely will be selected as one of the House conferees when it comes to ironing out these differences with the Senate conferees on this bill. In that event you may count on me to do all in my power as one House conferee to keep this expansion of our foreign market provision in the conference report and do all I can to have it enacted into the law.

Necessarily, my friends, I have talked to you in rather a general manner concerning the many provisions and broad purposes of this bill; but before I conclude permit me to specifically direct your attention to the provisions of a few new and specific sections of this bill in connection with the outline I have given you in this discussion.

On page 5, line 4, subsection (b) of the bill, and the language following is one of the new provisions of this bill that is not included in the original Agricultural Adjustment Act. This new paragraph specifically gives the Secretary of Agriculture the power to make payments for the expansion of domestic or foreign markets of a basic agricultural commodity, payments for the removal of surpluses of or surplus products of a basic agricultural commodity, or payments in connection with the production of that part of a basic agri-

cultural commodity required for domestic consumption. Such payments may be made with respect to a commodity whether or not an adjustment program is in effect on that commodity, but the payments may be made in combination with rental or benefit payments. Any one or more of such payments may be made and the payments may be made in kind. This new paragraph also contains a provision which applies generally throughout the Agricultural Adjustment Act to payments in kind, the effect of which is to prohibit the payment for the program on one commodity from being made in another commodity. For instance, cotton may not be used to make rental or benefit payments or payments for expansion of markets, removal of surpluses, or domestic production payments in carrying out the wheat or tobacco program, but may be used in connection with the cotton program.

Page 51 of the bill, line 5, section 31, adds a new section to the Agricultural Adjustment Act. This portion of the new section authorizes an additional appropriation for each fiscal year of an amount equal to 30 percent of the gross customs receipts during the preceding year ending December 31.

Amounts which may be appropriated under this subsection are to be maintained in a separate fund. The fund may be used for three major purposes. The first is the encouragement of exportation of agricultural commodities and products thereof by the payment of benefits in connection with their exportation or indemnifying for losses incurred in connection with exportation and by payments to producers in connection with the production of that part of the production of any agricultural commodity required for domestic consumption. The second use is the purchase or lease, on behalf of the United States, of submarginal agricultural and grazing lands. The third use to which sums may be put is the making of payments (which for the purposes of the act are not considered rental or benefit payments and hence do not require the levy of a processing tax as a condition of their payment) in connection with acreage or production adjustment of basic agricultural commodities. The Secretary is to expend the amounts as he deems will best effectuate the policy of restoring agricultural purchasing power as contemplated by the Agricultural Adjustment Act consistently with the fullest utilization of the productive capacity of land which can be profitably cultivated and with the most rapid expansion of agricultural exports.

Page 40, line 4, section 19 of the bill adds a new subsection to the original Agricultural Adjustment Act and in substance provides that all taxes and incomes derived from a certain commodity, such as the processing tax on cotton that is to be paid by the processor who turns the raw material into the finished product, must be expended in carrying out the cotton program. In other words, every tub stands on its own bottom. You cannot take the proceeds of the cotton program and use it for the benefit of the wheat program and vice versa. Hogs and corn however are considered as a single commodity.

Section 30 of the proposed bill, including all the language on pages 50 and 51 down to section 31, adds a new section to the Agricultural Adjustment Act to be known as "section 22" which provides another entirely new feature to the existing law.

It authorizes certain limitations on imports in connection with the agricultural-adjustment program. Whenever the current average farm price of an agricultural commodity is less than parity, if the President has reason to believe that any article or articles are being imported or are likely to be imported under such conditions and in sufficient quantities to prevent the price from reaching parity and to render ineffective any operation or program under the act, he is to order an investigation to determine these facts. The Secretary of Agriculture, or the United States Tariff Commission, whichever the President designates, is to conduct the investigation. The investigation is to be made after such notice and hearing and subject to such regulations as the President specifies.

If the President finds the existence of the facts required, after the investigation and report to him, he is to direct that the article or articles causing such situation shall be imported subject to such terms and conditions, such limitations on quantity, or the payment of such compensating taxes as he finds necessary to prescribe so that the entry of the things specified will not prevent attainment of parity and will not render or tend to render ineffective the operation or program. If compensating taxes are levied, they are to become available for expenditure under the act, and they are not to be in substitution for the processing tax on imported articles imposed under the present law. The President's decision on facts is final, the Secretary of the Treasury is required to carry out the order of the President, and the President, after investigation and finding, may suspend, revoke, or modify an order issued under the section.

If this bill becomes a law, the importation into this country of foreign-grown cattle that is so vitally affecting the present price of our domestic cattle can, to some extent, be regulated. Also such commodities as foreign oils and fats that are coming into this country at an alarming rate and which are competing with our cottonseed oils, beef fats, and so forth, and necessarily affect the price of cottonseed, beef cattle, and so forth, can be adjusted by a Presidential order, after each case is thoroughly investigated and all the facts ascertained.

In my judgment, there is no chance for us at this session of Congress to pass any tariff laws. During the early part of this session I introduced a bill in regard to lowering and adjusting our present tariff, but no action has been taken by the Ways and Means Committee on my bill or on any other tariff bill at this session. My committee has no right to frame or deal with the tariff laws, but we have brought to you the nearest approach to it that we are permitted to within the limited jurisdiction that prevails under the rules of the House.

We think the provisions of this bill in that regard are sound and will prove of great benefit to the farmer if we can succeed in enacting them into law.

We earnestly ask your help with these added features to the Agricultural Adjustment Act that I have discussed, together with the amendments strengthening the present law.

I am convinced that no single piece of legislation enacted by any Congress will be of greater benefit to the American people than the Agricultural Adjustment Act and these amendments thereto.

On account of the wonderful and whole-hearted cooperation given this program by the farmers themselves, the able, efficient, and effective administration of this law in the past by those in authority, we have every reason to believe that in this complex and broad program, even greater benefits are in store for the farmer in the future. The weak places in the existing law will be strengthened and many of the rough places made smooth.

We all know when you help agriculture you help everybody. We can, and I feel sure you will, help by voting for this legislation.

The CHAIRMAN. The time of the gentleman from Mississippi has expired. [Applause.]

Mr. BEAM. Mr. Chairman, I yield myself 15 minutes. Mr. Chairman and members of the Committee, the subject of farm legislation and the best methods to improve agriculture generally has been one of the most perplexing questions which has confronted the Congress of the United States. We are all happy to observe the fact that the hysteria and fear which paralyzed our entire agricultural industry from 1930 to 1933 has now abated and subsided. The farmers of America have had a new deal under our democratic form of government and a sympathetic and understanding Congress has passed legislation in their behalf, which has accomplished the desired results.

A great deal of this credit is due to the congenial and fair-minded chairman and the entire membership of the great Agriculture Committee of the House for their wisdom, foresight, and judgment, which they have contributed both in executive sessions of the committee and upon the floor of the House in the advancement of legislation in behalf of agriculture.

There is not a Member in the House who does not realize and believe that if the agricultural interests of our country are in a state of prosperity, that condition is reflected to a large extent throughout the entire Nation; and by the same token it can also logically be inferred that if agriculture is not successful, the disastrous and far-reaching ill effects of such a condition take heavy tolls upon the success and prosperity of the great masses of our people.

But the question which must necessarily be the concern of every Member of this body at the present time is, "Are we going too far?" "Are we proceeding with the wisdom and the foresight justifying the tremendous expenditures of huge sums of money which we have appropriated and are advancing and the regulatory measures we have imposed, and are endeavoring to make more stringent, upon the industrial and consuming public for the benefit and interest of agriculture?"

Notwithstanding the legislative program we have enacted, we are confronted today with the unfortunate situation of vast numbers of our people on the relief rolls of the Federal Government and upward of 11,000,000 of our able-bodied citizens unemployed and without lucrative occupation in this great land of opportunity.

I sometimes wonder: Are we saddling upon the business of the Nation too great a load and too heavy an obligation?

Are we neglecting a program for the revival and rehabilitation of industry, or are we making it too involved, too interwoven with governmental regulatory measures, for the successful operation of business, whether it be great or small?

Can we legislate in behalf of one industry without analyzing and understanding the ultimate effects upon kindred industries and upon the Nation as a whole?

Agriculture has been the recipient of much legislation in an earnest attempt and desire to revive its stability, and I speak advisedly, for as a member of the House Agriculture Committee I supported all measures pertaining to the benefit of this all-important industry.

I respectfully desire to call to the attention of the House some of the bills we have passed since 1933, in furtherance of the agricultural program, together with the amounts authorized therein.

Seventy-third Congress appropriations for agriculture

H. R. 3835: Agricultural Adjustment Act	$2,505,000,000
H. R. 5790: Farm Credit Act of 1933	120,000,000
H. R. 5755: National Industrial Recovery Act, for A. A. A.	100,000,000
H. R. 6670: Federal Farm Mortgage Corporation Act	2,000,000,000
S. 1975: Crop production and harvesting loans	40,000,000
H. R. 7478: To include cattle as basic agricultural commodity	250,000,000
H. R. 8402: To place the cotton industry on a sound commercial basis, etc	150,000,000
Total	5,265,000,000

The following is a list of bills introduced and favorably reported from the House Committee on Agriculture during the Seventy-fourth Congress, together with the amounts authorized to be expended.

Seventy-fourth Congress

S. 1384: To amend Emergency Farm Act of 1933; Federal Farm Loan Act; Agriculture Marketing Act, and Farm Credit Act of 1933	$2,500,000,000
H. R. 3247: Crop production and harvesting loans	60,000,000
H. R. 2066: Lemke farmers' farm relief bill	3,000,000,000
H. R. 6914: Fulmer forest land management bill	20,000,000
H. R. 7593: Jones agricultural bank note bill	800,000,000
Total	6,380,000,000

Now let us compare one industry which forms the source of half the Nation's wealth, and by a comparison, see if we have not been just a little oversolicitous in furthering the agricultural industry of the Nation, and have not directed enough of our attention to the revival of business and to the welfare of the industrial population of the United States.

I have here a letter which was mailed to me by Congressman JOE L. SMITH, Chairman of the Committee on Mines and Mining, and in that connection he says:

The mineral industry forms the source of half the Nation's wealth, and has an invested capital of approximately $15,000,000,000, directly and indirectly furnishes the livelihood of some 25,000,000 people, employing in production and processing about 1,700,000 people, pays an annual wage of $2,000,000,000, pays approximately $200,000,000 annually in Federal taxes, and furnishes 55 percent of the total freight revenue on the railroads.

Now let us see what agriculture has paid in taxes. For the years 1924 to 1928 mineral producers paid almost six times as much as farmers in Federal taxes, totaling $800,064,024, compared to the agricultural tax of $151,251,405.

From the above it is perfectly obvious that the friends of agriculture have been most active and industrious and have accomplished great results for the agricultural interests of the country.

The hearings before the Agricultural Committee disclose the fact that the farm population of the United States is approximately thirty millions of people, or about 25 percent of the total population of the country. The testimony also shows, however, that the purchasing power of the entire farm population constitutes only 15 percent of the total. Seventy-five percent of the people gainfully employed are engaged in industry, trade, and transportation. The 11,000,000 people who are out of employment today represent twice as many as those profitably employed in agriculture, and it is my contention and my strong belief that the greatest relief that can come to the agricultural population of the United States is represented by recovery of industrial wages and earnings and the extensive and improved markets for agricultural products which would naturally follow as a result of business and industrial recovery.

We must not forget the fact that we look to business and industry to restore private employment and reduce and eliminate the necessity for public-relief and public-emergency work programs, and it is incumbent upon us to do what can be done to aid business and industry to accomplish the desired results. We should remove or alleviate burdens which have been unnecessarily imposed and which have hindered and delayed industrial recovery.

It therefore is self-evident, Members of the House, that agriculture has received most sympathetic and considerate treatment from a Democratic Congress, and I sincerely feel that before we pass the so-called "triple A amendments bill" we might with good grace pause and hesitate and give some consideration and some reflection on the effect of its passage upon the entire country.

If the passage of these amendments under consideration are for the best interests and welfare of the Nation as a whole, they should be adopted by this Congress. On the other hand, if it is the philosophy of this proposed legislation to restrain, handicap, regulate, and control the various industries affected thereby, and consequently further delay and retard the successful operation of business, they should be overwhelmingly rejected.

Mr. Chairman, many changes have taken place in the bill as now presented for our consideration from the one originally introduced. These changes, however, have occurred in the unimportant details of the proposed act, so it is doubtful to my mind whether we fully understand just what now is contained in this new bill—what powers would be conferred upon the Secretary of Agriculture and what are the implications of the legislation involved.

During the hearings before the Committee on Agriculture many of the grants of dictatorial and drastic power in the original proposal have been modified and temporized to some extent. However, the broad licensing power conferred upon the Secretary of Agriculture is still contained in the draft as presented with the exception that they have substituted the word "order" for "license", but the force and effect and the purpose sought to be accomplished are identically the same.

If this bill is adopted, it would enable some governmental clerk to formulate rules and regulations affecting cooperative creameries, fruit and vegetable associations, cheese factories, and other cooperatives, individuals, and concerns dealing in farm commodities, as enumerated in section 5 of the proposed bill, processed or otherwise.

In other words, we are going to permit some Government employee, no doubt unenlightened and unaware of the ramifications involved in the business management of great industries, to issue orders and decrees, regulating the con-

trol and operations of these business concerns, representing investments of hundreds of millions of dollars; affecting perhaps the employment of many thousands of our citizens engaged in industry; hamstring and impede the successful conduct of business by imposing regulations and measures unworkable in theory, impractical in operation, and keeping alive that uncertainty and fear which has stifled business and prevented the industrial workers from assuming their place in the commercial life of the Nation.

Now, Mr. Chairman and members of the Committee, in order to picture to you how far-reaching the effect of these amendments will be, if adopted, and the drastic and dictatorial provisions therein contained, I respectfully refer to the testimony of Mr. Chester Davis, Administrator of the Agricultural Adjustment Act, before the House Agricultural Committee.

Mr. BEAM. Mr. Davis, I want to ask you just one or two questions: Have you given thought or consideration to the number of processors that would come under the licensing features?

Mr. DAVIS. I have seen some statement that this would bring a million firms under that feature, but, Mr. BEAM, I want to point out that the same firms are subject to the licensing power under the existing act.

Mr. BEAM. I understand. But here is what I am trying to get at: I am talking about the wholesale processor, and I think conservatively there are 100,000.

Mr. DAVIS. Yes.

Mr. BEAM. And in addition to the wholesale-distributor another sixty or sixty-five thousand would be a conservative estimate?

Mr. DAVIS. I am sure that I would not say. I would say that the license feature would only be applied to a limited number of handlers, in a few commodities, where marketing or licensing plans are developed.

Mr. BEAM. I see.

Mr. DAVIS. I imagine that there would be comparatively a few thousand who would be actually brought under the licensing plan.

Mr. BEAM. But it is within the power of the Secretary to impose that on the retailer, is it not?

Mr. DAVIS. Yes; he could do that.

Mr. BEAM. Yes. So that in the aggregate a million licenses would be subject to the provisions of this act?

Mr. DAVIS. I would say that he could do that under the present act.

That is what I want to impress upon you Members of the House this afternoon. If he has that power in the present act, then why hamstring business and put upon the consuming public of America all this additional burden and expense to do something which the testimony discloses, without contradiction, he already has the authority to do under the present law?

Mr. HOPE. Will the gentleman yield?

Mr. BEAM. Will the gentleman wait until I finish, please.

Mr. KLEBERG. Will the gentleman yield?

Mr. BEAM. Not at this time. I decline to yield further, Mr. Chairman.

Mr. BEAM. Mr. Davis, is it not true also that under the power delegated to the Secretary of Agriculture that he can fix the amount, quantity, a processor may sell?

Mr. DAVIS. If that were one of the conditions set forth in the marketing agreement and the marketing agreement had passed through the steps indicated in the proposed amendment and was finally approved by the President that might become one of the terms of the agreement.

Mr. BEAM. Is it not also true that he may prescribe the manner in which the processor enters into agreements with producers?

Mr. DAVIS. No; I would not say that would be correct; that would be carrying it a great deal beyond anything that is in the marketing plan, and all of this is tied up to make the marketing plan effective.

Mr. BEAM. But nevertheless he still has that power, does he not, under this amendment? The power is given to the Secretary, and he could exercise that prerogative of control?

Mr. DAVIS. I will say, Mr. BEAM, you might say that under the existing act and our interpretation, the Secretary of Agriculture could, with reference to marketing agreements—at least impose conditions in a license which would affect a man's business in the way you indicate; that is, under the existing law.

I want to say to you, here is the testimony of the Administrator of the Agricultural Adjustment Act.

If the conditions disclosed and described by him are under the law as it now exists, why insist on these amendments which it has taken the Committee on Agriculture since last February to bring forth on this floor for discussion here today?

Mr. ANDRESEN. Will the gentleman yield?

Mr. BEAM. Yes; I yield.

Mr. ANDRESEN. Does the gentleman think that the bill before us limits the authority of the Secretary with reference to the present act?

Mr BEAM. It does in some respects, which I will point out as I proceed.

Mr. KLEBERG. Will the gentleman tell us whether the hearings from which the gentleman read were on consideration of the bill which the House now has before it, or were the hearings on the bill H. R. 5585, which were the original disputed set of amendments which gave all this unconstitutional power, which the gentleman knows the committee has corrected in the bill which the House is now considering?

Mr. BEAM. This bill has been amended so many times, as the gentleman from Mississippi [Mr. DOXEY] stated, in an attempt to meet the decision of the United States Supreme Court in the Schechter case, recently decided.

Mr. KLEBERG. Will the gentleman admit this is the hearing on the bill H. R. 5585?

Mr. BEAM. I will admit that is on the same bill. The provisions are identical in terms except the phraseology has somewhat been changed and additional provisions provided.

No person can listen to that testimony and not view with alarm the granting of such tremendous power, of regulation and control over the important industries of the Nation, as the facts therein disclose.

If, according to the testimony of the Administrator, the power to license and regulate is already implicit in the original act, why the necessity for the passage of the present bill? Why not continue as we are under the original Agricultural Adjustment Act and give business and industry an opportunity to proceed without the phantom of governmental bureaucratic regulation and control constantly arising and creating hesitation, doubt, and uncertainty in the path of normal recovery and progress?

But no, they desire more power and more control and more regulation of industry, which is the primary and fundamental purpose of H. R. 8492.

For example, under section 8 (c) the Secretary of Agriculture, after notice and a hearing, would have the right to impose license orders, rules, and regulations on processors, distributors, and wholesale handlers of such important agricultural commodities and products thereof as milk, fresh fruits, fresh vegetables, tobacco, and naval stores as defined in the Naval Stores Act, whenever in his judgment the issuance of such decree will tend to effectuate the policy of the act with respect to any commodity or product thereof, just above mentioned.

Processors and handlers of such commodities, including farmers, who also are handlers, could be compelled, if the Secretary of Agriculture so decreed, to conduct their business under a license "order" issued by him and according to rules and regulations promulgated by his Department.

The bill also contains a provision that no license "order" shall be applied to producers or retailers in their capacity as such, yet the minute the producer attempts to sell commercially his farm products, he immediately becomes subject to the regulations imposed by the Secretary.

Every retailer of milk and its products, throughout the country, will be compelled, under the bill as presented, to sell his commodities under rules and regulations issued and imposed by the Department of Agriculture.

Although the Secretary has been stripped of some of his potential powers sought by the bill as originally introduced, due to changes which have been made by our committee, nevertheless, it is an uncontroverted fact that the powers which would be conferred on him by the passage of H. R. 8492 are still such that we would have a substantial step in the direction of a controlled agriculture, a situation which is fundamentally unsound and contrary to our American form of government.

Why does the Agricultural Adjustment Administration want the tremendous powers that H. R. 8492 would give?

Why was its request for powers so general that if the bill had gone through as it was originally conceived the breadth of the Secretary's power would have been almost unlimited?

The Agricultural Adjustment Administration says it needs the amendments "to clarify" the act, to give the benefits of the adjustment program to a certain small group of agricultural products. If this is true, why does the Agricultural Adjustment Administration ask for blanket powers which would enable them to practically control American agriculture in its entirety, make the producers, the processors, the distributors, and consumers subservient and dependent upon regulations and decrees issued by the Department of Agriculture?

We have had 2 years of governmental control over agriculture. To a large extent the cooperation given by the farmers of this country to the program has been voluntary; but if this bill which we are now considering should become law, the power would be placed in the hands of a Secretary of Agriculture to compel and force a minority of producers or processors to comply with the Government's plan.

It cannot be denied but that considerable pressure has been brought to bear on some farmers of the country to insure their cooperation in the Government's plan.

The immense extent of the propaganda activities of the twin publicity bureaus of the Agricultural Adjustment Administration and the United States Department of Agriculture has had a deciding influence on a great many of the farmers of the United States.

It may be true that representatives of the Government have told farmers that if this measure does not pass the farmer's corn-hog checks, his cotton checks, and his wheat checks may stop. They say, in other words, that the existence of the Agricultural Adjustment Act is threatened unless the amendments are adopted.

Mr. HOPE. Will the gentleman yield?

Mr. BEAM. I yield.

Mr. HOPE. The gentleman is making an excellent speech against the original bill, H. R. 5585. I was wondering whether the gentleman was under the impression that that is the bill which the House is now considering?

Mr. BEAM. I have the bill in mind. I am glad to receive the gentleman's suggestion and his enlightening information, which I appreciate.

Surely we all know that this is not the fact and the defeat of this proposed legislation will in no way threaten the adjustment checks farmers have been receiving, or the other phases of the Government's agricultural program, but is simply a snare and a delusion to bring additional pressure and strength to the support of the proposed legislation, and decree to an administrative officer power unheard of in the history of the Republic, the delegation of which is fundamentally wrong and contrary to the best interests of our Nation.

But let us look a little more closely into the opponents of this legislation. The Secretary of Agriculture in a radio address delivered a few weeks ago, pointed out to the farmers of this country that they should support this legislation. He said the middlemen were opposed to it.

The CHAIRMAN. The time of the gentleman from Illinois [Mr. BEAM] has again expired.

Mr. BEAM. Mr. Chairman, I yield myself 10 additional minutes.

I should like to say a word or two about those "middlemen."

The products of a man's farm or ranch would be worth very little if there were not, as the Secretary says, an "army" of middlemen to bring these products to the consumers.

Under our present civilization, residents of the city of New York are not in a position to buy direct from the farmer in Iowa, or the fruit grower in Florida or California, but they demand that the products be delivered to them where they reside and where they are to be consumed. I fail to see that it is a reflection on the middleman or a reflection on the present system of economics that the processing and distribution of agricultural products is a major business in this country.

The fact that in some instances the cost of distribution is a major element in determining the value of the raw material to the farmer, is not in any sense a condemnation of the system of today. Any farmer who desires to sell his product direct to the consumer and receive 100 percent of the consumers' dollar, has still that prerogative and that right; but in most instances it is more desirable and more economical for him to let the industries that are equipped to perform that job, take his products from his farm, convert them into products as desired, and transport these commodities to the places where they will sell and thereby dispose of them.

We could not do without the processors and distributors and they perform an efficient, economical function for the most part, in the industrial life of our Nation.

It is true that the processors and distributors have been almost unanimous in their opposition to these amendments, because with the powers conferred on the Secretary of Agriculture by this proposed bill, the Secretary would have almost iron-clad dictatorial control over their business and all would be practically dependent upon orders and regulations emanating from the Department of Agriculture, as to the operation of their respective industries.

The Secretary has given no evidence that his proposed amendments will do anything to help the handlers of agricultural products, nor has he given any concrete evidence that this measure will give any specific permanent benefit to the farmers of the Nation.

I ask you, Mr. Chairman and Members of the Committee, why the handlers and distributors of agricultural products should not oppose this type of legislation?

They oppose it for the same reason that I appear in opposition to it—for the same reason that many other gentlemen in this Chamber oppose it—because it threatens the existence of independent business; it is class legislation for a particular group of our citizens, and is not in the interest of the great masses of our consuming public.

It simply further retards industrial recovery and puts a highly important branch of American commerce under a system of political control, which would be contrary to our American principles and American ideals.

Mr. RYAN. Will the gentleman yield?

Mr. BEAM. I yield.

Mr. RYAN. The gentleman realizes that farm prices have not yet reached parity, as defined under the act, does he not?

Mr. BEAM. That is the situation which they are trying to put up here, but I am trying to show that when they are attempting to place unnecessary burdens on the consuming public, it cannot be done. It cannot work out, in justice.

Much has been said by the proponents of this legislation to the effect that the amendments are needed to help accomplish the purposes of the Agricultural Adjustment Act. It seems to me, and I say this with all respect to those who hold an opposite viewpoint, that the purposes of the act have been pretty well achieved and that the granting of additional powers to the Secretary of Agriculture, especially when they are so broad in scope, is no longer necessary.

I respectfully call the attention of the House to the booklet issued monthly by the Department of Agriculture entitled "The Agricultural Situation", and refer to page 21 of the May issue, which I feel sets forth in no unmistakable terms the fact that agriculture today is in a fairly healthy state.

These figures show that in March of 1933 the index number of farm prices was 55. The index numbers are based on the average from August 1909 to July 1914. It is commonly believed that during such period prices of the commodities the farmers sold were in a very favorable position, as compared with the prices of the commodities which the farmers had to buy.

As I have stated, in March 1933 the index number of farm prices stood at 55. By May 1935 farm prices had doubled and the index stood at 111.

The prices paid by the farmers for the commodities bought also stood at a relatively low point in March 1933. The index,

which is based on the years 1910–14 as equaling 100, then stood at that same figure. In March 1935 the index was only 128. In other words, while farm prices had doubled, the prices paid by the farmers for the commodities bought had gone up only about 28 percent.

In March 1933 the index of employment stood at 58.8. In March 1935 it was 82.4, a gain of approximately 40 percent. During the same period the index number of pay rolls in manufacturing industries gained approximately 90 percent, which was less than the gain in farm prices. (Figures from Bureau of Labor Statistics, U. S. Department of Labor.)

It seems to me, therefore, Members of the House, that the advance which has occurred in farm prices since the passage of the Agricultural Adjustment Act indicates clearly that no strengthening of the act is needed.

While the act cannot be credited entirely as the cause of higher farm prices, the comparison of the increase in farm prices with the increase in employment and pay rolls leads one to the obvious conclusion that a further increase in returns to agriculture, without a corresponding increase in returns to industry, will work a real hardship on the vast majority of our people. Certainly I believe that the laments of so many people of their inability to buy food at present prices indicates that no strengthening of the Agricultural Adjustment Act is vitally needed at the present time.

Mr. Chairman and Members of the Committee, I respectfully submit that it should not be the purpose of Congress to adopt legislation which clearly contravenes the principles stated in the decision of the United States Supreme Court in the Schechter poultry case, rendered on May 27, 1935. I earnestly submit that the provisions of this bill, which are similar to those in the National Industrial Recovery Act condemned in the Schechter case, should be given careful consideration by this body before they are adopted into law.

One of the principal grounds upon which the codes in the Schechter case were found unconstitutional was that the National Industrial Recovery Act before the Court in that case involved an attempt by the Federal Government to exercise a control over intrastate commerce.

The policy of the Agricultural Adjustment Act, as declared in section 2 thereof, is "to reestablish prices to farmers at a level that will give agricultural commodities a purchasing power with respect to articles that farmers buy equivalent to the purchasing power of agricultural commodities in the base period." Briefly the purpose of the act is to adjust farm prices.

The whole tenor of H. R. 8492 is to carry out this policy of adjusting farm prices. Under section 2, page 2, of H. R. 8492, based upon his judgment relating to farm prices and to production, marketing, and consumption of such commodities, the Secretary of Agriculture is authorized to enter into voluntary agreements with producers for adjustment of acreage or of production for market and for rental or benefit payments to producers in connection with such agreements.

While under subsection 13 (b) of section 5, page 21, line 20, "orders" provided for in section 5 are not applicable to any producer in his capacity as a producer, and, therefore, it would seem that producers are not subject to the regulation and control which is authorized under this section. Nevertheless, under this same section, page 9, line 16, and so forth, processors, associations of producers, and others engaged in the handling of agricultural commodities specified in subsection 2 of section 5 are subject to "orders", and those regulations may contain provisions for classification, grading, size, or quality of the commodity.

They may fix minimum prices which the producer shall pay and they may contain other provisions which may be incidental to effectuate the other provisions of the decree. The Department rules may also limit the total quantity of commodities or products specified in subsection 2 of section 5 produced during any specified period which may be marketed, and the orders issued may allot amounts of such commodities or products which any handler may purchase of producer during a specified period. Thus, production, although not directly regulated and controlled, is more effectively, more conveniently, and more practically regulated and controlled through the purchasers of the producers' commodities than if production had been directly regulated.

Production is not commerce and does not fall within the power delegated to Congress to regulate interstate and foreign commerce. Congress has no power to control or regulate production.

The orders likewise apply to processors, associations of producers, and others engaged in the handling of any agricultural commodities or products thereof specified in subsection 2 of section 5. Processing is the same as manufacturing and, like production, is not commerce. It precedes commerce as production precedes manufacturing and, like production, control or regulation of processing or manufacturing is not delegated to Congress under the power to regulate interstate and foreign commerce.

The United States Supreme Court, in *Kidd* v. *Pearson* (128 U. S. 1, 20), stated this principle as applying to manufacturing in very clear and emphatic terms:

> No distinction is more popular to the common mind, or more clearly expressed in economic and political literature, than that between manufactures and commerce. Manufacture is transformation—the fashioning of raw materials into a change of form for use. The functions of commerce are different. The buying and selling and the transportation incidental thereto constitute commerce; and the regulation of commerce in the constitutional sense embraces the regulation at least of such transportation. The legal definition of the term as given by this Court in *County of Mobile* v. *Kimball* (102 U. S. 619, 702; 26, 238, 241) is as follows: "Commerce with foreign nations and among the States, strictly considered, consists in intercourse and traffic, including in these terms navigation and the transportation and transit of persons and property, as well as the purchase, sale, and exchange of commodities." If it be held that the term includes the regulation of all such manufactures as are intended to be the subject of commercial transactions in the future, it is impossible to deny that it would also include all productive industries that contemplate the same thing. The result would be that Congress would be vested, to the exclusion of the States, with the power to regulate not only manufacture, but also agriculture, horticulture, stock raising, domestic fisheries, mining—in short, every branch of human industry. For is there one of them that does not contemplate more or less clearly an interstate or foreign market? Does not the wheat grower of the Northwest and the cotton planter of the South plant, cultivate, and harvest his crop with an eye on the prices at Liverpool, New York, and Chicago? The power being vested in Congress and denied to the States, it would follow as an inevitable result that the duty would devolve on Congress to regulate all of these delicate, multiform, and vital interests—interests which in their nature are and must be local in all the details of their successful management.

This case was cited with approval by the Supreme Court in the Schechter case.

The policy of the act and the policy of the amendments are to control and regulate production and processing, and the provisions of the bill, as I have pointed out, clearly aim to accomplish that purpose, and so far as the amendments attempt to control and regulate production and processing, they are unconstitutional.

The price-fixing provisions of section 5 of H. R. 8492, to which I have referred, and the provisions also of section 5 imposing agreements upon minorities—subsection 8 of section 5—and imposing agreements upon majorities under subsection 9 of section 5 are likewise unconstitutional in that they are a deprivation of property of private citizens without their consent and without compensation.

We are just now emerging from a period of enforced governmental regulation and control as evidenced by the prohibition experiment, and we are all familiar with the lamentable and disastrous effects therein contained. Let us profit by our experience from that embarkation of enforced governmental regulation.

The people of the United States will voluntarily cooperate in any enterprise for the welfare of their country, but any attempt on behalf of a governmental bureau to enforce and compel that which they cannot voluntarily obtain surely is repugnant and contrary to all the traditions upon which our country was founded and upon which it has grown great and prosperous.

I, for one, will not vote to sacrifice and destroy on the altar of temporary expediency the initiative, the courage,

and the individualism of our people, which has been their proud boast and acclaim and their noblest heritage since the foundation of the Union. [Applause.]

Mr. LUCAS. Mr. Chairman, will the gentleman yield?

Mr. BEAM. I yield.

Mr. LUCAS. The gentleman from Illinois is a very distinguished and successful lawyer of the city of Chicago, and, from the dissertation he has just delivered to the House, I take it the gentleman has made a very careful study of the constitutionality of the bill now before us. May I ask the gentleman whether any other outstanding lawyers of the country corroborate the gentleman's view as to the constitutionality of the pending measure?

Mr. BEAM. I can submit to the gentleman in private many other opinions of outstanding and distinguished lawyers substantiating my position. One of the principal grounds in declaring the Schechter case unconstitutional was an attempt by the Federal authorities to exercise a control over intrastate commerce.

They are attempting in this proposed legislation by regulating production to do that which the Supreme Court says cannot be accomplished by direct legislation.

[Here the gavel fell.]

Mr. HOPE. Mr. Chairman, I yield 20 minutes to the gentleman from Minnesota [Mr. ANDRESEN].

Mr. ANDRESEN. Mr. Chairman, the triple A legislation has caused a good deal of controversy during the past 4 or 5 months, and considerable misinformation and misunderstanding has been had in regard to this legislation. From both sides a good deal of propaganda has been sent throughout the country, and I know that most of the Members have received letters and telegrams to support or oppose the triple A amendments, but the people sending the telegrams could not know what the amendments were about, as most of the Members did not know from day to day just what form the triple A amendments would take. In the first place the Secretary of Agriculture and the Administrator of the Agricultural Adjustment Act said that they already had sufficient authority in the law but thought it would be necessary to pass some additional legislation to clarify the present law. So a bill was introduced by the chairman of our committee which apparently represented the ideas of the Department of Agriculture, which bill was numbered H. R. 5585, and consisted of nine pages. Hearings were held on this bill. The bill, no doubt, clarified the present law, but it also gave the Secretary blanket authority to do almost anything he wanted to regiment agriculture and industry relating to agriculture. The committee did not consider that bill very long, but finally brought in another draft of triple A amendments, known as "H. R. 7088", on March 28 of this year. The bill H. R. 7088 contained 20 pages and attempted to circumscribe and limit the authority of the Secretary of Agriculture—and it did—but there was still considerable opposition in the committee to this bill. So, on April 24, H. R. 7713 was brought out from the committee, which made certain other changes in the triple A amendments. This bill materially changed the former bills and was considered by the committee. There was still objection to the triple A legislation, and on May 14 of this year H. R. 8052, consisting of 23 pages, further circumscribing and limiting the authority of the Secretary and modifying existing law, was presented to Congress with a report. Then the Supreme Court rendered the N. R. A. decision in the Schechter case, and all of the work done by the Committee on Agriculture went by the board. Without holding hearings, but having very deliberate executive sessions, the committee finally reported out the bill H. R. 8492, consisting of 53 pages, which is now before us, and which definitely limits and circumscribes the authority of the Secretary of Agriculture.

I opposed the other bills, not in full, but there were many instances where I felt that the authority sought to be conferred upon the Secretary went altogether too far.

I am supporting H. R. 8492 because most of the objections I had to the former legislation have been removed.

Mr. WOODRUFF. Mr. Chairman, will the gentleman yield?

Mr. ANDRESEN. I yield.

Mr. WOODRUFF. It is the gentleman's opinion, I gather, that the Agriculture Adjustment Act will, if this amendment is adopted, give to the Secretary of Agriculture less power than he now has.

Mr. ANDRESEN. Decidedly so. It limits the power that he can exercise not only under the amendments but also under existing law, because the existing law is here rewritten in a great many instances, limiting his power.

Mr. MOTT. Mr. Chairman, will the gentleman yield?

Mr. ANDRESEN. I yield.

Mr. MOTT. In just what respect is the power of the Secretary limited with regard to the licensing features of the bill?

Mr. ANDRESEN. The licensing features, or the order features, are limited to certain definite commodities—milk and its products, tobacco, fruits and vegetables, turpentine, rosin, and soybeans. These are the commodities covered.

Mr. MOTT. I understand that; but as to the commodities included, how is the authority limited?

Mr. ANDRESEN. The bill prescribes just the extent of the authority; just how far the Secretary can go and what he may not do. He can go no further in issuing orders or licenses regulating the handlers of the agricultural commodities mentioned in the order section.

Mr. CHURCH. Mr. Chairman, will the gentleman yield?

Mr. ANDRESEN. I yield.

Mr. CHURCH. Does the gentleman think this bill constitutional when he considers the Supreme Court's decision in the Schechter case?

Mr. ANDRESEN. There is some doubt as to its constitutionality. We discussed the constitutional features in the committee, as well as some of the other features of the bill.

Mr. CHURCH. What does the gentleman think?

Mr. ANDRESEN. I am in doubt, to be honest about it; and while I might feel that certain provisions of the bill, such as power on the part of the Secretary to delegate his authority to agencies that he might set up, and the powers conferred on certain groups through referenda to say what another group must do, are unconstitutional, yet we have had no direct decision on these propositions and it seemed advisable to me and to a majority of the members of the committee that the question which is now in the courts could well go through so that we would have one determination with reference to that authority on the subject of agricultural legislation.

Mr. CHURCH. Does not the gentleman think we would do more good for agriculture if we enacted amendments that were definitely constitutional instead of questionably constitutional?

Mr. ANDRESEN. We had several constitutional lawyers sitting with us for 10 days in our committee meetings. These gentlemen were from the Department. They proceeded to reply to the inquiries of the various members of the committee on the question of the constitutionality.

Mr. DONDERO. Will the gentleman yield?

Mr. ANDRESEN. I yield to the gentleman from Michigan.

Mr. DONDERO. When the gentleman from Ohio [Mr. MARSHALL] was speaking, I asked him if 51 percent of a group signed a processing agreement what becomes of the other 49 percent of the farmers who did not wish to sign that agreement.

Mr. ANDRESEN. There is no such provision in the bill, as a matter of fact. In the first place, orders may be issued by the Secretary if 50 percent of the processors or handlers of a given commodity agree to go into a marketing agreement. If they refuse to go into a voluntary marketing agreement, then the Secretary, with the approval of the President, and with the approval of two-thirds of the producers of that particular area and of that particular commodity, may go ahead and impose a license upon the handlers of

milk or its products, fresh fruits and vegetables, tobacco, soybeans, and naval stores.

Mr. DONDERO. The point I make is whether or not the minority in that kind of a case would have any voice of protest in order to get them from under the agreement in which they did not care to join.

Mr. ANDRESEN. Personally I think they would have the best kind of a day in court if they came before the court and presented their side of the question.

Mr. ARNOLD. Will the gentleman yield?

Mr. ANDRESEN. I yield to the gentleman from Illinois.

Mr. ARNOLD. The word "license", I understand, has been eliminated, and the word "order" substituted in its place.

Mr. ANDRESEN. Yes.

Mr. ARNOLD. Can the gentleman tell us the legal difference between licenses and orders as used in the present law and in this bill?

Mr. ANDRESEN. The word "order", as I understand it, was used principally to comply with the definition of "orders" as used by the Interstate Commerce Commission, the Federal Trade Commission, and the Tariff Commission. They issue orders instead of licenses. Really there is no difference between the two.

Mr. ARNOLD. Does that affect the constitutionality of the bill?

Mr. ANDRESEN. No; except that a license is something that may be revoked. We had a license provision which was not revocable, and if a person violated the license he was subjected to a penalty of $50 to $500 for each offense. So there is no difference really between order and license.

Mr. BOILEAU. Will the gentleman yield?

Mr. ANDRESEN. I yield to the gentleman from Wisconsin.

Mr. BOILEAU. It is not a license under the present law, because a license necessarily is revocable. These orders appear to carry a penalty, so they are properly designated as "orders", whereas under the law that is in effect at the present time the proposed licenses are revocable. Under the amendments in the bill H. R. 8052, we still called them "licenses", whereas they should have been called "orders."

Mr. ANDRESEN. That is correct.

Mr. MICHENER. Is not an order revocable, too?

Mr. ANDRESEN. No. The order will be in the form of a general proclamation taking in an entire group. It is not revocable, but the man who violates it is subject to a penalty of from $50 to $500 for each offense.

Mr. FOCHT. Will the gentleman yield?

Mr. ANDRESEN. I yield to the gentleman from Pennsylvania.

Mr. FOCHT. Was it not the purpose of the Supreme Court to eliminate all the compulsory features, and the way the matter now stands it is simply one of willingness to go ahead?

Mr. ANDRESEN. That is probably true in the Supreme Court decision on the N. R. A.

Mr. FOCHT. Is that not a fair understanding of the whole situation and this whole thing is meaningless if that is so?

Mr. ANDRESEN. No; because we have many good provisions in this bill outside of the order section, which all of the Members of the Committee are heartily in favor of.

Mr. FOCHT. That compulsory feature was very compulsory. That is removed from this bill?

Mr. ANDRESEN. Partly so; yes.

Mr. MILLARD. Will the gentleman yield?

Mr. ANDRESEN. I yield to the gentleman from New York.

Mr. MILLARD. Did I understand the gentleman to say that he had an opinion from the Attorney General or from someone in the Attorney General's office that this bill is constitutional?

Mr. ANDRESEN. No; there is no question from the Attorney General.

Mr. MOTT. Will the gentleman yield?

Mr. ANDRESEN. I yield to the gentleman from Oregon.

Mr. MOTT. Does the gentleman think that the license provisions of this bill are among the good provisions or among the more or less objectionable features?

Mr. ANDRESEN. The order provisions that I regard as good, if they are constitutional, are the provisions that give the farmers a fair minimum price for the products they produce and which come under the provisions of the orders. A good many farmers, as has been previously explained here, have been subjected to very severe competition and many unfair practices. If there is anything we can do to give a fair return to the farmers, I know the gentleman is for that, and I am for it on the same supposition.

Mr. MOTT. Yes; I am for that proposition. Does the gentleman believe this order provision or licensing provision will in fact do that?

Mr. ANDRESEN. If it is constitutional, it will.

Mr. HALLECK. Will the gentleman yield?

Mr. ANDRESEN. I yield to the gentleman from Indiana.

Mr. HALLECK. Does the present Agricultural Adjustment Act provide for a license to be issued by the Secretary of Agriculture to certain persons as it is now constituted?

Mr. ANDRESEN. He has the general power now to impose a license under the act.

Mr. HALLECK. Do I understand that under the proposed amendment the issuance of orders will be limited solely to interstate commerce?

Mr. ANDRESEN. Absolutely. It does not affect intrastate commerce. If the gentleman is asked when he gets back home by his grocery merchant who sells milk, butter, and cheese, whether or not the merchant has to take out a license, he may tell him "no"; he does not have to take out a license and does not become subject to the Federal license issued by the Secretary of Agriculture. The same thing would apply to the small milk dealer or a farmer who has a small herd of cattle and sells the milk to the people in the cities and villages in the district. He will not be subject to a license, because the license provisions, or order provisions, deal only with commodities that move in interstate commerce.

Mr. HALLECK. May I ask the gentleman one further question? Take the case of a milk dealer in the city of Chicago who purchases milk from producers in the State of Illinois. Is it the sentiment of the committee that that man would be subject to the orders as provided for in these amendments?

Mr. ANDRESEN. If a marketing area were set up in Cook County or in Chicago, then the order provisions would affect all handlers within that marketing area. There, again, we come to the question of the constitutionality of this provision, or whether or not the milk that is sold by a farmer in Illinois to the handler within a marketing area in Chicago is in interstate commerce or not.

Mr. HALLECK. Was it not the sentiment of the committee that that would be a purely intrastate transaction in the light of the Schechter decision, which would take the transaction without the realm of Federal regulation?

Mr. ANDRESEN. If there were no marketing area set up, of course, it would be purely an intrastate transaction, but if the Federal Government goes in and sets up a marketing area and issues orders for the handlers in that area, of course, it would be a legal question as to whether or not the man who dealt in Illinois would come within the provision.

Mr. HALLECK. Assuming that the milk dealer in Chicago who bought his milk from producers in the State of Illinois would not be subject to the orders, on the theory that he was engaged in a transaction which was wholly intrastate, and then assume the case of another milk dealer in the city of Chicago who was buying his milk in my State of Indiana, he would, of course, be subject to these orders, and what would be the effect as between the two, if the dealer buying his milk from producers in Indiana had to pay a stipulated price, which was fixed in the order, while the other dealer buying his milk in the State of Illinois would buy it at a lesser price?

Mr. ANDRESEN. If there were no State law regulating the price of milk, similar to ones they have in the State of

New York and in some other States—I do not know whether there is one in Illinois or not—then, of course, it would become a constitutional or legal question to determine whether or not the dealer living in Chicago or in Illinois would have to pay the same price to his Illinois farmer as he did to the farmer living over in Indiana, and I think this is a question that will have to be determined by the court.

Mr. MOTT. Mr. Chairman, will the gentleman yield?

Mr. ANDRESEN. I yield to the gentleman from Oregon.

Mr. MOTT. If, under this law, the Secretary of Agriculture should make an order declaring or establishing an area which was entirely within one State, it is not the purpose of this bill to bring that area within the provisions of this Federal law, if so, under what possible theory could this be done?

Mr. ANDRESEN. It all depends on the commodity that is dealt with.

Mr. MOTT. Any commodity, milk, for instance.

Mr. ANDRESEN. We will take, for instance, butter, and if they were to make a marketing area for butter within your State——

Mr. MOTT. Entirely within my State; yes.

Mr. ANDRESEN. There is one thing that concerned me—and I will be very frank about it, because I think we should have an understanding about this proposition—as to the power of the Secretary to set up production areas and marketing areas. This applied to the other bill and is one reason why I opposed the other bill. This bill as our chairman, the gentleman from Texas [Mr. JONES], has already stated, does not give the Secretary the power to set up any marketing areas or trade barriers to stop free flow in commerce of any commodity covered by the marketing agreement or order section. My fear was that dairy products produced in the Middle West would not be permitted to be sold in the large consuming areas of the East. This feature has been definitely eliminated from the bill so that in the consuming centers the handlers of milk, butter, and other commodities covered by the bill and living in those centers, will have to pay the same price to the farmers out in the Middle West for the same commodities, as they do the farmers in their own States, with the exception of the freight rate or the transportation differential. The farmers out in our section will have to meet the grade and the sanitary requirements of the State of New York or the other States, but there is nothing in the bill that stops free flow in commerce of any commodity within the United States. Does that answer the gentleman's question?

Mr. MOTT. No; it does not. My question is this. If I am a milk handler in Chicago and you produce your milk some place in the State of Illinois, as the situation has been stated here, and our transactions in milk as producer and dealer are entirely within the State of Illinois, do we come under the provisions of this bill?

Mr. ANDRESEN. If there is no marketing area or marketing territory set up, you do not. If there is and the law is constitutional, you do. Now, that is a question for the courts.

I want now to proceed with one or two other things in the bill before I conclude. There are some very good features in this bill which we are for, because they embody the principles of the old McNary-Haugen bill and the export debenture idea.

This country should get back to normal production and get back to a reestablishment of our foreign markets. We should try to maintain in this country our American markets for the producers of this country.

[Here the gavel fell.]

Mr. HOPE. Mr. Chairman, I yield the gentleman 5 additional minutes.

Mr. ANDRESEN. We must try to preserve this market for the products of this country. This is one reason I am particularly interested in the section with regard to the power given the President to increase the duties upon all the commodities covered by this bill.

I have a table here made up from figures submitted by the Department of Commerce showing that the total value of merchandise imported for consumption into this country during the past 10 months was $1,467,000,000. This is the total value of merchandise imported for consumption. Of this amount $990,000,000 represented agricultural commodities.

Mr. ARNOLD. Mr. Chairman, will the gentleman yield?

Mr. ANDRESEN. I yield.

Mr. ARNOLD. Would the gentleman show in his remarks what agricultural commodities are coming in to make up that vast amount?

Mr. ANDRESEN. I am going to put the table in the RECORD.

Mr. ARNOLD. I shall be very pleased to see it.

Mr. ANDRESEN. I am not going to put in the entire table, but I want to point out some of the commodities we are particularly interested in throughout the Middle West.

Mr. RYAN. Mr. Chairman, will the gentleman yield?

Mr. ANDRESEN. I cannot yield until I have finished this statement.

During the last 6 months of 1934, 9,292 head of cattle came into this country, principally from Mexico and Canada. During the first 4 months of this year 144,919 came in.

Mr. CANNON of Missouri. Mr. Chairman, will the gentleman yield?

Mr. ANDRESEN. Yes.

Mr. CANNON of Missouri. Were they for breeding purposes or for consumption?

Mr. ANDRESEN. For consumption. I do not think that duty is paid on cattle coming in for breeding purposes. Meat products: 38,876,217 pounds of meat products came in during the last 6 months of 1934 and 38,040,917 pounds came in during the first 4 months of 1935, making a total of 76,917,134 pounds in 10 months. During the last 6 months of 1934, 822,000 pounds of butter came in, and during the first 4 months of 1935, 17,398,000 pounds came into the United States, principally from New Zealand, Argentina, and Australia.

In the last 10 months 11,269,000 bushels of corn came into the United States, 14,000,000 bushels of oats, 9,000,000 bushels of barley, 189,000,000 pounds of barley malt. Some of our good barley farmers in Minnesota are wondering why they get such low prices for their barley. That is the answer. They make the malt in Canada and ship it into this country in large amounts. Twenty-one million bushels of wheat came in in the last 10 months, and, 8,147,000 bushels of rye came into the United States. We want the President to go ahead and exercise the powers conferred in this bill, so that the American markets may be preserved not only for the cotton farmers and the textile business, but also for the other farmers in this country, who are entitled to this market, and who are unable to continue their business if they have to compete with cheaply produced agricultural products of other countries.

Mr. CANNON of Missouri. These importations you have listed constitute what percentage of the total amount of the respective commodities consumed in this country?

Mr. ANDRESEN. I am unable to get those figures right now?

Mr. CANNON of Missouri. Are not these importations an indication of prosperity on the American farm for the reason they indicate that for the first time in many years the domestic price is sufficiently high to warrant their bringing in these foreign products over our tariff wall? Up to this time the price has been so low it did not pay the foreign importers to bring commodities into the United States and pay the tariff, and the fact that they are now bringing them in would indicate a tremendous rise in the domestic price in the last year.

Mr. ANDRESEN. The first week in February butter reached a parity price of around 34 cents, which it held for a week. Imports of butter have come in so rapidly that the price has been depressed from 34 cents a pound the first week in February to 23 cents a pound today.

Mr. CANNON of Missouri. Was not that followed by a cessation of importations?

Mr. ANDRESEN. No. The biggest importation we had came in the month of April, when we had 7,500,000 pounds of butter—twice as much as we had in the 3 months before that. I cannot tell how to account for it. The imports are still coming in by leaps and bounds. I do not have the figures for the last month—they were not available.

Mr. CANNON of Missouri. What is the gentleman's remedy?

Mr. ANDRESEN. The remedy is to either raise the tariff or place an embargo on those commodities so that our farmers in this country may have the market for the products they produce here.

Mr. CANNON of Missouri. I fully agree with the gentleman. Curtail importations by tariffs or embargoes, and maintain domestic prices under the A. A. A.

Mr. MOTT. May I ask the gentleman, in view of the facts he has stated, why did not the committee provide for mandatory embargoes instead of leaving it to the discretionary authority of the President, which every one of us knows he will never exercise, because he has that authority now.

Mr. ANDRESEN. That is true; but it happens that the division on the committee is rather large, and while this committee never discusses politics because we are interested in the welfare of agriculture, we did discuss this very question, and some of them did not want to embarrass the men who might exercise this authority.

Mr. MOTT. Then they have done an entirely futile thing, if they give to the President discretionary authority when they know from experience during the last 2 years that the President never will exercise that authority.

Mr. ANDRESEN. We are in hopes that he will exercise that authority.

Mr. PIERCE. Mr. Chairman, I think it is distinctly unfair to say that he will not exercise the authority when the word is "shall" and not "may."

Mr. MILLARD. Does not the gentleman think it is unfortunate to have the words "when the President has reason to believe"? Cannot you make that any stronger?

Mr. ANDRESEN. We say in there that he shall do it.

Mr. MILLARD. But "when he has reason to believe."

Mr. ANDRESEN. We will have to leave it to his good judgment and we hope that he will exercise that authority.

Mr. CHRISTIANSON. Has the gentleman expressed any opinion as to the constitutionality of the so-called "marketing agreement order"?

Mr. ANDRESEN. I did express that there was some doubt on the part of the members of the committee, but we thought that question should be determined by the court.

Mr. MASSINGALE. Did the committee consider the fact that it had the right to enact, as a part of this law, an embargo against the importation of any farm products from abroad, to protect the American farmer?

Mr. ANDRESEN. I think the committee probably recognized that right, but sometimes committees do not function the way their good judgment dictates.

Mr. MASSINGALE. I will say there has been a great deal of criticism and suspicion expressed about what the President might or might not do. This Congress can place that embargo if they wish to do it.

Mr. ANDRESEN. The theory of some of the gentlemen in the present administration is that we are to negotiate reciprocal trade agreements and permit commodities to come into this country, of which we produce a sufficient quantity to take care of the domestic demands. I think that this administration should proceed to take care of the American producers, not only on the farms but also in industry, and protect them so that we can get back to a normal recovery in this country and again have prosperity.

Now, Mr. Chairman, I have tried to answer some of the questions that have been propounded. That is the only reason I took this time. So few of the Members of the House had an opportunity to study this 53-page document that is technical in character, and, therefore, I hope that my contribution has somewhat aided in clearing up or giving an explanation to the legislation. [Applause.]

Mr. MICHENER. Will the gentleman yield?

Mr. ANDRESEN. I yield.

Mr. MICHENER. Before the decision in the Schechter case the Farm Bureau and the Grange and the Milk Producers Association were down here en masse in favor of the proposed amendments. Can the gentleman advise the House as to the attitude of those farm organizations with regard to the bill which is now before the House?

Mr. ANDRESEN. We have not held any hearings on this bill, but I am satisfied that those organizations are still for the legislation. It is my hope that the enactment of this bill will materially aid agriculture throughout the United States so that our farmers may receive cost of production plus a fair profit for the products of the farm.

The CHAIRMAN. The time of the gentleman from Minnesota [Mr. ANDRESEN] has expired.

Mr. ANDRESEN. Mr. Chairman, I ask unanimous consent to revise and extend my remarks and to include therein a table from the Department of Commerce.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

The table referred to is as follows:

Agricultural imports for 10 months beginning July 1, 1934, and ending Apr. 30, 1935

[Department of Commerce figures]

	6 months ending Dec. 31, 1934	4 months ending Apr. 30, 1935	Total 10 months
Total value of merchandise imported for consumption	$804,802,254	$662,297,761	$1,467,100,015
Of the above imports for consumption the following classifications represent agricultural products:			
Animals and animal products, edible	25,333,696	26,514,759	51,848,455
Animals and animal products, inedible	45,150,119	45,182,057	90,332,176
Vegetable food products and beverages	234,442,820	206,328,496	440,791,316
Vegetable products, inedible	109,490,793	95,971,433	205,462,226
Textile fibers and manufactures	111,876,989	90,587,065	202,454,054
Total for 10 months			990,898,227

List of a few important imported farm products during 10-month period

	6 months ending Dec. 31, 1934	4 months ending Apr. 30, 1935	Total 10 months
Cattle ... head	9,292	144,919	154,211
Meat products, including fresh, prepared, and canned meat and pork ... pounds	38,876,217	38,040,917	76,917,134
Butter ... do	822,106	17,398,167	18,220,273
Corn ... bushels	2,806,869	8,462,653	11,269,552
Oats ... do	5,559,314	8,525,101	14,084,415
Barley ... do	6,566,590	3,050,235	9,616,825
Barley malt ... pounds	98,989,337	90,806,382	189,795,719
Wheat ... bushels	12,936,872	8,823,494	21,760,366
Rye ... do	3,678,810	4,468,858	8,147,668

Mr. BEAM. Mr. Chairman, I ask unanimous consent to revise and extend my remarks.

The CHAIRMAN. Without objection, is is so ordered.

There was no objection.

Mr. HOPE. Mr. Chairman, I yield 15 minutes to the gentleman from New York [Mr. FISH].

Mr. FISH. Mr. Chairman, I am not a dirt farmer. I happen to belong to the local grange, the Pomona Grange, and the National Grange, and the Farm Bureau Federation, but I plead guilty to not being a dirt farmer like my eminent constituent in the White House. However, I feel very strongly that the time has come for the Republican Party to present a clear-cut and definite farm policy to try to do something to restore the vanishing world markets for our agricultural products.

Mr. RYAN. Will the gentleman yield?

Mr. FISH. I have not made my point yet.

The so-called "grass roots" convention that met a few days ago in Springfield, Ill., had this to say as to their agricultural program.

Mr. PARSONS. Will the gentleman yield?

Mr. FISH. I do not yield.

National recognition of the needs of agriculture.
We hold that no economic——

Mr. FULMER. Mr. Chairman, a point of order. The gentleman is not speaking on the bill.

The CHAIRMAN. The gentleman will confine his discussion to the bill.

Mr. FISH. Oh, certainly. I am talking about agriculture. I am reading the agricultural plank of the recent Republican Mid-West convention. There could be nothing more pertinent to the pending bill than that.

Mr. ZIONCHECK. We do not have "grass roots" in agriculture.

Mr. FISH. I am not yielding to anybody, Mr. Chairman.

Mr. MILLARD. Mr. Chairman, a point of order. The gentleman did not yield to anybody.

Mr. FISH (reading):

National recognition of the needs of agriculture.
We hold that no economic advantage of agriculture thus far attained shall be surrendered. The farmer of right is entitled to a fair proportionate part of the national income and to receive a parity price for the products of his farm in domestic markets.

I am sorry, as a Republican, that that convention did not go much further and offer a clear-cut and definite program. Agriculture is and will continue to be one of the greatest problems and issues before the country, not only when this bill is passed but for years to come. We must do something to restore the vanishing world markets for our farm surpluses. I deplore the fact that that issue has not been raised and that no concrete program has been offered since the McNary-Haugen bill to restore these vanishing markets.

Mr. PARSONS. Will the gentleman yield for a brief question?

Mr. FISH. Very well. I yield.

Mr. PARSONS. At the "grass roots" convention in Springfield the article which they adopted in their platform practically approved the entire program which the Democratic Party has adopted for agriculture.

Mr. FISH. I have just read it. I believe every thinking man is in favor of giving agriculture every opportunity to make a fair profit beyond the cost of production. I feel that that solution will be accepted by all the Members of this House, that the western farmers should have a parity, an equilibrium between the prices for our agricultural products and the prices for the products of the mines and the factories. But what of that? That does not do anything to restore world markets. We are importing 15,000,000 more bushels of wheat than we are exporting. The United States, the greatest wheat-producing nation in the world, is importing 15,000,000 bushels more than we are exporting. Is it not time we talked about world markets for our American wheat, cotton, corn, and other farm produce?

Mr. ARNOLD. Will the gentleman yield?

Mr. FISH. I yield.

Mr. ARNOLD. I understand the gentleman has introduced and has pending in the House a farm-relief bill along the lines of the old McNary-Haugen bill?

Mr. FISH. That is right.

Mr. ARNOLD. The bill we are now considering contains the provisions of the McNary-Haugen bill. The gentleman states that in addition to aiding agriculture we should do something to build up our foreign trade. What has the gentleman done in the way of introducing any bills in Congress that would restore the foreign trade he is now complaining has been lost?

Mr. FISH. I think the gentleman just said, did he not, that I had reintroduced the McNary-Haugen bill?

Mr. ARNOLD. But the provisions of that bill are contained in this bill.

Mr. FISH. Some of the principles are in it.

Mr. ARNOLD. No; the principles of the McNary-Haugen bill are here.

Mr. FISH. Have I told the gentleman I was opposed to this bill?

Mr. ARNOLD. I was trying to find out what the gentleman has done to restore the foreign markets.

Mr. FISH. I was going to say that the only thing that impels me to vote for this bill is the fact that it contains some of the principles, possibly some of the main principles, of the McNary-Haugen bill. I am opposed to the processing tax. If I had my way I would wipe out the entire A. A. A. and give the Secretary of Agriculture the right and the power to fix minimum prices for agriculture, to have two sets of prices, a domestic price fixed by the Secretary, and a world price to take care of our surplus of wheat, cotton, corn, or whatever commodity it may be, sell it in the world markets, and take whatever price it brings, and distribute the money to the farmers.

Mr. ARNOLD. Would the gentleman empower the Secretary of Agriculture to fix this upset price?

Mr. FISH. I certainly would.

Mr. PIERCE and Mr. JONES rose.

Mr. FISH. Mr. Chairman, I want to inform the House, so there will be no misunderstanding about it, that I am speaking over a national radio hook-up at 6:30 this evening on the subject of our vanishing markets, giving facts and figures, so fire your questions at me now. I yield first to the chairman of the committee.

Mr. JONES. I understood the gentleman to say that he had introduced a bill which was referred to the Committee on Agriculture.

Mr. FISH. Yes; similar to the last McNary-Haugen bill; that was, provided the A. A. A. had been wiped out. I am opposed to all the processing taxes. I realize they have increased the cost of agricultural products, but that farmers want to maintain those benefits. I realize they are really bonuses, and the farmers will vote overwhelmingly for them, but that is not the proper system. It is, however, the system in existence. I maintain that the Republican Party should work out a clear-cut program to restore the vanishing markets and substitute something in place of the processing taxes, but I am not able to go into that angle of it at the present time in a limited debate.

Mr. MOTT. Mr. Chairman, will the gentleman yield?

Mr. FISH. I yield.

Mr. MOTT. May I suggest to the gentleman from New York that a complete program such as he has suggested is already in Congress in the shape of bills? There are the Frazier-Lemke farm-mortgage refinancing bill, the old John Simpson cost-of-production bill, the McNary-Haugen bill, and the old debenture bill. They are all in Congress. The only reason they have not received the consideration of this body—successful consideration—is because the present administration happens to be opposed to them. These bills are in shape so that they could be passed at this session of Congress if we had sufficient support in this body to do it; and I may mention that in the case of at least one of these bills 36 State legislatures out of 48 in the United States have formally petitioned the Congress of the United States to enact it into law as a substitute for this measure.

Mr. McFARLANE. Mr. Chairman, will the gentleman yield?

Mr. FISH. I yield for a brief question.

Mr. McFARLANE. Will the gentleman kindly inform the House and the country, inasmuch as he is running for President, how he stands on these bills?

Mr. FISH. I propose to do my own talking to the country over the radio tonight.

Mr. McFARLANE. Tell the people how he stands on these bills.

Mr. FISH. Now, let me proceed on this subject. The raising of agricultural prices has been welcomed by all the farmers, at least. Someone has asked whether the Grange and the Farm Bureau Federation are for this bill. I think both are for it. I ask the chairman of the committee, the gentleman from Texas [Mr. JONES], if the farm organizations are not for this bill?

Mr. JONES. All of them which have made a declaration for or against it are for it. There are some State unions which have favored it, but I do not think the national unions

have stated their position on it; but practically all the farm organizations, some 15 or 20 of them, I think, have endorsed the measure.

Mr. FISH. My main purpose in taking the floor at this time was to point out the undeniable fact that in 2 years the A. A. A. program, in spite of all it has done toward raising the cost of farmers' products, has lost the world markets. Let us take cotton, for instance. We have lost over 50 percent of the world market in cotton. Cotton was our single greatest export crop.

More people in America were connected with the production of cotton than any one single commodity. I have seen it estimated as high as 10,000,000 people. We have lost half of the world markets and through the reduction of 25 percent of the cotton crop hundreds of thousands of people in the South have been placed on the relief rolls. While we have lost 3,000,000 bales, Brazil, Egypt, India, North Africa, China, and Soviet Russia have increased their production more than 3,000,000 bales. We have simply lost that wealth. The question now is, How are we going to get it back? The greatest wealth this country has ever produced has been in cotton. We are losing our market for it every day. Eventually we shall lose the other 3,000,000 or 4,000,000 bales of exportable cotton produced in the Southern States. If the South wants to commit economic suicide, of course, it is not our fault. We are not responsible for it. It is due to the A. A. A. program that we have lost the foreign markets. It is due to the A. A. A. program and the processing tax that the wheat producers have lost the wheat market in Europe.

Mr. ARNOLD. How has the A. A. A. lost the foreign market?

Mr. FISH. I will tell the gentleman.

Mr. PIERCE. It was gone before the A. A. A. Act was passed.

Mr. FISH. Oh, no. When you reduce production 25 percent and increase the cost in the United States so it gets away above the world market, naturally foreign nations are not going to buy so much. That is self-evident to anyone and is exactly what has happened to our cotton and wheat surpluses. Egypt, Brazil, and other countries have undersold us in cotton, and Argentina and Australia in wheat.

Mr. ARNOLD. Our farmers want these increased prices, and it is to their benefit. Now, would the gentleman take that away from them in order to get the world trade?

Mr. FISH. One minute the gentleman denies we have lost the world trade and in the next minute he wants the increased prices at home. I say, yes, have two prices, one for our domestic market and another price for the world markets. Instead of destroying our crops and plowing them under, raise all we can and sell the surplus at whatever price we can get. [Applause.] If we can get 50 cents in the world market for wheat let us sell it. Then bring the money back to this country and distribute it to the farmers. It is a clear-cut proposition and a plan that the Republicans ought to stand for solidly.

[Here the gavel fell.]

Mr. FULMER. Mr. Chairman, I yield 10 minutes to the gentleman from North Carolina [Mr. COOLEY].

Mr. COOLEY. Mr. Chairman, I am sure that I cannot adequately appraise the value of the services of the Chairman of your Agriculture Committee, the distinguished and splendid gentleman from Texas, Hon. MARVIN JONES. While I do not desire to unduly compliment him upon the discharge of his legislative duties, I would not be true to my inmost feelings, as one of the younger members of the committee, if I did not publicly state that he has, as chairman of the committee, demonstrated splendid leadership and great ability. With wisdom and becoming dignity he has presided over the deliberations of his committee with such fairness and with such impartiality that he has not only distinguished himself but he has endeared himself to every member of the committee and is entitled to the gratitude of this House and the country at large. Whatever may be the fate of this measure, that divine compensation of life, the luxury of enjoyment, which comes only from duty well and faithfully performed, will surely be his rightful portion.

Were I guided solely by my own inclinations, I would not permit myself to trespass upon the patience of this committee, but I am impelled by a sense of duty and perhaps motivated by an intemperate zeal, in asking your indulgence for a few brief observations upon this bill, which so vitally affects the welfare and the happiness of those whom I have the honor to represent.

With unaffected humility, I frankly confess that there are those present who more thoroughly understand this bill, and before the splendor of whose genius and ability I should bow with respectful deference. But even though I am still in my congressional swaddling clothes, I believe that I know at least a little something about the vicissitudes of the farmer and the necessity of strengthening the Agricultural Adjustment Act, to the end that it may more effectively accomplish its high service—the restoration of the farmers' purchasing power and the rehabilitation of agriculture.

I have no quarrel with those who may differ with me upon the wisdom or the efficacy of the Agricultural Adjustment Act. Neither shall I impugn the motive nor question the sincerity, nor doubt the patriotism of any man or woman who may oppose this legislation on the ground that it is a form of governmental regulation. I am glad that this is still a forum wherein men may differ and, while I am mindful of the fact that governmental regulation is repugnant, I am also conscious of the fact that poverty, desolation, and foreclosures are likewise quite repugnant. While I have sympathy with those who may differ, I have little patience with the critics of honest effort who have no better plan to offer.

I believe that the American farmer loves the fundamental philosophy of his Nation, and I believe that I know the American farmer well enough to know that he wants no legislation which does not find sanction within the framework of our Constitution. The American farmer loves this representative Government of ours—he does not want communism, fascism, or nazi-ism, or any other kind of "ism" except true Americanism. He does not want charity; he only wants justice and the protection of those blessed rights guaranteed to him by the organic law of the land. He wants his share of the national income, his rightful place in the national economy, and his rightful portion of human happiness. He wants to be freed from the merciless tyranny of that antiquated system which has enslaved him.

Of course, the farmer looks forward to the time when he can plant freely and harvest generously, in the certainty that he will have a market at home and abroad for the product of his toil, but for the present, recognizing the emergency, is willing to curtail his efforts in order to reduce the surplus which is depressing the price and which the world apparently does not want or cannot buy.

I have a genuine faith in the American farmer, and I believe that he today has an abiding faith in the leadership of the Democratic Party as it seeks to furnish him with the machinery which will enable him to gain control of his own industry and become the master of his own household.

Industry produces only that which it can profitably sell. Pray tell me why the farmer should continue to deplete his soil by producing that which the world will not buy? Neither the processor nor the manufacturer nor the consuming public has the right to eat the food nor wear the fiber produced by the sweat and toil of the farmer unless and until they are willing to pay the farmer not only the cost of production but reasonable compensation for his labor. If to pay the farmer reasonable compensation for his labor will result in closing factory doors, then let the doors close, for they have no right to remain open and expect the cotton farmer to put shirt tails on the people of the world while he himself is bled as white as the cotton he produces. Neither is the public entitled to the milk unless it is willing to feed the cow.

This is not a processors' measure. It was not designed to protect the manufacturer. It was not initiated and it is not administered for the protection of the other parasites who have in the past "farmed the farmer", and we do not intend to permit them to dictate the terms and conditions under which the program for the improvement of agriculture is carried out.

Restore to the American farmer this purchasing power and then, and only then, will the idle wheels of industry start to turn. This bill seeks to do that very thing, and at the same time it does no violence to the legitimate rights of others.

Everything from root rot to blue mold works against the farmer. Everything that crawls upon the earth, and even that which dwells beneath or falls upon the earth, fights against him. Every bug and beetle and bollweevil is his enemy. May we hope that Congressmen will be his friends and pass this act which will give strength and vitality to a program which has meant so much to him.

I need not bore you with statistics nor attempt to recapitulate nor even extol the virtues of the Agricultural Adjustment Act. Only those who are blind can fail to see the conspicuous signs of returning prosperity. It will suffice to say that the shadow is lifting from the farm; despondency is disappearing; confidence is being restored; and happiness is returning to the hearthstones of American homes.

Time will not permit me to even attempt an analysis of this bill, but I do want to say:

It will make the Agricultural Adjustment Act more certain and more effective.

It will certainly remove all doubt as to the constitutionality of at least some, if not all, of the provisions of the Agricultural Adjustment Act.

It safeguards the exercise and possible abuse of the powers conferred upon the Department of Agriculture.

It gives the farmer a voice in the initiating and terminating of certain programs which seek to bring about the declared policy of the act.

It sets apart 30 percent of the import duties collected by the Government, which is estimated to be around $100,000,000, for the building up of the substandard of consumption; the development of foreign and domestic markets in the interest of a fuller utilization of our agricultural resources.

It provides for the payment of benefits to farmers cooperating in the great plan for adjustment of our national economy.

It protects the public by providing for an ever normal granary, which will provide adequate reserves of the major agricultural commodities to protect consumers from shortages.

This bill fixes, by act of Congress, the processing tax and prevents the filing of claims for refund of taxes already paid, and prevents the enjoining of the collection of processing taxes levied in the future. By fixing the tax ourselves, we certainly take care of the constitutional objection as to the delegation of power conferred upon the Secretary of Agriculture by the triple A, in this respect.

The bill spells out in certain terms the authority conferred upon the Department of Agriculture, and provides the conditions and limitations for the exercise of the power we have vested in the Secretary of Agriculture.

No farmer can be licensed or subjected to orders in his capacity as a producer.

No retailer can be licensed or subjected to orders in his capacity as a retailer.

No license or order can be imposed upon the processors of farm commodities unless the Secretary and the President first determine that it is the only practical means of accomplishing the declared policies of the act, and that two-thirds of the producers of the commodity favor the imposition of such orders. Thereupon, minimum producers' prices may be fixed so as to guarantee to the farmer a parity price.

As to the constitutionality of orders fixing minimum producers' prices, although we have no direct United States Supreme Court decision as a precedent, I desire to call your attention to a few decisions which we think justify the belief that these provisions of the Agricultural Adjustment Act are constitutionally sound. First, I would remind you that in many of the large metropolitan milk markets of the country by far the greater portion of the milk distributed in such markets is produced in States other than those in which such markets are located. The bulk of the milk supplied to these markets thus moves in interstate commerce directly from the producer to the distributor. As an example, approximately 90 percent of all milk distributed in the Boston metropolitan area is produced in States other than Massachusetts.

The fixing of minimum prices which distributors are required to pay producers for such milk is clearly a regulation of the contract of purchase of such milk; that is, the very transaction which initiates the movement of this milk in interstate commerce. In *Baldwin v. Seelig* (55 Sup. Ct. Septs. 497), decided March 4, 1935, the Supreme Court held that the State of New York could not constitutionally prohibit the sale within its borders of milk produced outside of the State and purchased from producers at less than the minimum prices fixed under the statute for the purchase of milk in New York. The Supreme Court held that this attempt by the State of New York to fix minimum producer prices for milk moving in interstate commerce was unconstitutional, because it constituted a regulation of interstate commerce. The holding in this case that New York could not fix producer prices for interstate milk was tantamount to a holding that the Federal Government could fix such prices. Otherwise, it would mean that this aspect of commerce was beyond the control of both the States and Congress, a result which is logically inconceivable.

Another Supreme Court decision affirming the power of Congress to provide for the fixing of minimum producer prices for commodities which move in interstate commerce is *Lemke* v. *Farmers Grain Co.* (258 U. S. 50). In that case it was held that a North Dakota statute which fixed the price to be paid for grain purchased from growers in that State—a very large percentage of which moved in interstate commerce after its purchase—was unconstitutional because the fixing of such producer prices was a regulation of interstate commerce and hence could be imposed only by Congress and not by the States. The Court said:

> It is alleged that such legislation is in the interest of the grain grower and essential to protect them from fraudulent purchasers and to secure payment to them of fair prices for the grain actually sold. This may be true, but Congress is amply authorized to pass measures to protect interstate commerce if legislation of that character is needed.

In other cases the Supreme Court has specifically stated that the buying and selling of goods for movement in interstate commerce is itself a part of interstate commerce (*Shafer* v. *Farmers Grain Co.*, 258 U. S. 189; *Dahnke-Walker* v. *Vondurant*, 257 U. S. 282), and consequently the regulation of such contract of purchase by fixing of minimum producer prices is clearly a regulation of a transaction in interstate commerce.

In the Schechter case the transactions regulated by the Poultry Code occurred after the interstate journey of the poultry had ended and after the slaughterers had purchased it from commissionmen and it had come permanently to rest within the State of New York. The opinion specifically distinguished the situation before the Court from that involved here, to wit, the regulation of the purchase of a commodity for immediate shipment in interstate commerce. The Court stated that the provisions of the Poultry Code were not concerned with the purchase of such poultry from producers or their agents, the commission men, and said:

> So far as the poultry here in question is concerned, the flow in interstate commerce had ceased.
>
> The poultry had come to a permanent rest within the State. It was not held, used, or sold by defendants in relation to any further transactions in interstate commerce and was not destined for transportation to other States. Hence decisions which deal with a stream of interstate commerce—where goods come to rest within a State temporarily and are later to go forward to interstate commerce—and with the regulation of transactions involved in that practical continuity of movement are not applicable here.

Thus the Court carefully distinguished the type of regulation involved in the fixing of minimum producer prices for commodities which are purchased for immediate interstate commerce. It is significant that the Court cited at this point of its opinion, among other cases, Lemke against Farmers Grain Co., which I have discussed, as an example of the extent of constitutional regulation of interstate commerce by the Federal Government. Hence the Schechter case indi-

cates that the fixing of minimum producer prices for commodities which move in interstate commerce is within the Federal commerce power.

Hammer v. *Dagenhart* (247 U. S. 251)—the child-labor case—is not an authority against the constitutionality of the fixing of minimum producer prices for interstate commodities. In that case the Supreme Court held that the real purpose and effect of the child-labor law was to regulate the hours of labor of children in factories within the States, a matter which has no relation whatever to interstate commerce. But obviously the purpose of fixing minimum producer prices for commodities named is to increase the price received by producers for a commodity which moves in interstate commerce. And the cases discussed demonstrate that the purchase and sale of the commodities named for shipment in interstate commerce is in itself a part of interstate commerce, and consequently that in regulating this contract of purchase by fixing minimum producer prices Congress is regulating a transaction which is a part of interstate commerce, not one related to interstate commerce, as was the employment of child labor involved in Hammer against Dagenhart.

In fixing minimum producer prices for such commodities, Congress is not regulating manufacture or production; the only transaction regulated is the purchase of such commodities by the distributor from the producer, and that purchase initiates the movement of such commodities in interstate commerce and is itself a part of interstate commerce.

In metropolitan milk markets such as Boston, there is, of course, a relatively small volume of milk which is produced in the same State in which it is distributed, and hence does not move in interstate commerce. The application of milk orders to this relatively small amount of milk is amply justified under the doctrine that Congress has the power to regulate intrastate commerce in connection with its regulation of interstate commerce when intrastate commerce is so intermingled with the interstate commerce regulated that effective regulation of the latter requires regulation of the former, or when the regulation of interstate commerce alone would give an unfair competitive advantage to intrastate commerce of the same character, or when intrastate commerce directly affects or burdens interstate commerce. Thus, the Interstate Commerce Commission may regulate intrastate railroad rates when such intrastate rates, if unregulated, would hinder effective regulation of interstate railroad rates, or would discriminate against those who ship goods in interstate commerce—the *Shreveport case* (234 U. S. 342); *United States* v. *Louisiana* (290 U. S. 70); *New York* v. *United States* (257 U. S. 591). It seems obvious that in these interstate milk markets the fixing of minimum producer prices for interstate milk could not be effective without fixing equivalent prices for intrastate milk which is in direct competition with interstate milk, and the fixing of minimum producer prices for interstate milk alone would clearly discriminate against such milk.

Therefore, it would appear that there can be no very serious question that the fixing of minimum producer prices for milk is permissible under the due-process clause of the fifth amendment. *Nebbia* v. *New York* (291 U. S. 502) and *Hegeman Farms Corporation* v. *Baldwin* (293 U. E. 163) establish that fixing such minimum producer prices for milk does not contravene the due-process clause of the fourteenth amendment, and it is well settled that the restraints of the fifth amendment upon congressional legislation are no greater than those of the fourteenth amendment upon State legislation (*Heiner* v. *Donnan*, 285 U. S. 312, 326).

We may expect new decisions upon new laws in this new and progressive age, but I am sure that no one Supreme Court decision, nor a dozen decisions, will halt the march of progress or send us back to the so-called "good old days" of starvation and woe and want.

In my State, and in the other flue-cured tobacco growing States, the situation, with reference to tobacco, is in many respects similar to the situation as to milk in the metropolitan areas. According to evidence introduced in the case of Motsinger and others against the collector of internal revenue for North Carolina and others, now pending in the United States District Court for the Middle District of North Carolina, approximately 60 percent of the entire North Carolina flue-cured crop is exported annually. At least 65 percent of the North Carolina crop is either exported and transported in interstate commerce to other States prior to its manufacture, and 98 percent of all of the flue-cured tobacco produced in North Carolina is ultimately consumed either before or after manufacture outside of the State, and, therefore, goes into the stream of foreign or interstate commerce.

It certainly follows, then, that the prostration of the tobacco farmer is well calculated to dry up the streams of commerce insofar as tobacco is concerned.

As the price of tobacco rises, increasing numbers of motor cars are sold in the tobacco-producing States. The sale of farm machinery and fertilizer and of any number of other things which the farmer must have increases in volume and accelerates the stream of interstate commerce and stimulates national prosperity.

I do not believe that the Agricultural Adjustment Act, as it will be amended by the bill under consideration, will be found wanting on the ground that it is an unconstitutional delegation of legislative power. Time will not permit a further discussion of this particular phase of the measure.

In closing, I desire to remind you of the splendid defense of the Agricultural Act delivered on the floor of this House on Tuesday, April 23, by my good friend and colleague from North Carolina the Honorable LINDSAY C. WARREN, which, I think, is a complete answer to those who have not been willing to go along with this part of the new-deal program, under which the income to cotton farmers alone rose from $464,000,000 in 1932 to $862,000,000 in 1933. Insofar as my State is concerned, when I realize that the cash income to our farmers was increased from $86,000,000 in 1932 to $216,000,000 in 1934, I am unwilling to remain silent when their program is threatened or attacked, and I want it distinctly understood that I am for this bill lock, stock, and barrel. [Applause.]

Mr. JONES. Mr. Chairman, I yield 10 minutes to the gentleman from Nebraska [Mr. COFFEE].

Mr. COFFEE. Mr. Chairman, I cannot discuss very many phases of this bill in 10 minutes, so I am going to confine my remarks to the provisions of the bill that deal with our foreign trade. I should like first to answer the gentleman from New York [Mr. FISH]. He asks what has happened to our vanishing foreign trade. I may state that if he would search through the Tariff Acts of 1921, 1922, and 1930 he would probably find the reason for the retaliatory barriers raised by foreign countries which have practically wrecked our international trade.

There can be no general prosperity in this country until the purchasing power has been restored to the 50,000,000 people in this country who are engaged in agriculture. It was the loss of this purchasing power that largely contributed to the collapse of industry and our consequent major social problem—the army of unemployed. Agriculture was the first major industry to be forced down the toboggan into depression because of loss of foreign markets. Other industries closed as a consequence of the loss of this domestic market, throwing millions of men out of work and further reducing the purchasing power of the Nation. The chain of circumstances is known to all of you. Our problem is to rebuild that which has been destroyed; to restore national prosperity and regain what has been lost.

The Agricultural Adjustment Act has been of great benefit to agriculture. The adoption of this bill containing the amendments to the act will, in my opinion, make the Agricultural Adjustment Act the legislative machinery that will not only pull agriculture out of the bog of depression but will start the wheels of industry and help carry the army of unemployed back to work.

The amendments dealing with our foreign trade in agricultural products introduce into the Agricultural Adjustment Act a clear authority to maintain a two-price system for American agriculture. By adopting these amendments Con-

gress will be taking a great step forward in recapturing lost world markets for American agriculture. It will be possible to maintain a domestic price level the height of our tariff above the world level on the portion of our products consumed in this country, and provide a means of exporting the surplus at the world level. In so doing, Congress will be adopting for the United States a system of marketing agricultural commodities already tried and approved in some form by practically every other country of any consequence engaged in exporting, as shown in the following table:

Two-price systems in export of certain agricultural products, by type of administration and source of funds (1929–34)

Country	Grains	Flax	Corn	Butter	Eggs	Beans	Olive oil	Pork and pork products	Beef	Cheese	Poultry	Live animals	Wine
Argentina	A−8	A (seed)−8	A−8										
Australia				B−4 A−5									D−1
Austria	E−6			E−6					E−6	E−6			
Bulgaria	A−1+3 (2)		A−1+3 (2)										
Chile	A−3+1+7					A−3+1+7							A−3+1+7
Denmark									A−1+3				
Egypt			D−6 (1)			D−6 (1)							
Estonia				D−9+1	D−9+1			D−1+3 (9)					
Finland				D−2	F−1			F−1		D−2			
France	D−2 (1)	D−2 (1)											
Germany	E−6			E−6	E−6			E−6	E−6				
Greece							D−1						
Hungary	D(B)−3												
Irish Free State				D−1	D−1						D−1	D−1	
Italy	A (rice)−2												
Latvia		C−1		D+C−1				C−1					
Netherlands								A−1					
Poland	E−6+1			E−6+1				E−6+1		E−6+1			
Rumania	D−3+6 (1)		D−1 (6)										
Spain	A (Rice)−3												
Southern Rhodesia			A−5	B−4					D−3				
Sweden	F−1												
Union of South Africa			A−7+2	B+A−4					A−7+2				
Uruguay	A−1							A−1					
Yugoslavia	C−1 (3)												

LEGEND

Administration by: A, board created by Government; B, cooperative association; C, monopoly; D, bounties paid without any special administrative unit; E, import certificates; F, export certificates.

Source of funds: 1, general taxes; 2, special sales taxes; 3, processing taxes; 4, producers' assessments; 5, equalization fee plan; 6, general customs receipts; 7, special import duties; 8, foreign exchange profits; 9, tax on foreign exchange.

The substance of these amendments is very simple. First, they give the Secretary of Agriculture permissive power to make "payments to expand domestic or foreign markets", "payments to remove surpluses of agricultural commodities or products thereof." The comprehensive language of these phrases is intended to authorize three methods of disposing of surpluses: Exportation at world prices, diversion to relief channels, and conversion into low-cost by-products. Any of these payments may be made separately or in conjunction with the familiar rental or benefit payments now authorized under the act.

Second, the amendments provide the source of funds to make these payments. A processing tax may be levied with respect to any basic commodity. If no rental or benefit payments are to be made for adjustment of production, the tax would be reduced to the very low rate necessary to pay losses on exportation or to expand markets. In any case, even if all payments are being made, the rate of tax will not exceed the present rate.

Section 31 of this bill authorizes an appropriation of 30 percent of the customs receipts for the use of the Secretary of Agriculture for the principal purpose of encouraging the exportation of the surplus major agricultural commodities and products or diversion into relief. This fund will amount to approximately $100,000,000 a year and can be used in conjunction with or independently of any funds raised through a processing tax to pay exporters a bounty to indemnify them against loss in the removal of the surplus agricultural commodities from the domestic market. Through the manipulation of this fund a dual price level can be maintained and in this way we can prevent our domestic price level from being forced to the world level when a surplus occurs.

This is about agriculture's proportionate share of the tariff duties, since approximately 30 percent of the population is engaged in agriculture. This fund is an independent fund and can be used in conjunction with funds provided through the processing tax, if there is such, or independently, to remove surplus agricultural products from the domestic market through the export channel. It will give the American farmer an opportunity to increase production as world markets are expanded and a stabilized price on that portion of his production consumed domestically.

Normally 18 percent of farm income is derived from foreign sales as against 5 percent for industry. There is nothing mandatory in these provisions which are designed to arm the American producer with a means of attaining and regaining his foreign market.

The following table indicates the trend of meat exports from the leading meat-exporting nations:

Meat and meat products, international trade, biennial, 1919–33

[In millions of pounds]

Calendar year	United States	Argentina	Denmark	New Zealand	Australia	Brazil
1919	3,118	1,596	34	552	521	254
1921	1,948	1,242	237	553	338	174
1923	2,342	1,853	492	405	212	250
1925	1,584	2,168	564	449	458	153
1927	1,290	2,280	682	441	321	93
1929	1,448	1,701	681	428	383	201
1930	1,183	1,552	875	514	344	288
1931	978	1,544	1,040	519	350	184
1932	865	1,436	1,025	581	446	116
1933	945	1,429	797	651	434	136

Third, the amendments take steps to protect our rising domestic price level against importations. A new section added to the act authorizes the President to cause the Tariff Commission to investigate the importation of any articles of commerce, and, upon their finding that such imports tend to prevent any agricultural commodity from reaching parity price, to license further imports, impose quotas, or exact compensating taxes. This section is essential to protect our domestic market against importations of competing agricultural commodities and is of particular interest to the livestock producer.

The maladjustment of tariff benefits has in general tended to force the farmer to buy on a protected market and to sell on a world market. The high tariffs provided for industrial products and the low tariffs provided on most agricultural commodities have tended to industrialize the United States at the expense of agriculture and labor. Since 1922 the

trend has been toward increased exportation of industrial products and increased importation of foodstuffs.

The following figures indicate this situation better than words can tell:

Foodstuffs

[In thousands of dollars]

Year	Exports	Imports	Excess of exports (+) or imports (−)
1922	1,046,598	717,228	+329,370
1924	966,183	946,473	+19,710
1926	838,068	957,635	−119,567
1928	760,488	955,706	−195,218
1930	541,183	693,573	−152,390
1932	241,537	406,891	−165,354
1934	226,968	517,861	−290,893

Semimanufactures and finished manufactures

[In thousands of dollars]

Year	Exports	Imports	Excess of exports (+) or imports (−)
1922	1,730,037	1,215,624	+514,413
1924	2,198,720	1,405,234	+793,486
1926	2,612,328	1,680,961	+931,367
1928	2,976,354	1,669,004	+1,307,350
1930	2,410,891	1,365,174	+1,045,717
1932	820,955	557,558	+263,397
1934	1,220,671	657,525	+563,146

There are quoted below the domestic exports and imports for consumption of cattle and beef products from and into the United States during the calendar year 1934 and the period from January 1 to April 30, 1933, inclusive:

	Calendar year 1934		Jan. 1–Apr. 30, 1935	
	Quantities	Dollars	Quantities	Dollars
DOMESTIC EXPORTS				
Cattle for breeding ..... number	5,440	178,900	717	69,575
Other cattle ..... do	10,215	262,711	956	33,428
Beef and veal:				
Fresh or frozen ..... pounds	5,470,986	735,720	1,754,032	293,494
Pickled or cured ..... do	13,940,031	823,817	2,025,949	169,330
Canned beef ..... do	2,499,665	811,822	1,044,952	350,322
Tallow ..... do	7,347,140	335,792	24,241	2,518
IMPORTS				
Cattle for breeding ..... number	6,860	424,007	2,955	230,799
Other cattle ..... do	57,679	591,133	144,919	3,474,073
Beef and veal:				
Beef, fresh ..... pounds	140,474	13,445	3,190,313	371,487
Veal, fresh ..... do	3,204	316	10,715	1,293
Cured, fresh ..... do	823,613	49,314	299,743	29,708
Canned beef ..... do	46,673,095	3,015,675	25,613,601	1,757,613
Tallow ..... do	42,813,299	1,624,792	88,483,408	4,240,793

Wheat, total exports of principal exporting countries and position of leading countries

[Percent of total world exports]

Year	Total	United States	Canada	Argentina	Australia
Average:					
1909–13	745,194,000	13.5	12.2	12.8	6.7
1914–18	613,375,000	36.0	25.3	12.7	7.1
1924–25, and 1928–29	804,042,000	23.7	36.6	17.5	11.3
1929–30, and 1933–34	780,336,000	16.0	34.4	19.8	15.8
Crop:[1]					
1929–30	973,115,000	16.8	43.4	23.3	11.1
1930–31	644,882,000	23.8	28.6	25.0	9.6
1931–32	847,225,000	15.5	31.6	14.2	16.6
1932–33	808,633,000	16.8	24.7	17.9	19.2
1933–34	627,645,000	6.6	42.7	19.2	23.7

[1] Beginning in 1922, World Exports complied from June 1 to July 30 of each following year so that these figures may be more comparable with crop years.

Source: Yearbook, Agriculture, 1920–34, with latest revisions.

The objective sought in the Agricultural Adjustment Act is to attain parity prices for agricultural products. The inclusion of these amendments will be a step toward attaining for agriculture equal footing with industry, which has always managed to obtain practically all of the tariff benefits without affording to agriculture proportionate compensation.

With a properly balanced agricultural production in conformity to domestic and foreign demand, prices on agricultural products can be stabilized at profitable levels. When this is accomplished the increased purchasing power will be immediately reflected in increased industrial activity which is so essential at this time to put the unemployed back on the pay rolls and take them off the relief rolls. There can be no general prosperity in the United States without restoring purchasing power to the consumer.

With the adoption of these amendments, the Agricultural Adjustment Act will be greatly perfected and made more flexible, so that under its provisions each surplus commodity can be dealt with in a manner most adaptable to that particular commodity.

The present act provides only one means of removing surpluses, and that is through a reduction program, and rental and benefit payments can only be made in connection with a reduction program. The amendments change the word "reduction" to "adjustment", and in connection with the other provisions will make it possible to gradually increase production as domestic and foreign markets are developed. The present policy of allowing each industry to determine upon its own program under the act will be continued. However, with the adoption of the bill, the producers of any commodity will have several options under the act of how best to utilize Government assistance in coping with the problems pertaining to their industry.

The Farm Board Act failed because it provided no means of controlling production nor any means of disposing of the surplus. The old McNary-Haugen plan, which provided for an equalization fee to provide a fund sufficient to remove surpluses from the domestic market through the export channel, passed Congress in 1927 and 1928 and was vetoed twice by President Coolidge on the theory that it provided no means of controlling production.

The present act provides the means of controlling production, and by incorporating in that act the principles of the McNary-Haugen plan and also the export-bounty plan, as provided in this bill, the Agricultural Adjustment Act will then be perfected to remove surpluses through the export channel without depending entirely upon controlled production. Weather conditions and other economic factors make it impossible to plan production to meet domestic requirements only. Consequently a means of removing any surplus that may be produced without demoralizing the domestic market is essential.

If we want to fight for foreign trade, we must be armed with the same weapons that the other countries have. There are 15 countries that are subsidizing the exportation of grain, as shown in the table above. You talk about rye coming into the United States; certainly, it comes in from Poland, and Poland pays 30 cents a bushel to get it out of that country, because they are going to maintain their domestic price, and therefore they pay 30 cents a bushel as a bounty to get it out. We only charge 15 cents a bushel tariff coming into this country, and naturally this is a good cash market.

Mr. ANDRESEN. Mr. Chairman, will the gentleman yield?

Mr. COFFEE. I yield.

Mr. ANDRESEN. The gentleman is making a very fine presentation, but there is a provision in existing law which permits the President to go ahead and increase our duties to offset something on account of subsidies paid in other countries, but he has not done this.

Mr. COFFEE. The gentleman appreciates the fact that I have tried to make that provision, restricting agricultural imports, in this bill as mandatory as possible.

Mr. ANDRESEN. I know that. The gentleman is a very good Republican in that respect.

Mr. MOTT. Mr. Chairman, will the gentleman yield?

Mr. COFFEE. I yield.

Mr. MOTT. Does not the gentleman also realize that the President has the authority to put an absolute embargo upon these products whenever they interfere with American industry?

Mr. COFFEE. I will join with any of you people at any time to try and maintain the domestic market for the American producer.

I want to quote here a statement made by President Roosevelt in an address to industrial groups in Boston on November 1, 1932, which indicates his sympathetic attitude toward the provisions of this bill:

> * * * We need to give to 50,000,000 people, who live directly or indirectly upon agriculture, a price for their products in excess of the cost of production. That will give them the buying power to start your mills and mines to work to supply their needs. They cannot buy your goods because they cannot get a fair price for their products. You are poor because they are poor. I favor—and do not let the false statements of my opponents deceive you—continued protection for American agriculture. I favor more than that. I advocate measures to give the farmer an added benefit, called a "tariff" benefit, to make the tariff effective on his products. * * *

These amendments which we are advocating are the only measures before the Congress to correct this fundamental lack of balance in our foreign trade. They apply correctives at either end of the trade channel.

Agriculture must have Government assistance in order to compete with subsidized exports from other countries. While all nations have suffered in the loss of trade, the United States has suffered more than other nations in the loss of her foreign trade. We must arm our nationals with the means of getting rid of these agricultural surpluses. Until we rehabilitate agriculture and restore the purchasing power to the farmer, we are not going to get the wheels of industry turning in the East and get unemployed back to work.

Our committee has taken the position and has included an amendment to provide that each industry must stand on its own bottom and that the processing taxes in one industry cannot be used for the benefit of another. Corn and hogs are the only commingled items. Each industry maps out its own program in collaboration with the Secretary and Administrator. Secretary Wallace and Chester Davis, the administrator of the act, have had a superhuman task to perform. Their commendable efforts to rehabilitate agriculture are showing results. By giving them this additional power and funds necessary to remove burdensome surpluses that may accumulate, and to restrict imports of foodstuffs that compete with domestic production, American agriculture will be given a better chance to fight its way back to prosperity.

Mr. HOPE. Mr. Chairman, I yield 10 minutes to the gentleman from Wisconsin [Mr. SAUTHOFF].

Mr. SAUTHOFF. Mr. Chairman, the purposes of the Agricultural Adjustment Act, as set forth in the bill itself, are as follows:

First. To establish and maintain such balance between the production and consumption of agricultural commodities, and such marketing conditions therefor, as will reestablish prices to farmers at a level that will give agricultural commodities a purchasing power with respect to articles that farmers buy, equivalent to the purchasing power of agricultural commodities in the base period. The base period in the case of all agricultural commodities except tobacco shall be the pre-war period, August 1909–July 1914. In the case of tobacco, the base period shall be the post-war period, August 1919–July 1929.

Second. To approach such equality of purchasing power by gradual correction of the present inequalities therein at as rapid a rate as is deemed feasible in view of the current consumptive demand in domestic and foreign markets.

Third. To protect the consumers' interest by readjusting farm production at such level as will not increase the percentage of the consumers' retail expenditures for agricultural commodities, or products derived therefrom, which is returned to the farmer, above the percentage which was returned to the farmers in the pre-war period, August 1909–July 1914.

The bill under consideration today, H. R. 8492, seeks to amend the Agricultural Adjustment Act in several particulars. It's chief provisions are as follows:

First. Secretary of Agriculture Wallace will hold hearings. As a result of these hearings orders will be issued affecting processors and distributors but not producers. These orders will be subject to changes from time to time as emergencies arise which require change. These changes will be termed "regulations." These orders and regulations will take the place of licenses and amendments to licenses.

Second. Give the Secretary of Agriculture authority to keep an "ever-normal granary" by taking up surpluses in good years and dealing them out to farmers in bad years in the form of benefit payments in kind rather than in cash.

Third. Give him one-third of the customs receipts, a sum estimated at $100,000,000 a year, to finance marketing surpluses abroad and to improve the domestic market.

Fourth. Permit him to use part of the $100,000,000 to buy up and retire marginal lands.

Fifth. Presidential imposition of quota restrictions on tariffs on imports in event imports of agricultural commodities interfere with the program.

After many weeks of careful deliberation, the House Committee on Agriculture reported favorably on the amendments, and the House was ready to proceed with the amendments, which in their original form contained licensing features, but the Supreme Court ruling declaring the National Industrial Recovery Act unconstitutional made it necessary to send these amendments back to committee for complete revision. The licensing feature had to be eliminated, but in order that some measure of control be kept alive, the Secretary of Agriculture was vested with sufficient power to have some measure of supervision over agricultural products.

Whatever measure of control this may be, the writer sincerely hopes that it will not mean the destruction of any animal and vegetable life in the future as we have had in the past. The writer was taught as a child that the destruction of any food was a grave sin, and still believes firmly that the destruction of food is indefensible. No doubt, millions of our people were shocked when they read that cattle and hogs and grains and other foodstuffs were wantonly destroyed, while millions were undernourished and underfed, going to bed hungry for lack of these provisions. The writer is unalterably opposed to the destruction of any of the wealth produced from the land, as he believes that the creation of wealth is a blessing, and not a curse, to mankind.

However, it must not be forgotten that there are grave abuses in the processing and distribution of foods, and some measure of control must be lodged some place in order to minimize these abuses. Naturally, the proper place for that control should be lodged in the Agriculture Department, because all the available data relative to agriculture is collected in that Department. What this control should consist of no one knows, but the writer suggests that some plan similar to that which exists in Wisconsin under the Department of Markets might be successfully worked out. In our State we have defined unfair competition and unfair trade practices and we could also do that nationally. Under such a plan hearings could be held, testimony taken, and findings had, based thereon, which would constitute orders similar to those of our Marketing Division. If these orders were defective, or found to be incomplete as a result of experience, they could then be altered and amended to suit conditions. The writer feels this would give some measure of control and would not be as drastic or despotic as the proposed licensing scheme. Personally, I am very happy indeed that the licensing feature has been disposed of, as many of the Members of Congress felt that it gave the Secretary of Agriculture too much power.

In this article I have previously referred to the section of the bill which provides that 30 percent of all of the money collected by import duties under our tariff laws be turned over to the Secretary of Agriculture to aid agriculture. This money could be used for the removal of surpluses, the development of foreign and domestic markets, payment of cash or rental benefits to farms, or in various other ways for the benefit of American farmers. This provision, in itself, should materially benefit our farmers.

Another amendment to the Agricultural Adjustment Act contained in this bill, known as H. R. 8492, will give to the

President of the United States the power to fix quotas on imports, or to place a compensating tax on imports in order to keep farm prices up to the fair exchange value commonly referred to as the pre-war parity price, whenever there are actual or threatened imports of such commodities. This provision is of special importance to the dairy industry, particularly in view of the fact that in recent months there have been large imports of butter which have directly and adversely affected the price paid to American farmers for butter fat.

The legal division and the officials of the Dairy Section of the Agriculture Adjustment Administration believe that the amendment referred to will give the power which the dairymen now desire without the use of a production-control program, or a processing tax on butter fat or milk. They believe that it will be possible to reinforce a domestic butter buying program on the part of the Government to stabilize markets, by putting quotas or compensating taxes on imported foreign dairy products which compete with and tend to lower the domestic price level. The A. A. A. people believe that if they started a butter- and cheese-buying program to stabilize domestic prices, that the use of that particular section in the proposed amendment would provide them with a method of doing this without instituting a national production-control program or processing tax on dairy products. At present they feel that when they start buying butter for relief and stabilization, it simply shoots the price of butter up and invites foreign importations and increased consumption of butter substitutes.

One feature of this bill seems to have been copied directly from Joseph's advice to Pharaoh when he exhorted him to store up his grain during the 7 fat years in preparation for the 7 lean years, for this act provides for a similar policy. If there is a large crop one year, the new policy will be to reduce such crop the next year, if it seems advisable, and if there should be a short crop in any given year, the program for the next year could provide for an increase in the production of this commodity. This is in accordance with the theory, "an ever normal granary", and anticipates the production of a sufficient amount of agricultural commodities to meet the demands, first, of our domestic market, and then of our foreign market, secondly, and to keep the production of agricultural products adjusted to a point that will insure to the producer the fair exchange value of his commodity.

In a study of this difficult subject it seems to me that we should bear in mind these things:

First. The purchasing power of the consumer at home.

Second. Manipulations of speculators and racketeers.

Third. Domestic competition.

(a) Substitute for butter.

(b) Healthy herds and high standards.

Fourth. Foreign competition.

Let us consider these factors in order:

PURCHASING POWER OF CONSUMER AT HOME

In examining and studying the reports of the United States Department of Agriculture, Bureau of Agricultural Economics, I find the following:

Trade output of creamery butter, January to March 1934 and 1935

Item	1934	1935	Change 1934 to 1935
	1,000 pounds	*1,000 pounds*	*1,000 pounds*
Production	344, 157	304, 193	−39, 964
Out-of-storage movement	95, 898	41, 834	−54, 064
Imports	128	8, 538	+8, 410
Exports	491	167	−324
Trade output	439, 692	354, 398	−85, 294

	Pounds
Gain in imports in 1935 over 1934	8, 410, 000
Decline in domestic production	54, 000, 000

In spite of import gains the domestic-butter consumption fell off one-fifth during the first quarter of 1935 under that of 1934. High butter prices placed butter beyond the reach of the average consumer, and he was forced to buy cheaper substitutes, thus reducing the butter market. Production of oleomargarine in the first quarter of 1935 was 46,000,000 pounds larger than in the same period of 1934.

The increase in imports has not been nearly as large as the decrease in production.

From a study of the foregoing we arrive at the conclusion that the sale of butter can never go beyond the power of the consumer to purchase it. The consumer wants butter and needs it, but he is prohibited from purchasing it because the price gets out of his reach. In order to increase the sale of butter we must increase the power of the consumer to buy it, and this, of course, can only be done by more employment and better wages. Prices of agricultural commodities follow very closely the prices paid for labor. When labor gets better wages the farmer gets better prices, and when wages go down the farmer's market declines.

Statistics show that wages run nearly parallel with the prices of all crops. In 1929 both fell sharply, the low being reached in 1932. From 1932 to 1934 there was a noticeable increase, wages and crop prices still maintaining almost parallel relations.

A study shows that the income of the industrial worker sets the figure of the farmer's income. This fact is clearly established. When wages were high and the industrial worker could buy, the farmer's income was on the level with the worker's wages. As soon as the wage earner's income dropped, the farmer's income dropped with it. So we see that, as far as the domestic market is concerned, and 90 percent of the farmer's products are sold in the domestic market, it is dependent almost entirely on the ability of the industrial worker to buy. Low wages and unemployment wrecks the domestic market for agricultural products. This means the destruction of the income for the farmer, and as soon as his income is destroyed, then he cannot buy what the wage earner makes, and as a result the wage earner cannot earn and buy the farmer's products. One helps to break down the other, and it is apparent from these studies that one is closely allied with the other and dependent upon it. It is to be hoped that the expenditure of the $4,880,000,000 will increase the purchasing power of the worker and thereby expand and increase the income of the farmer. However, this must be borne in mind: that the $4,880,000,000 is only 10 percent of the total amount that should be expended in industry in order to put this country back on its feet in normal business activity. With this public-works relief money we are merely priming the pump of industry. Private industry must expand the other 90 percent, or $45,000,000,000, in order that we may be back where we belong. Such a program is a vast one and cannot be accomplished in a day. It will take time, courage, and confidence to bring it about. Therefore, there must be absolute cooperation and a spirit of willingness to get together. We will not get ahead by fighting each other and wrangling among ourselves. Calm, cool judgment, clear vision, and the faith and perseverance to go on with our program as we see it will bring about the desired results. Do not place confidence in so-called "economic lightning-rod experts", "financial rain makers", and "social-security patent-medicine fakirs" to bring back the rainbow of prosperity overnight.

MANIPULATIONS OF SPECULATORS

The farmer has been the victim of the chiseler, grafter, racketeer, and manipulator in the field of food supplies. The latter's methods have been many and varied, but his objects and results have been the same. His object was, and still is, to depress the farmer's prices and then sell the farmer's products in the cities at the highest possible price, so that the consumer also is a victim to this menace's operations.

Unfortunately for the farmer, he does not sell directly to the consumer, especially in the great populous areas of the country. There is a middleman, who buys from the farmer and sells to the consumer, and here I want to point out an outstanding fact in the economics of the distribution of farm products, and that is this: The middleman always gets his margin. The unfortunate farmer may be producing at

less than cost, but the middleman does not sell at less than he pays the farmer. He adds his margin, so that under no conditions, whether it is drought, insect pests, plant diseases, overproduction, floods, or any other untoward emergency which wrecks the farmer's chances to make a profit, the middleman's profit is always secure. Furthermore, the middleman wants the volume of agricultural products large, so that he can keep the price to the farmer low, but, on the other hand, increase his own profits, because if the volume of business is large and the price to the consumer is low enough, the middleman makes his greatest profits. The middleman is not interested in the farmer's profit as long as he does a big volume of business and thereby makes a large profit himself. It is evident from these facts that the middleman's desires and interests are antagonistic to that of the farmer. If we could eliminate him, we would aid both the producer and the consumer.

Let me point out two specific instances in the dairy field: One of the "rackets" in the purchase of milk is to set a base supply and price for it and then a surplus supply and price for it, the theory being that only a certain quantity of milk and cream can be consumed in a given area and that consumption constitutes the base. All milk and cream over that consumption constitutes the surplus. The price for surplus milk and cream is therefore very low, much lower than the cost of production. Let us say that Mr. Smith owns and operates a large milk-processing and distributing company. He purchases the base and surplus of 1,000 farmers in a given area. He then bottles the surplus and sells it at the same price as the base, thus reaping an unfair and enormous profit at the expense of the farmer.

There are also racketeers who go out into farming communities and buy surplus milk which they peddle in small milk stations to the consumer in such large cities as New York and Philadelphia.

Another method of racketeering is to use butter substitutes and wrap them in fancy creamery butter wrappers, leading the consumer to believe that he is buying a high-grade creamery butter when in truth and in fact he is getting an inferior substitute. This practice was exposed by the Department of Justice in the summer of 1934. The plan worked out by the racketeers was as follows: Large quantities of uncolored oleomargarine were purchased from the manufacturers in Elgin, Ill. This oleomargarine was then shipped to Massachusetts, usually to bakers, because in that way the tax on oleomargarine would be avoided. Three hundred and seventy-five thousand pounds were shipped into Boston in this manner between November 1933 and June 1934. However, the Department got hold of this practice and discovered that such shipments were being intercepted in transit and reshipped to a cheese company outside of Boston where the oleomargarine was processed to look and taste like butter. This processed oleomargarine was then cut into rolls, wrapped in beautifully colored wrappers, marked "creamery butter made from pure cream" and sold on the market as butter. About 50 creamery prosecutions were begun in Boston alone against defendants caught working these practices. When you figure that in 9 months Boston used 375,000 pounds of this fake butter, you get some conception of the havoc that this bootlegging of oleomargarine is working in the legitimate field of honest butter.

I should add one more practice to the list above and that is, the unjustifiable profits, salaries, and bonuses of such companies as the National Dairy Products Co. and the Borden Co. I have many figures to bear out this contention, but I shall add only one to give you an idea of what can and does happen as a result of monopolies in the dairy field. It must be remembered that all of this is at the expense of the farmer:

The National Dairy Products Corporation and subsidiaries last year had net profits of $6,551,930 compared with $7,051,872 in 1933. Profit was equal, after preferred dividends were paid, to 93 cents a share on 6,263,165 shares of common against $1.01 in 1933. Sales aggregated $267,414,547 in 1934 compared with $231,196,979 in 1933 an increase of 15.6 percent.

Year ending Dec. 31, 1931

Officers	Salary	Other compensation	Total
Thomas H. McInnerney, pres	$180,000	$7,947	$187,947
W. S. Scott, v. pres	60,000	690	60,690
V. F. Hovey, d. p	35,000	640	35,640
F. J. Bridges, v. pres	35,000	140	35,140
L. A. Van Bomel, v. pres	75,000	8,120	83,120
Charles R. Bowman, c. and ex	48,000	120	48,120
H. W. Breyer, d. and ex	36,180	20	36,200
B. S. Halsey, d. and ex	36,000	3,800	39,800
J. L. Kraft, d. and ex	75,000	120	75,120
Year ending Dec. 31, 1932			
Thomas H. McInnerney, pres	$168,000	$3,099	$171,099
W. S. Scott, v. pres	46,666	600	47,266
V. F. Hovey, d. p	35,000	680	35,680
F. J. Bridges, v. pres	31,641	180	31,821
L. A. Van Bomel, v. pres	70,000	660	70,760
Charles R. Bowman, c. and ex	44,681	200	44,881
H. W. Breyer, d. and ex	10,208		10,208
B. S. Halsey, d. and ex	33,600	180	33,780
J. L. Kraft, d. and ex	75,000	18,850	93,850

A careful consideration of these figures shows that the "middleman" was not suffering during 2 of our depression years.

DOMESTIC COMPETITION

The most pronounced substitute for butter is oleomargarine. The consumption of margarine in the United States in the past year was only about 10 percent as much as the consumption of all butter. In recent years the consumption varied from about 10 to 15 percent, this variation being due largely to changes in the supply and prices of butter. When the price of butter was relatively high, the consumption of margarine increased. As the supply of butter increased and the price declined, even in the face of the depression, the consumer increased his purchase of butter and reduced his takings of margarine.

An interesting question arises: What would be the effect upon butter consumption and upon the price of butter of eliminating margarine? Since margarine is much cheaper than butter and is known to be consumed mostly by those whose purchasing power is low, it is not to be assumed that the eliminating of margarine would result in a corresponding increase in the consumption of butter. In other words, the consumption of butter would not be increased 10 percent, unless the price of butter were lowered. A study of the relation of the supply of butter or its consumption to price indicates that the total purchasing power of the consumer is a very important factor in determining the price of butter. It seems likely, therefore, that the consumption of butter would be increased only to the extent that the consumers who are using margarine would be able to buy butter. At the most, the total expenditures for margarine would be available for the purchase of butter. Assuming that the margarine consumers would spend their money for butter and not for cheaper fats, the increase in the price of butter might be as much as about 1.4 cents per pound. Allowing for some shift to other fats, such as lard or vegetable oil, it might be reasonably estimated that the price of butter, with the purchasing power of consumers at its present level, would be increased by a little more than 1 cent per pound by the elimination of the use of margarine as a substitute for butter.

Another question that arises is this: What would be the effect of changing the composition of margarine? Twenty years ago oleo oil, cottonseed oil, and neutral lard constituted the bulk of the fats used in the making of oleomargarine. Now cocoanut oil constitutes the bulk of the fat in margarine. The weight of the cocoanut oil in a pound of margarine increased from three-fourths of 1 percent in 1916 to 55 percent in 1932. The significance of this shift in the proportion of this fat in the margarine is emphasized by noting that the percentage of milk increased from 11 to 23 percent, leaving only a small percentage of the total

weight to be made up from other fats. In November 1933 the price of nut margarine at Chicago was 7.5 cents per pound, and white animal-fat margarine was 9.3 cents per pound. The cost of the materials used in the manufacture of oleomargarine, as it was made in 1916, would have been 4 cents per pound. In other words, the shifting from using primarily animal fats and cottonseed oil to the use of cocoanut oil as the bulk of the fat, would reduce the cost, in terms of the prices of November 1933, by about 1.5 cents per pound. It is interesting to note that in November 1934 the price of the white animal-fat margarine was 1.8 cents per pound higher than the price of nut margarine.

To shift from the use primarily of an imported oil to a domestic product would not require a return to the use of the animal fats as the cottonseed, peanut, and soybean oils could be substituted for the cocoanut. Using equal quantities of cottonseed and soybean oil would raise the cost of the materials in the pound of margarine from 4 cents to approximately 5 cents per pound, which would be an increase of a little less than 1 cent per pound. This would tend to increase moderately the price of butter, but the effect would probably be not half as much as the total elimination of the use of margarine. It would, of course, tend to strengthen the market for cottonseed and soybeans.

FATS AND OILS IN RELATION TO DAIRYING

In formulating any policy in regard to butterfat and its imported substitutes, the situation with respect to all other principal fats and oils used in commerce must be taken into account.

This is because in an indirect and sometimes a direct way, all fats and oils produced in or imported to the United States compete more or less with each other. The suitability of a given oil for specific purposes is perhaps the first consideration, but the degree of use is also determined by its price and the cost of its chief competitors.

Soybean oil may be used for food, soap, paints, and varnishes. Likewise fish oils may be utilized for making soap, foodstuffs, and paints. Butter fat thus far is restricted to table and cooking purposes.

DOMESTIC AND FOREIGN PRODUCTION

Disappearance of fats and oils in this country has been tabulated by the Division of Statistical and Historical Research in the United States Department of Agriculture. The total domestic consumption for 1932 amounted to 6,823,000,000 pounds for domestic products of this class, while foreign-made oils and fats consumed here amounted to 1,323,000,000 pounds, which means that 16 percent of all fats and oils used here for all purposes came from abroad.

Taking them by broad classifications based on their chief uses, it is indicated that the percentages of total consumption of foreign-made products were greater in the case of fats and oils used for drying purposes and for soaps than they were for those used in food. In 1932 the imported drying oils represented 51 percent of total consumption here, the imported soap oils represented 44 percent of total disappearance here, while imported fats and oils used in food products constituted only 5 percent of the total home consumption.

To repeat, 95 percent of the oils and fats utilized here for food were produced within this country and only 5 percent were imported.

Looking at the domestic production picture, out of 6,823,000,000 pounds of fats and oils used here from our own home production, 80 percent went into foods, 12 percent into soaps, and only 3 percent into paints and varnishes.

Of the total imported fats and oils in 1932, coconut oil led with 173,000,000 pounds, edible olive oil was second, with 74,000,000 pounds, and palm oil was third with 25,000,000 pounds. Fish and marine oils, sesame oil, and palm-kernel oils made up the lesser balance.

Of the total domestic fats and oils used for food in 1932, butter led the list with 2,264,000,000 pounds of farm and factory product, lard was second, with 1,862,000,000 pounds, and domestic cottonseed oil was third, with 1,107,000,000 pounds. Of course, all the butter and lard went into food production, whereas a portion of the cottonseed oil was used for soap and other purposes.

TRADE BALANCE ON FATS AND OILS

From the same authority, it is shown that in 1933 the trade balance of this country was 916,000,000 pounds on the import side of the ledger for all primary fats and oils. Not since 1924 has this country had an export balance in fats and oils in its favor.

Our exports of fats and oils in 1933 were 808,000,000 pounds, of which lard was 584,000,000 pounds, oleo oil, 33,000,000 pounds, and butter only 1,190,000 pounds.

Our total fats and oils imports in 1933 were 1,750,000,000 pounds. Of this amount coconut oil and palm oil amounted to about 603,000,000 pounds, or nearly one-third. Butter imports in 1933 amounted to just about the same figure as our exports, 1,022,000 pounds.

Taking oleomargarine by itself, the total materials used in its manufacture in this country in 1932 amounted to 232,000,000 pounds. Of this total amount, 84,500,000 pounds came from animal sources—milk, butter, neutral lard, oleo oil and stearin, and oleo stock. The rest, or 147,500,000 pounds, was derived from vegetable sources—coconut, cottonseed, peanut, soybean, and other forms.

Coconut oil alone represented 128,000,000 pounds of the total of 232,000,000 pounds utilized in 1932 in domestic manufacture of oleomargarine.

There is a drive on now at Washington by the oleomargarine makers to bar foreign oils such as copra and coconut oil, palm oil, and palm-kernel oil in order that the odium of the "coconut cow" may be avoided. Makers of oleomargarine are astute enough to know that the term "coconut cow" has put a curse on their product, and they are now out to bar foreign oils in order to get away from this curse. To Wisconsin butter makers let me say that this move on the part of the oleomargarine makers is not a philanthropic move in the interest of the butter makers but is a program devised to substitute cottonseed oil in place of coconut and palm oil, and then advertise themselves as great benefactors to the Nation because they are aiding the home producer by buying home products. The Wisconsin butter maker will be just as bad off, if not worse off, with this kind of competition as he was before, because the oleomargarine maker will not have to pay the tax on imported coconut and palm oil. Under these conditions, we friends of the farmer at Washington will attempt to have some sort of handicap placed on the use of cottonseed oil as a substitute for butterfat, but with the South controlling both the House and the Senate, it seems utterly impossible for us to make any headway with a 3 to 1 majority against us in both Houses of Congress.

Oleomargarine, however, is not the only dairy substitute. Let me show you some of the milk substitutes that are now on the market. The following copies of the wording of well-known advertisements will show you articles that are now appearing on the market as substitutes for milk. These substitutes should be printed in all advertisements for what they really are—not the real thing but an imitation. It is only another illustration of how the farmer loses out in his fight for the home market and a decent price for his products.

ADVERTISING OF COCONUT OIL FILLED MILK BY ILLINOIS GROCERS

Note the implication in each case that filled milk—Milnut or Carolene brands—is the same as whole milk or evaporated whole milk:

Milk. Van Camp's evaporated, large can, 6 cents. Carolene, "so rich it whips", large can, 5 cents.

[Picture of can] Milnut, better than ordinary milk. Milk, "so rich it whips", 4 for 19 cents.

Borden's, Pet, Carnation, tall, milk, 6½ cents per can. Tall Milnut, 5 cents per can.

Milnut milk, 2 small cans, 5 cents.

Milk—Armour's, Libby, Carnation, Pet, 3 tall cans, 18 cents. Milnut, "so rich it whips", 3 tall cans, 15 cents.

Milk is higher. We still have some at the old prices. Dundee, Carnation, Pet, or Borden's, large cans, 3 cans, 19 cents. Milnut, large cans, 5 cents.

Carolene Milk, "so rich it whips", large can, 5 cents.

HEALTHY HERDS AND HIGH STANDARDS

I feel that one of the best ways for our Wisconsin producer to meet domestic competition is by setting a high standard both as to his herds and as to his cream and butter. Undoubtedly the drought has aided in bringing about a better grade and a healthier condition in our herds. Eradication of tuberculosis and Bang's disease will steadily improve conditions in our herds. A careful grading of cream and butter and the labeling of our products so that these grades are specifically set forth, will result in a demand for Wisconsin cream and Wisconsin butter. Such a program would have to be balanced by a careful expansion based on quality products. Such a program should also be applied to Wisconsin cheese which today does not mean anything in the consumer's market. I have asked storekeepers in Washington if they handled Wisconsin cheese and they would not know what you were talking about. If we had careful grading of Wisconsin cheese and sufficiently high standards, then you would have a demand that would mean considerable revenue to our Wisconsin producers.

Suppose farmer A delivers no. 1 cream and gets 30 cents per pound of butterfat, while farmer B delivers no. 2 grade cream and gets 28 cents per pound butterfat, according to mandatory State law. The manufacturer converts this cream into butter and sells it on the Chicago exchange. But on February 2, 1935, taking exact quotations then current, the 92 score butter made from no. 1 cream would have been worth 36 cents per pound, while the butter known as no. 90 score from the no. 2 grade cream would have brought 36¼ cents per pound. Thus the profit from the second-grade cream, based on the butter market quotations, would have been greater than for the first-grade cream.

Selfish interests, which are not usually allied to the better cooperative creamery associations now grading cream and labeling butter, are opposed to any system of quality improvement that emphasizes the butter grade in connection with the cream grade. This is partly due to their system of obtaining cream from long distances and of lower average quality for centralized car-lot butter, as against the well-knit frequently delivered cream at the cooperative local plants. When will farmers realize this distinct handicap and move to connect cream grading more firmly with consumer discrimination and premium prices?

Emergency herd tests for Bang's disease and tuberculosis have been a noteworthy part of the sanitary program of the A. A. A. and the Bureau of Animal Industry under the appropriation secured by the La Follette amendment to the act in 1934. States cooperating—without financial cost to them—were allowed to choose whether to take up T. B. testing or Bang's disease, depending on the status of their work to date. Work is now under way in more than 40 States. Out of a total allotment of the fund amounting to about $38,000,000, about $25,000,000 has been used for Bang's disease and $12,000,000 for T. B. testing and indemnity, and $1,000,000 for mastitis control. It is voluntary on the part of producers; no compulsion, but being widely used by breeders especially to get better herd foundations and to get set on more economic grounds.

Reactors from Bang's disease average about 40,000 cattle per month all over the country. Raise of $5 per head in maximum indemnity, making it $30 for grade reactors is contemplated, which will be helpful as grades are in majority over purebreds. If this raise is granted, and work proceeds at present rate, funds now available will last until about March 1, 1936. As the money is only available until December 31, 1935, an extension is desirable in the appropriation law.

FOREIGN COMPETITION

During 1935 there has been an ever-increasing influx of dairy products from abroad, and while such imports are not sufficient to displace any considerable quantity of the domestic product, nevertheless the effect on the price structure of the domestic product is disastrous. The President has the power to increase the tariff duty on foreign imports without consulting Congress up to 50 percent of the maximum limit. This power he has not seen fit to exercise, although he has been frequently requested to do so. The invariable answer of the administration leaders is that it would tend to increase the prices of dairy products to the consumer and also it would shut out of foreign markets the opportunity of American manufacturers to sell abroad. In other words, our farmers are being sold "down the river" in order that our manufacturers may have a better foreign market.

It would be a much better policy to let the farmers dispose of their surplus products abroad and thereby increase and revive their purchasing power, which, because of our high standard of living, would give our manufacturers a much more desirable market than any that could be found abroad. In this brief article I cannot touch upon reciprocal trade agreements which are now being written under the direction of the Secretary of State, Cordell Hull. I may, at some future date, prepare a brief article on this question, which is too large to be treated satisfactorily here.

CONCLUSION

First. What can be done in a legal way to protect the farmers and get for them not only the cost of production of their dairy products but also a fair profit in addition? First and foremost, we must have purchasing power on the part of the consumer. This is a solution of 90 percent of our problem. We must find work for the unemployed and we must get good wages for that work, because the industrial worker at home furnishes the ideal market.

Second. We must prosecute and punish by heavy fines and severe sentences the bootleggers, racketeers, and gangsters now operating in the dairy field. We must also restrict the profits of the manipulators of food markets and see that the producer and consumer get the benefit.

Third. We must not only uphold the principles and practices of cooperative associations in marketing, but we must also encourage, by wise legislation, larger and more effective cooperatives, so that the farmer exercises control of his distribution as well as his production. This will help him to get out from under the dominance of the middleman.

Fourth. We must continue the fight on the butter substitutes by shutting out the importation of foreign oils and by taxing substitute oils, such as vegetable and animal fats, which may be used in place of butterfats.

Fifth. And last but not least, by furnishing a market for surplus agricultural products abroad, by purchasing from those countries—like the British Isles, Germany, and France—which are not agricultural countries their manufactured articles in exchange for our agricultural products. Unfortunately there has been little or nothing to encourage the sale of manufactured goods from foreign countries across the seas in exchange for our agricultural products. This policy should be resumed so that we may again, as we did before the war, ship agricultural products out of the country and thereby sustain a market for our agricultural products.

Mr. Chairman, in the brief time I have I shall discuss some amendments which I propose to suggest for this bill. First, I ask the chairman of the committee, the gentleman from Texas [Mr. JONES], whether or not I got his statement correctly. I understood him to say that allotments of importations from foreign countries affected by the processing tax may be limited, but this does not affect those products on which there is not a processing tax. Is that correct?

Mr. JONES. No. It may affect imported competing products. It must be either a commodity on which there is a processing tax or a commodity which competes with that product.

Mr. SAUTHOFF. My point is this: In Wisconsin we are vitally interested in dairy products. There is no processing

tax on dairy products. How are we going to protect our dairy products through this allotment arrangement?

Mr. JONES. Dairy products, of course, are a basic commodity, the gentleman understands?

Mr. SAUTHOFF. Yes.

Mr. JONES. And commodities that compete with any of these commodities might be included. Some of the products of the hog, of course, compete with dairy products. There are various ways in which those commodities might be included in addition to being in direct competition with a commodity not subject to a processing tax.

Mr. ANDRESEN. Does the gentleman from Wisconsin refer to increasing the tariff?

Mr. SAUTHOFF. Yes; or placing an embargo on them entirely. I am talking especially about butter, in which the gentleman from Minnesota is also interested.

Mr. ANDRESEN. There will be a program on dairy products; and under section 22, relating to imports, the President will have the power to increase the duty.

Mr. SAUTHOFF. Oh, yes; I know.

Mr. ANDRESEN. If he does.

Mr. SAUTHOFF. Yes. I am not optimistic about the exercise of that power, as already there has been introduced into this country from abroad in the last 4 months 17,000,000 pounds of butter, so that we have not much confidence in the exercise of that power.

Mr. WHITE. Mr. Chairman, will the gentleman yield?

Mr. SAUTHOFF. No. I have only a little time and I want to discuss a few amendments. When I have finished with these amendments I shall be very glad to yield if there is any time left. I shall suggest an amendment on page 26, line 6, where the Secretary is empowered to examine books, papers, records, documents, and so on. I shall offer an amendment to include in that the Federal income tax, particularly the Federal income tax on such companies as deal in food products, and I have in mind particularly the Borden Co., the National Dairy Products Co., and General Foods, so that they cannot cover up with a holding company or through a subsidiary.

My idea is to find out what they are making out of this business, how much the processor is getting and how little the farmer is getting, and the thing to do is to include holding companies and subsidiaries as well as those handlers that are directly concerned. We know some of the huge salaries and bonuses paid to the officials of these companies even during depression years, when the farmer has not been able to get the cost of production for what he produced. Let us see who is making the profits out of the farmers' products—and I know of no better place to secure that information than from the Federal income-tax reports.

The best way to reach these facts is through the income tax.

Mr. ANDRESEN. Will the gentleman yield on that point?

Mr. SAUTHOFF. When I have finished.

On page 51, line 4, I want to add an additional section:

No agricultural products shall be imported into the United States unless such agricultural product shall bring to the producer of such product in the United States a price on the open market in excess of cost of production of such agricultural product in the United States. Cost of production as used herein shall mean cost of seed, labor, depreciation of tools and machinery, and buildings used in producing the same, a fair rental for the land used in such production, including insurance thereon, taxes, and special assessments, plus a reasonable profit.

One more amendment, which I have in mind and which I intend to offer is also on page 51, line 21. After the word "lands", add the following:

None of which shall be used for creating any agricultural product within the purview of this act.

My object in doing that is this: It is simple enough to enter into a lease or contract that you are not going to produce cotton, tobacco, or something else on certain acreage, and then turn that acreage into pasturage and raise either beef cattle or feed milk cows and get some more competition in the dairy industry. That is the thing I want to prevent, and that is why I am suggesting adding that amendment.

Last but not least, on page 20 I want to add another section:

SEC. —. (b) No marketing agreement, order, or regulation shall contain any term or provision which will tend to result in preventing or hindering any agricultural commodity or product thereof produced in any region or area of the United States from being brought into or sold in any other such region or area, or shall have the effect of subsidizing the production or sale of any agricultural commodity or product thereof in any such region or area, in such a manner that such commodity or product thereof will tend to be sold in such other region or area at prices which will tend to depress prices therein of such commodity or product thereof.

One of the things we have to contend with is the fact that every State, during this depression period, has been setting up barriers, in spite of the Constitution of the United States, to prohibit the introduction into another State of products that it raises in its own State. It is high time that we set our feet down on that and prevented it, or we will get ourselves into the same unenviable position that Europe is in now, where every little country or principality has set up tariff barriers against the introduction of products from any neighboring State. We are doing it now in the United States between different States, and this is one place where we can very well afford to put an end to it. I think we had better put an end to it before it gets wide-spread, because it will only result in damage and injury.

Mr. WHITE. Will the gentleman yield now?

Mr. SAUTHOFF. I yield.

Mr. WHITE. The gentleman said he was not optimistic as to the possibility of getting antidumping orders in effect. I want to state for the gentleman's information that within the last 60 days the Treasury Department issued a countervailing duty preventing the importation of peas into this country which were being financed by a firm in Holland.

Mr. SAUTHOFF. Inasmuch as we can one-fourth of the peas consumed in the United States, I am glad to hear it, but I would like to have the gentleman see about shutting off the butter that is being brought in.

The CHAIRMAN. The time of the gentleman from Wisconsin has expired.

Mr. BEAM. Mr. Chairman, I yield 6 minutes to the gentleman from Washington [Mr. ZIONCHECK].

Mr. ZIONCHECK. Mr. Chairman, I realize that very few Members on the Democratic side will vote against the present measure providing for amendments to the Agricultural Adjustment Act. I do not blame any Representative for voting for this measure if he has a rural district to represent, for without a question the triple A helped the farmers who have produced the commodities upon which the processing tax is levied and for which the benefits are paid.

In my representative capacity I am constrained to vote against this measure, because it adversely affects the great majority of the people of the First Congressional District of the State of Washington, which is composed of the entire city of Seattle and Kitsap County. I made inquiry several days ago of the Agricultural Adjustment Administration to ascertain the amount of benefits paid out under the act. I learn that more than $1,000,000,000 has already been paid to the farmers of the United States for restricting production, destroying hogs, burning wheat, and ploughing under cotton, that the State of Washington has received to date approximately $9,000,000 and that the district I represent has received the grand and startling sum of $374, whereas the cost of living has increased in this community approximately 25 percent. When I voted for the triple A 2 years ago I labored under no illusion as to its possible failure as far as the consuming public was concerned. On page 774 of the CONGRESSIONAL RECORD of March 22, 1933, I stated:

By my affirmative vote I do not endorse as a general policy the restriction of production, for I am a firm believer in the policy of economic planning of consumption, for then production will take care of itself without any planning whatsoever.

I am also mindful of the fact that this measure may, to some degree, amount to a sales tax if no steps are taken to prevent the first processors from passing the cost on down to the consumer, but I feel that there is such a great spread between the prices paid to the farmers and those paid by the actual consumers that the tax that the processor pays can well be absorbed in this differential, which can be best illustrated by the fact that the farmers of the State of Washington are receiving approximately 5 cents a gallon for their milk, which when laid down to the consumer costs him 40 cents a gallon, hence a 5- or 10-cent increase to the price paid the farmer need not necessarily increase the cost to the consumer.

In another part of the same speech, on page 773, I made the following remark:

I might state in passing that I am of the opinion that there never will be any real relief until we cease to talk about the leaves and the bugs on the leaves and commence to speak in terms of the roots of the tree, its trunk and main limbs, for it is going to necessitate more than mere palliatives to remedy the situation, and to do that we must seriously lend ourselves to the intelligent solution of the problems of rent, interest, and profit.

Now let us see what actually happened during the 2-year administration of the Agricultural Adjustment Act. I have before me the report of the administration of that act, released June 17, 1935. On page 241 the chapter designated as "Consumers Counsel" commences. Six and one-half pages of this entire report are devoted to the consumers' problem, while the report itself is 456 pages in length. Under the title "Salient Facts About Expenditures for Food" we have as follows:

1. Retail value of month's supply of 14 foods for typical family in 1934	$18.39
2. Value at farm (exclusive of benefit payments)	$6.90
3. Margin between farm value and retail price, including processing tax	$11.49
4. Farmers' share of consumer dollar spent for food for typical family in 1932 ... percent	32
5. Farmers' share in 1933, exclusive of benefit payments ... percent	35
6. Farmers' share in 1934, exclusive of benefit payments ... percent	37.5
7. Approximate increase in cost of living, 1934 over 1933 ... percent	5
8. Increase in retail prices of foods, 1934 over 1933 ... do	10
9. Approximate increase in urban purchasing power, 1934 over 1933 ... percent	9

Now, Mr. Chairman, I do not believe these figures to be accurate. It is only natural that a department will juggle figures so that they show the department's activities up to the best advantage. Everyone knows that the increased cost of living since 1932 approximates 20 to 25 percent, particularly in retail prices for foods. It is very significant that the so-called "purge" of the A. A. A. took place a few months before this report was released. At that time Frederic Howe was dismissed as the Director of the Consumers' Counsel and at the same time Gardner Jackson and Jerome Frank, who had the consumers' interest at heart, were likewise dismissed.

In my opinion, had these individuals, together with the others who were discharged, remained with the Department until this report had been completed the figures would show the consumer at a greater disadvantage. But let us take the figures as they are. You have the farmers' share in 1934, exclusive of benefit payments, as 37½ percent, as compared to the farmers' share in 1933, exclusive of benefit payments, of 35 percent, which is a 2.5-percent increase. Now, divide 35 by 2.5 and you find the farmers' increase amounts to a gain of but 1.4 percent, while the increased cost of retail prices of foods of 1934 over 1933 is 10 percent. Here you have the answer to this whole problem. When the farmer receives an increase of 1½ percent the consumer must pay an increased cost of 10 percent.

The real difficulty, Mr. Chairman, in our present economic system is the wide spread between the price the farmer and workingman receive for their labors and the price they must pay for the products of the farmer and laborer when they buy them in return. The middlemen consume the greatest portion, and under the present program the share which the middleman receives is growing proportionately larger and, in my opinion, aggravating the situation rather than relieving it.

On page 244 of the same report, table 50 is as follows:

TABLE 50.—*Comparison of farm and retail prices for various cotton products on July 27, 1933, and on Dec. 18, 1934, showing margin between farm and retail price, and amount of processing tax*

Article	Retail price		Farm price		Margin		
	July 27, 1933	Dec. 18, 1934	July 27, 1933	Dec. 18, 1934	Processing tax	July 27, 1933	Dec. 18, 1934
	Cents	*Cents*	*Cents*	*Cents*	*Cents*	*Cents*	*Cents*
Overalls	109	160	20	26	8.27	89	125.73
Work shirts	73	90	9	11	3.49	64	75.51
Sheets, 81 by 99 inches	99	130	19	24	7.66	80	98.24
Unbleached muslin, yard	10	14	3	4	1.13	7	8.67

This, Mr. Chairman, is further proof that the consumer, and when I speak of consumer I mean the farmers as well as the workers, can never get ahead under such a program of restricted production. As you see in the above table, overalls, for which the farmer received 20 cents July 27, 1933, and 26 cents December 18, 1934, cost the worker and farmer $1.09 in 1933 and $1.60 in 1934, showing a spread of 89 cents between the farmer price and retail price in 1933, and a spread of 125.73 cents in 1934.

On page 285 of this same report the Department recognizes the fallacy of the program when it states:

Lasting improvement in the welfare of farmers is necessarily bound up with increased production and consumption of agricultural products. A long-view policy for agriculture, therefore, cannot passively accept the present limited purchasing power for food and fiber products of large numbers of our people, nor conceive future production on that basis. Rather it must contemplate a more abundant economy for all groups.

This, Mr. Chairman, is an admission by the Department that we must come soon to the economic planning of consumption rather than production if we are to survive without serious troubles.

On page 244 of this same report appears the following paragraph:

These comparisons do not take into account the situation of the unemployed. However, it appears that the real problem of the urban consumer was not the increase in food prices, but the lack of income among a large number of unemployed who had relied on industry for their livelihood.

In the State of Washington we still have more than 200,000 individuals upon the relief rolls. According to the figures of the F. E. R. A. for the month of January 1935, the amount received by each individual amounted to less than $1.66 per week. I am informed that a single person in the State of Washington who is on relief, receives but $1.35. With these said amounts every increase in the cost of food means further privation, suffering, and semistarvation for these unfortunate recipients of relief. When one looks forward to the work-relief program under the $4,000,000,000 bill and the "security wage" of $19 to $55 per month per family, one cannot help but come to the conclusion that a vote for further restricted production and increased cost to the consumer amounts to taking food from the mouths of the unfortunate who are already undernourished and practically desperate.

Now, as to the employed in the First Congressional District. Most of them are on a fixed salary or wages and any increase in the cost of living merely decreases their real wage. I have heard of no wage increases in that community, although I have heard of many wage cuts, so this program which we have before us today has worked against the interest of those who have been fortunate enough to have employment during these distressing times.

Now, Mr. Chairman, I represent a group of farmers in Kitsap County, and I here insert two typical letters, which state their position more vividly and more accurately than I could.

POULSBO, WASH., *May 17, 1934.*

Hon. M. A. ZIONCHECK,
Washington, D. C.

DEAR SIR: Thought I would write a few lines from the western front. All is not quiet on the western front. Conditions are bad for the small, diversified farmer, the millworker, and logger. I am writing you a few of my observations and of conditions as they are here. They may be of interest to you.

First, about the new deal. Have left my gate open for a year now, and it has not made its appearance yet. Poultry and dairy product prices are down to last year's levels, with feed prices $5 to $10 a ton higher. For example, sold 5 gallons of cream to the creamery. With a test of 30 percent butterfat, received $1.87 for 40 pounds, about 37 cents a gallon. No purchasing power created at this price. With processing tax and bonuses to wheat, corn, and hog farmers, what consideration is the small diversified farmer getting?

There is an enormous purchasing power dormant; take, for instance, the little farmers of western Washington and of the whole United States. Each 5-, 10-, 20-acre farm is a complete home and farm. It needs housing, machinery, automobiles, etc. The wheat farmer, say, with a section of land, 640 acres, maintains a home and farm equipment for one farm; 640 acres divided into 20-acre farms, as they average in small farms, would make 32 small farms and each a complete home with equipment. No assistance or thought has been given this enormous purchasing power by the A. A. A. We have been penalized by processing taxes to help wheat, corn, and hog farmers from our small disappearing income. The Frazier-Lemke bill would be the best relief in sight. I urge you to use your influence in securing its passage.

Now, a little news from the lumber industry. These are conditions at Port Gamble. The worker or the forgotten man who labors at the mill is rewarded as follows: Twenty-five hours a week at 42½ cents an hour; total weekly wage, $10.60. Board and room, $9.60. Forty cents a week for medical, hospital, and insurance, leaves a sum of 60 cents for weekly wage or $2.40 for the month. The company's rent for family houses was raised $5. Conditions like these do not need any agitators to foment discontent. The lumber prices have raised from $16, last spring's price, to present price of $28 and $30 per thousand, nearly 100 percent increase. The mill is cutting as much in 6 hours now as in 8 before everything speeded up. Logging camps are highball madhouses; now 6 hours' work accomplishes 8 hours' work. Men are scared to death for their jobs. The exploitation is still in its fury, more than ever before.

While I am on the lumber subject, I will compare the poultryman's plight in buying lumber. One year ago I could buy 1,000 feet of no. 1 common lumber with 4 cases of eggs. Now I have to have 8 cases to buy the same amount and grade. The old slogan, "Profits first, service after", is still the key to recovery. It is a shame that our reforms and changes come so slowly.

POULSBO, WASH., *April 16, 1935.*

Hon. MARION ZIONCHECK,
Washington, D. C.

DEAR SIR: We represent a group of farmers from Kitsap County, Wash., who, like farmers everywhere, are trying to find out what the processing tax, the ploughed-under wheat, the subsistent farming, and the 57 other varieties of Government remedies that are advertised over the radio and in the newspapers as a cure for the farmer's economic ailments, are all about.

We do know that the farmers in this locality are poor risks for financial insurance and are getting no better fast. We once made a living selling eggs and poultry products, but as no one has decided to pay us for plowing under the hens, after we pay the processing tax, the tax for retailing products, the dairy-products tax, the sales tax and the countless other taxes that are added to our grocery and feed bills, there isn't enough left to pay the personal and real-estate tax.

Consequently the Government takes our land and it is used for colonization by subsistent farmers. These usually are the embarrassing persons on the city relief rolls that make a politician's face red at election time, so they are exiled to the country at Government expense. A paid start of stock, machinery, tools, seed, and even a living is provided for these potential farmers, and the cost is financed as just another tax added to the burden already carried by the established farmer who has been foolish enough to stay out of debt. The subsistent farmers, it is assumed, will either get their living from the land, or from the rural communities, which are less able to support them but not so efficient in evading their responsibilities as are the urban authorities.

Neither can we understand the logic of paying our fellow farmers to plow under wheat, cotton, and corn, but still allow him to use the land for other agricultural purposes. For example, our Midwest brother gets a check from the Government to pay for the corn he does not raise. He puts the check in the bank and the land into buckwheat. The buckwheat is fed to a flock of chickens that are practically clear profit, and the farmer can afford to sell the eggs and poultry at a lower price than the Pacific coast poultryman who gets no Government aid and who has to pay high freight rates.

The Pacific coast rancher must pay an added cost to his feed corn to finance the processing tax; he must sell the poultry products at a lower price to meet the Midwest competition. Consequently the Western farmer loses his credit, taxes consume his home, and the abandoned farm is then ready for more subsistent farmers.

Very few farmers are chosen to make laws. But, if there is some concealed logic in the present plan of aiding the farmers by sending out more farmers financed by the Government to compete with the first group, or if there is any permanent care for the farm problem to take the earnings out of a farmer's pocket in one section of the country and place them in some other farmer's pocket somewhere else, we would like to know about it.

Very truly,

NORTH KITSAP POULTRY LOCAL.

The theory underlying this present bill is the old worn-out theory of supply and demand; that if we decrease the supply which the farmer produces, the demand increases and a greater price will be received for what the farmer produces, so that he can pay for the cost of production and get a little profit besides, and that thereby the demand of the farmer in his prosperity on industry will be such by way of new purchases that the factories will have to re-employ all the unemployed in order to satisfy this increased demand, and thereby everyone will again be prosperous. The proponents of this theory fail to mention where the purchasing power of the workers will come from or what they will purchase with.

We have had upward of 2 years' experience under this theory, and we find that, instead of prosperity for all, the poor have become poorer and the rich have become richer. I have a letter from the Treasury Department, dated May 21, 1935, in which the Commissioner sets out the relative decreases and increases of the different income class groups of 1933 as compared to the same groups of 1932. The net incomes of the $10,000 per year group saw their revenues decrease 5 percent in 1933 as compared with 1932, which does not take into consideration the 11,000,000 people who find themselves without any income whatsoever or those receiving less than $1,000 per year.

The income-tax payers who had a net income of $50,000 and over showed a 14-percent increase in 1933 as compared with 1932, while those who received a net income of $100,000 and over showed an increase of 23 percent over their incomes of 1932, and the increase in the number of returns of individuals reporting a net income of $1,000,000 and over increased from 20 to 46. I here quote from the book entitled "The Economic Consequences of the New Deal", by Benjamin Stolberg and Warren Jay Vinton, wherein they state:

> In the last 12 months of the new deal, from October 1933 to October 1934, the real weekly wages of our industrial workers have declined by 2 percent. Yet the dividends of our great corporations increased 17 percent in the same period. And their industrial profits in the first 9 months of 1934 were 76 percent greater than during the same period in 1933.

These figures speak louder than words, and it is very evident that we must get down to economic planning of consumption rather than production; that we must decrease in a marked manner the spread between the cost of the product to the consumer and the price paid to the worker and farmer for its production, if we are to get out of this, the longest and most severe depression in the history of our machine age.

Mr. HOPE. Mr. Chairman, I yield 10 minutes to the gentleman from North Dakota [Mr. BURDICK].

Mr. BURDICK. Mr. Chairman, the bill we are now considering, so far as I am personally concerned, shows to me conclusively how difficult the work of a Congressman is. Personally I do not think that the benefits that are intended should be derived from this kind of legislation will ever come into being.

I do not believe we have the right to delegate to any body of men in this Union, or to any organization, the power to impose sentences, to take away men's liberty; but that is what is done in this bill. I do not believe we have any power under the Constitution to say that a majority of men engaged in agriculture can force a program on another minority group. I do not believe, for example, that this Government has the right to go into any State of this Union and try to regulate a business which is carried on wholly within the boundaries of the State.

These are my personal beliefs. This is the way I should like to vote; but I happen to be a Representative of, and was elected by, farmers in North Dakota who have voted 10 to 1 for this A. A. A. program. Those farmers are resting assured this afternoon that they will have a Representative here in Congress to give them that support, and I am willing to give it to them. I will vote for this bill, but I want you to understand that personally I do not believe we have a right to pass many of the provisions of this bill.

Answering the insistent question raised this afternoon as to what those opposed to the bill would suggest as a substitute, the answer, to my mind, is very easy. First, I say,

enact Massingale cost-of-production bill for that portion of farm products used in this country.

Mr. PIERCE. Mr. Chairman, will the gentleman yield?

Mr. BURDICK. I yield.

Mr. PIERCE. Does the gentleman believe that bill is constitutional?

Mr. BURDICK. Yes; I do.

Mr. PIERCE. How can the gentleman feel that bill is constitutional if he regards the pending bill unconstitutional?

Mr. BURDICK. For the reason that the Massingale bill places cost of production only on that portion consumed within the borders of the United States. If the people raise more than that they would sell it at their peril.

I maintain that we have no moral right, either in Congress or elsewhere, to limit the amount of production in any country, because the human race for 6,000 years before Christ has been producing and it has never produced a bushel more than the human race needs. If they have, I ask now, where is it?

Here is my next question to you, beside the Massingale cost-of-production bill, which in my judgment is constitutional, I would suggest the bringing in of a bill that will refinance these farmers and spread this huge debt that they cannot pay now over a long period of time at a low rate of interest. Give them a chance to come out. You know as well as I do that today in America every farmer, on the average, owes at least twice as much as his property is worth, still under the ruling of the Supreme Court those farmers must pay. If they must pay, give them a chance to pay. We have a chance to do that in this Congress.

Mr. Chairman, there is a bill pending before this Congress that will do this very thing. It requires the signatures of 218 men to that petition up there to give it consideration, yet only 190 Members have signed the petition. You have a chance to enact this legislation if you want to do so.

Here is no. 3: During the period of distress, and while we are trying to work out a solution of this situation, the Congress may enact a moratorium measure for 2 years in order to prevent the Government from foreclosing upon loans for which they are responsible, and may I say to you Members that at this very moment the Government is foreclosing loans which it made to the people of this country. You can stop that if you want to. Another thing that should be done, but neither side of the House will do it, is to take control of the issue of the money and credit of this Nation and put it back in the Government itself.

Mr. PIERCE. Will the gentleman yield?

Mr. BURDICK. I yield to the gentleman from Oregon.

Mr. PIERCE. The gentleman would do that through a moratorium act based upon the Minnesota case? Is that the way he would stop foreclosures?

Mr. BURDICK. I would declare a national moratorium for a period of 2 years and prevent Government agencies from foreclosing any mortgage where payment has not been made through no fault of the mortgagee.

Mr. PIERCE. Does the gentleman think, under the Minnesota case, the Supreme Court would declare such an act constitutional?

Mr. BURDICK. I do not know as I would be limited to the Minnesota case.

Mr. PIERCE. Is that not the only one we have at the present time?

Mr. BURDICK. That is the only one that our Supreme Court has passed upon. In that case the Supreme Court upheld it upon the ground that the mortgagor had to perform certain equities. I have no objection to certain limitations. I am simply pointing out to the Members of the House what can be done, instead of indulging in what we are doing at the present time.

My last point is that the Government should take over the control of the issuance of its money and credit that it never lost. We cannot escape this responsibility. The Congress is charged directly under the Constitution with the control of the issuance of money, yet we have surrendered this prerogative through various laws during the last 100 years until today what do we have? The cash in circulation is about $6,000,000,000, $4,000,000,000 of which has been issued by the private bankers of the country through the Federal Reserve System. We have surrendered this power of the American people to private banking interests. I say that under the Constitution this Government has never surrendered that power. The question has never been presented to the Supreme Court of the United States and if it is presented, from my experience as a lawyer I would say that the Supreme Court would hold that any attempt to give away the power to issue money and regulate the value thereof is unconstitutional.

Mr. CHRISTIANSON. Will the gentleman yield?

Mr. BURDICK. I yield to the gentleman from Minnesota.

Mr. CHRISTIANSON. What does the gentleman think about the policy of the Government issuing money against its own obligations? In other words, making its own obligations security for another obligation?

Mr. BURDICK. On the Government debt of this country there is an annual interest burden of about one and one-quarter billion dollars that it would not be necessary to pay at all if the money was issued direct and upon any basis that we have for the issuance of money.

For example, if gold and silver is the basis upon which we issue currency, we have enough gold and silver on hand upon which we could have a currency issue of $20,000,000,000; yet there is in circulation only $6,000,000,000 and the private banking interests of the country have issued $4,000,000,000 of that.

Mr. Chairman, the ball game is on, but very few people can get to the ball game. We complain because the gate receipts are small. But the only reason they are small is because we have not tickets enough to go around. The people are complaining because they cannot get tickets to go in. We do not have enough money in circulation to do the Nation's business and remember that the amount of money in circulation plus the demand deposits in circulation multiplied by three in any one period of this country's history will give you the national income. Just try that out. For instance, what was the income in this country in 1920? First, what was the amount of cash and demand deposits on hand in this country in 1920? The amount of cash in circulation plus demand deposits was $21,000,000,000. Multiply that by three and you have the national income. When we look up the record we find that it shows that our national income at that time was $67,000,000,000. Take 1927. In 1927 we had cash in circulation and demand deposits of $25,000,000,000. Our national income was $77,000,000,000.

[Here the gavel fell.]

America's capacity to consume—The growth in income of the American people, 1900–29 [1]

[In current dollars]

Year	All income		Income from current production [2]		Other income [3]	
	Total (in millions)	Per capita	Total (in millions)	Per capita	Total (in millions)	Per capita
1900	19,100	251	17,035	224	2,065	27
1909	30,900	341	27,726	306	3,174	35
1910	32,580	353	29,175	316	3,405	37
1911	32,547	347	29,066	310	3,481	37
1912	35,223	370	31,604	332	3,619	38
1913	37,122	382	33,309	343	3,813	39
1914	36,232	366	32,254	326	3,978	40
1915	39,322	391	35,200	350	4,122	41
1916	48,227	473	43,823	430	4,404	43
1917	56,061	542	51,307	496	4,754	46
1918	62,394	597	56,770	543	5,624	54
1919	70,281	668	63,880	607	6,401	61
1920	75,397	707	67,325	631	8,072	76
1921	60,685	558	52,745	485	7,940	73
1922	67,601	613	59,602	541	7,999	72
1923	76,770	685	68,381	610	8,389	75
1924	78,600	688	69,924	612	8,676	76
1925	84,768	731	75,918	655	8,850	76
1926	86,395	735	77,177	657	9,218	78
1927	86,333	725	77,003	647	9,330	78
1928	89,335	741	79,679	661	9,656	80
1929	91,988	755	81,940	673	10,048	82

[1] Exclusive of profits from the sale of property. See table 5, pp. 152–153, for sources.
[2] Exclusive of income from foreign investments.
[3] Chiefly returns on property used in direct consumption. Includes also net income from foreign investments.

Income and its distribution—The growth in real income of the American people, 1900–1929 [1]

[In dollars of 1913 purchasing power]

Year	All income including business savings [2]		All income, excluding business savings [3]		Income from current production only [3]	
	Total (in millions)	Per capita	Total (in millions)	Per capita	Total (in millions)	Per capita
1900	24,331	320	23,694	311	22,009	289
1909	32,424	358	31,064	343	29,371	325
1910	33,381	362	32,202	349	29,801	323
1911	33,554	358	32,842	350	30,823	329
1912	35,905	377	34,635	363	32,053	336
1913	37,122	382	35,722	368	33,309	343
1914	35,944	363	35,354	357	32,449	327
1915	39,049	388	36,946	367	34,510	343
1916	44,204	433	39,677	389	37,044	363
1917	43,593	421	39,914	386	33,911	328
1918	41,130	393	39,821	381	32,720	313
1919	40,001	380	37,536	357	33,943	323
1920	38,079	357	37,374	350	31,285	293
1921	35,845	330	37,431	344	32,458	299
1922	42,704	387	41,646	378	37,604	341
1923	48,041	429	46,519	415	41,468	370
1924	49,004	429	48,150	421	42,404	371
1925	51,312	443	49,587	428	44,605	385
1926	51,983	442	50,645	431	45,775	390
1927	52,008	437	51,408	432	46,387	389
1928	55,800	463	54,308	450	47,231	392
1929	57,673	473	56,270	462	48,543	398

[1] Exclusive of profits from the sale of property. Based on table 5, p. 152.

[2] Deflated by index representing prices of goods and services purchased by consumers. (Based on King's data in The National Income and Its Purchasing Power.) This does not strictly apply to the portion of the income retained as savings in business enterprises. However, the proportion of this type of income is so small and the difference between the price index of capital goods and that of consumers' goods is so slight for the most part that it was not deemed essential to compute a new index.

[3] Deflated by an index intended to represent values of goods and services produced. (See pp. 147–148 and 151.)

Circulation of money and credit

[Henry G. Bahr, Feb. 19, 1935]

	Amount of demand deposits subject to check [1]	Amount of money outstanding [2]	Amount of money in the vaults of banks [3]	Population of the United States (estimated) [4]	Per capita circulation of money and credit [5]
	Thousands	*Thousands*	*Thousands*		
June 30, 1916	$12,045,909	$2,177,100	$2,364,600	100,757,735	$141.16
June 20, 1917	10,632,323	2,579,100	3,099,700	102,172,845	129.30
June 29, 1918	12,116,364	3,599,000	3,307,200	103,587,955	151.71
June 30, 1919	14,721,725	3,895,300	3,793,100	105,003,065	177.30
June 30, 1920	15,679,376	4,420,300	3,738,200	106,543,031	188.65
June 30, 1921	16,074,125	3,984,700	4,189,800	108,207,853	185.37
June 30, 1922	14,334,122	3,649,200	4,626,900	109,872,675	163.67
June 30, 1923	14,248,370	4,046,200	4,656,600	111,537,497	164.02
June 30, 1924	15,061,944	3,948,500	4,898,000	113,202,319	167.93
June 30, 1925	16,563,201	3,876,900	4,422,500	114,867,141	177.95
June 30, 1926	18,208,622	3,910,100	4,518,900	116,531,963	189.81
June 30, 1927	21,144,148	3,866,200	4,801,100	118,196,785	211.60
June 30, 1928	21,059,876	3,930,100	4,188,000	119,861,607	208.49
June 29, 1929	21,427,747	3,947,200	4,591,600	121,526,429	208.80
June 30, 1930	21,087,523	3,668,200	4,638,400	123,191,000	200.95
June 30, 1931	18,678,236	3,956,500	5,123,100	124,070,000	182.44
June 30, 1932	14,327,339	4,921,000	4,083,400	124,822,000	154.21
June 30, 1933	13,408,593	5,070,800	5,007,600	125,693,000	147.02
June 30, 1934	14,961,774	4,683,900	8,950,500	126,425,000	155.39
Jan. 1, 1935 [6]					

[1] Individual deposits subject to check in all reporting banks, as shown in the annual reports of the Comptroller of the Currency.

[2] Figures in this column include only money in general circulation, exclusive of amounts held by reporting banks, Federal Reserve banks and Treasury. Source: Annual reports of the Comptroller of the Currency.

[3] In the Treasury, Federal Reserve banks, and reporting banks. Source: Annual reports of the Comptroller of the Currency.

[4] Continental United States. Estimates as of the middle of the year. Source: Statistical Abstract of the United States, 1934, p. 10.

[5] The sum of the first and second columns divided by the population is given in the fourth column.

[6] Not available.

Mr. HOPE. Mr. Chairman, I yield 15 minutes to the gentleman from Michigan [Mr. CRAWFORD].

Mr. CRAWFORD. Mr. Chairman, I take the floor at this time in order to secure some information. I dislike very much to break into the statements that are being made, but I should like to ask any one of the members of the Agricultural Committee a few questions on certain points of the bill which I have not been able to clear up in my own mind in the short time in which we have to consider it.

On page 7 of the bill, I should like to inquire as to why the growers of rice are permitted and encouraged to assign away the benefit payments they would likely have in due course for the purpose of production credit?

This seems to be the only provision of its kind in the bill, and I wish to inquire if this was placed in the bill because of the fact that the rice producers are in such financial straits that they must mortgage their potential benefit payments in order to secure production credit?

Mr. JONES. That provision is in the law at the present time. This is merely a repetition and this was wanted by the rice producers themselves, whose representatives were gathered here from all over the country in the early part of the session and asked that this provision be put in the bill. Their methods of production are peculiar and their methods of marketing and handling are peculiar, and they said this would be especially beneficial to them. The representatives gathered from every rice-production section of the country were here and asked that they be given this credit privilege, and it was put in at their request as an amendment to the old bill.

Mr. CRAWFORD. Now, on page 9, I wish to inquire whether or not agreements can be entered into on any or all farm commodities, whether basic or otherwise?

Mr. JONES. Agreements may be entered into, but the Secretary may not issue orders on any of these agreements that are binding on all handlers except these particular commodities named, milk and its products, fruits and vegetables, with the exceptions named.

Mr. CRAWFORD. Then, to make it a little clearer, if the producers of any given commodity other than those set forth on page 10, paragraph 2, voluntarily enter into a marketing agreement, whether it be 65 percent or 95 percent of them, after having entered into this voluntary marketing agreement, as I understand, the Secretary of Agriculture may not issue orders covering those products.

Mr. JONES. He cannot do so under the terms of this bill.

Mr. CRAWFORD. Then, on page 17 of the bill, lines 16 to 20, read:

> No person acting as a member of an agency established pursuant to this paragraph (B) shall be deemed to be acting in an official capacity, within the meaning of section 10 (g) of this title, unless such person receives compensation for his personal services from funds of the United States.

As I read the bill, it is my understanding that the Secretary may bring into operation an agency, and it appears from the language I have just read that there may be members of that agency other than those on the pay roll of the Federal Government.

Mr. JONES. Yes; that is particularly true of the local committees. The gentleman will understand that this particular provision puts under the ban men engaging in speculation in respect of a commodity and forbids any official from speculating on the exchanges or in futures markets, and so forth, in a commodity which they have a part in handling. When they have local committees that are mapping out the program, they are interested in the commodity, and it is felt that this ban should not be extended to them, and that is all it is intended to cover.

Mr. CRAWFORD. It seems to me on that point that is a very dangerous provision to have in the bill, because I think it could be determined that there are many people——

Mr. JONES. If these people draw anything from the Government, and some of them do draw a little pay, they are under the ban.

Mr. CRAWFORD. I understand that.

Mr. JONES. But if they are simply asked locally to help the local people who fashion most of these programs, it is felt if they are not being paid by the United States Government we did not quite have the right to forbid their engaging in such dealings.

Mr. CRAWFORD. If by chance a commodity operator should be placed on one of these agencies, he can certainly secure sufficient inside information to put him in position to make a wonderful scoop in the commodity markets from time to time by reason of having such inside information.

Mr. JONES. These men are selected by the producers in the communities themselves and they probably would not select that kind of man.

Mr. CRAWFORD. That agency, insofar as its personnel is concerned, then, is to be restricted to local people engaged in the production of the commodities in question.

Mr. JONES. Yes.

Mr. CRAWFORD. In that event, it would probably help the situation considerably.

Then with reference to the base period for marketing agreements, mentioned on page 27, I should like to have a little clearer information as to how this base period can be shifted from 1909–14 to 1919–29. Can the gentleman give us a little information on that?

Mr. JONES. There are some of the commodities on which definite figures in the regular base period are not available in the Department of Agriculture; that is, the records were not kept accurately for those commodities during the former base period and they are not available. I believe I am correct in my recollection that this provision covers such commodities and provides that he may take this later period in order to arrive at just what the parity price would be and what the figures would show.

Mr. CRAWFORD. And that would be used only in the absence of these other figures.

Mr. JONES. That would be used only in the absence of definite figures on the regular base period.

Mr. CRAWFORD. The bill, on page 32, refers to specific tax rates, where it appears that the rates in effect as of June 1, 1935, are frozen until December 31, 1937. Is it possible under this provision of the bill and by reason of the freezing of these rates for the farmers to be denied or deprived of what might be termed "parity payments" or "parity benefits"?

Mr. JONES. No; those rates are frozen subject to this change. Refer to subdivision 4 which begins at the bottom of the page. They were frozen to make certain of the legality of the tax. Congress really enacted the processing tax under that provision beginning in subdivision 4, line 22. The regular method of varying those taxes is set out; that is, the Secretary of Agriculture may increase or decrease them, but if this power granted here is held invalid by the Supreme Court the tax automatically goes back to the fixed rate. In other words, these are only fixed and would only remain fixed in the event the power conferred by Congress to move them up and down is denied by the Supreme Court.

Mr. CRAWFORD. Mr. Chairman, I take this opportunity to express my appreciation of the great effort the members of the committee have made in an attempt to solve this problem. I wish I could agree with all the features of the bill. It appears to me that the people who founded this country, having prepared and signed and published the Declaration of Independence, established themselves as a free people.

Then they proceeded to draw up a Constitution. It was accepted and adopted. Through its terms and provisions rights were recognized, and to date have been guaranteed to that free people. Out of this Constitution there came a Federal Government, with limited powers which were specifically set forth therein. The powers not delegated to the Federal Government were retained unto the people themselves, and therein is their freedom.

The observation has been made that out of the sphere of liberty there evolved or was carved that of government, and that freedom was not created by a Federal Government. Free men carved our Government in the form in which we find it as defined and circumscribed by the Constitution.

Historical but unbounded and indefinite rights and privileges which our people have inherited must again be guarded as they were in times past. Many men who are Members of this body never until recent years were forced to give much consideration to fundamentals of this nature. Life moved along smoothly for us, and we exercised our liberty without much thought, if any, as to how it came to us.

Today we have heard remarks dealing with the great problems of modern life, industry, agriculture, world trade; domestic production, consumption, and exchange. Perhaps the greatest task of free men today, acting under the terrific pressure under which modern life has placed us, with all of its social, economic, and relationship problems—is that of requiring government to mind its own proper business. It can be well argued that there has come to us here in this House at this very hour the opportunity and the responsibility to say to government that it must desist from any further attempts, under any guise or pretense, to invade the liberties guaranteed and preserved for us by and through that great charter of human rights which the Supreme Court of this land has so recently shielded in its three sweeping decisions. Those who framed that Constitution did not bow down to or recognize that there was in existence anywhere or in any form an all-powerful state which goes before, or which is superior to, and of necessity in control of, individual life and effort. The philosophy of man's immortality may have led him to believe that insofar as spiritual matters are concerned there is an all-powerful and all-knowing Supreme Being; however, to recognize such a power insofar as a political state is concerned, having to do with the economic, social, and political actions of mankind, I submit, is to deprive man of his liberty and freedom while living his life here on earth.

Therein is the crux of this bill insofar as I am concerned. It seems to me that if we are to preserve our freedom in this country we must, working cooperatingly among ourselves, solve these problems independent of Federal control or Federal dictatorship in any form whatsoever. However, if the Members of this House and if the farmers of this country have come to the conclusion that they cannot, through cooperation with each other and in their own way, solve these problems themselves as free men, and that they are now ready to surrender the freedom which they have heretofore enjoyed and prospered under and all without any further effort now insist that Government strengthen its authority, that, I submit, is a startling situation. If this be true and if there be problems which must now be solved, then our people will have to come to the Government and sit down at its feet and say, "Mr. Federal Power, we are unable to reach the benefits which we must have, and therefore we seek your aid." Insofar as I am concerned, I believe that our people through cooperative, intelligent, and free effort accomplish fivefold to what will be accomplished when Federal bureaus interfere. Apparent in this bill there is such a plea now being made, as evidenced by the farmers of Mr. BURDICK's territory. They have indicated, he says, 10 to 1, I believe, that they now desire the Federal Government to step in and lead them out of the wilderness. That to me appears to be the substance of this bill. It has many things in it that I think are very commendable. At the same time, there is no question in my mind but that we are surrendering, perhaps once and for all, much of that freedom which we have heretofore enjoyed and exercised and prospered under. Personally I believe we did not go far enough in our own efforts before we appealed to the Government.

Perhaps the situation came down on us in a crash in such a manner that we felt compelled to rush into something, but we come right back to the proposition that millions of our farmers say that they desire now to travel this road, that they desire to be led by Federal authority, and in working out this bill I can see where the committee has in a somewhat marvelous way inserted provisions which call for cooperation among the farmers themselves by putting here two-thirds vote for producers, two-thirds vote for volume, and then at the same time, as I understand it, a majority of the producers can issue an edict whereby the Secretary must cancel an order which has been issued. Is that correct?

Mr. JONES. He may cancel if a majority of the producers want it.

Mr. CRAWFORD. In my opinion, this bill will not bring to the farmers of this country the economic and social rights which they have reason to expect in this advanced day and age. It has been pointed out there are near 900,000,000 acres of farm land with a today's value of more than $30,000,000,000, and owned by more than 30,000,000 farm people. These farm folk must be recognized in a material and substantial manner. They are not paid cost for their production. They want wages comparable to those paid to people who

produce the goods and services which farmers buy—goods in the form of something to consume in stomach and on body and overhead. Goods in the form of travel. In the form of a few luxuries; in the form of education and training for their children. To have these things the farmers must be able to sell their labor in the form of the goods drawn from their farms at a price which compares favorably with that paid by them to the other branches of our population.

The organized processors of this land who are engaged in purchasing farm goods and processing them into finished products will not pay the farmers a reasonable price for their labor unless those processors are forced to do so. This bill does not carry the necessary teeth. It will not prove satisfactory to the farmers. There are too many exemptions. The Supreme Court properly held that certain powers should not be delegated by Congress to the Federal administrative officers. Now, to present a bill which comes within the circumscribing of the Supreme Court insofar as the powers that may be delegated by Congress to the Secretary of Agriculture, or an administrative office not responsible directly to the people, is one thing. But what the farm population wants is a bill which will assist the farmers—all of the farmers, in whatever State they may be located and for whatever crop they may be growing—giving them cost plus a profit for the goods they place on the market. If this bill protects the cotton grower and leaves the farmer who grows vegetables for the canner, fruits for the canner, beef, wool, mohair, and a hundred other crops without any protection, we should know that will not work. And this bill exempts canned vegetables, canned fruits, and many other crops from any kind of control or protection or benefits.

Furthermore, it will not be possible for the Secretary to reach out and gather into his hands the control of all the powers and purposes and aims set forth in the bill. When he attempts to do that it will set in motion other forces which will be just as disturbing and damaging as some force which he attempts to correct. There is too much artificial interference. Time and tide wait for no man to act. Neither does weather. The ebb and flow of world trade, the offers to buy and sell of the trader, and the increased and decreased amount of production by reason of climatic conditions, such as rainfall or lack of rainfall, are matters beyond the control of the Secretary.

His Bureau cannot work rapidly enough to meet the constantly changing factors that are involved in his calculations as to production, consumption, the ordering of the investigations, the determination of the facts based on the findings, the calling of hearings, the securing of approval of handlers and producers, the issuance of orders, and through the votes of a majority the cancelation of those orders after having once been issued. It is not reasonable to expect that a bill such as here presented will work out satisfactorily to the farmer, because this is a makeshift—a result of the original Agricultural Adjustment Act plus a lot of amendments which were on the way to be added to the original act, and which were arrested by a Supreme Court decision, and then some more additions which are hoped to be found constitutional.

Page 7, paragraph (8), sets forth a provision with reference to the growing of rice which appears to me to be grossly unfair to the rice growers of the country. When the production credit is in such a state that growers must assign or contract away the potential benefit payments they may receive under the act I think that is conclusive evidence the rice provisions of the A. A. A. are not now giving the relief it was claimed would be forthcoming on their enactment. This is a provision which must ultimately work hardships on the rice growers.

IMPORTS

Section 30, page 49, of the bill deals with this highly important matter of imports. This is not a strong section. There is too much beating around the bush. Here we are dealing with a vital matter. A policy which permits the operation of a plan of reducing crops, retiring acreage, holding down production, and at the same time allows millions of tons of farm products to come into this country from other lands is one in which I cannot concur.

Many countries have and are entering into reciprocal trade agreements with the United States. They will expect and will demand the right to ship farm goods into this country in increasing quantities. It is being done now. As prices advance, more goods will be offered to this country. Throughout the world there can be found warehouses with bulging sides filled with the goods of other lands. The highly trained and alert international traders are keenly aware of every point of advance or decline in the commodity markets. It is such an easy matter for them to flash an order to buy or to sell. Market news and other information having to do with human relations at home and abroad encircles the globe with electrical rapidity. Day and night, every second of each day, news travels to all points of the world from other points. In the fraction of a second commodity markets can be passed around the world to the waiting traders. Governmental machinery is too slow for this game. "Whenever the President has reason to believe." Who is going to give any President that "reason to believe"? Cannot we comprehend those countries enjoying reciprocal trade treaties will exert every influence at their command to pour more and more goods into this market as our production recedes through the retirement of acreage and the giving of benefit payments to our farmers as a price to take away from them the domestic market so that it may be filled by goods imported from other countries? Sure! Investigations are to be made—but how? The President shall specify to the United States Tariff Commission how the investigations shall be made. Why not let the Tariff Commission proceed under its own rules and make its investigation quickly but along its established lines? Why should its powers be set aside by some regulation issued by the President to support some reason he may have? If the importation of goods from other lands are causing great distress in our land, why not our Congress have the power to place an embargo on further importation? Why not make it mandatory on the part of the President that he must act upon the findings of the Tariff Commission? Furthermore, any decision of the President as to facts under this section shall be final. The committee, no doubt, has done its best in dealing with this question of imports. However, it is my opinion the act has not gone far enough.

In conclusion, I do not wish to be understood as contending that the Government should not at any time interfere in the interests of the farmer, nor do I contend that the present bill is wholly bad. I do most emphatically contend, however, that it is not an adequate solution to the problem of our 30,000,000 American farmers. With great responsibility in a great emergency must necessarily come impatience to fashion some sort of bill to meet a critical situation. This bill proposes to do that, but does it only partially; and I for one cannot support it in its inadequacy to meet our fundamental problem. It is true that the bill provides for payments to the farmers which help to mitigate a depressing and a miserable state of affairs. Yet that mitigation is bought at a stupendous price; that price is the sacrifice to decreased production while millions of our people are literally crying for food; that price is the sacrifice of personal liberty which cost the fathers of our country a vast amount of suffering and bloodshed to establish and under which our people have risen from a state of serfdom to that of a sovereign; and, finally, that price is the perpetuation of merciless poverty in the midst of plenty. Why must we continue the hopeless policy of cutting down production, plowing under food, when the world is crying for the products of the farm? Why must we continue the stupid policy of actually taxing part of our people in order to pay another part to destroy the very food we need? Why cannot a bill be fashioned which will permit the farmer to till and sow as nature intended that he should, and in return pay him the cost of his production plus a small profit to enable him to bring up his family in the independence to which they are entitled? I cannot and shall not by voting for this bill sacrifice the future physical and spiritual welfare of our farm population for a meager mess of pottage thrown at them now in the form of charitable benefit payments. My vote must be in the negative.

Mr. HOPE. Mr. Chairman, I yield 5 minutes to the gentleman from New York [Mr. LORD].

Mr. LORD. Mr. Chairman, I want to speak in behalf of the farmers of New York State who have not received any benefit from the processing tax. It has been a detriment to them. For the most part, we are dairy farmers, and we have not received any more for our dairy products, while the feed for our stock has cost us much more. I cannot see where the farmers of New York State or the East are going to get any benefit from this legislation. They will still have to pay more for what they buy, so the entire legislation, as I see it, will not be of any benefit to them.

I want to speak a little about production and the plowing under of wheat and cotton and the destroying of pigs. I happened to be chairman of the Red Cross in my section for some years, during the war period and since that time. During the time when the Red Cross had flour to distribute to the poor—and cotton clothing, socks, and underwear—to feed them, we were able to take care of them in very good shape, especially in the winter months. During this time, when crops have been plowed under and these products have not been available, it has cost us a great deal more to maintain our poor. If we might have those crops, if we might have the cotton and the wheat, we could give it to our people and save a great deal of suffering.

We are not producing any more than we need in this country. We are not producing enough. The only trouble is in the distribution. If we were distributing to our poor people what we are wasting, what we are plowing under, and what we are curtailing, they would be better taken care of than now. They would be much happier. They could have a living and they could have warm clothes to wear. I hope that we may get that distribution, that we may give to the poor the proper amount of wheat and other crops, and that we may give them the proper amount of clothing to keep them warm. It will permit the cotton farmer to raise more cotton and the wheat farmer to raise more wheat, and it will take care of the people who are suffering, especially during the winter months. This is true in our section of the country, and it would be much better for the entire country.

Mr. GILCHRIST. Will the gentleman yield?

Mr. LORD. I yield.

Mr. GILCHRIST. The gentleman says that he thinks the farmers of New York State should not have to pay any more for their feed.

Mr. LORD. No; I did not say that.

Mr. GILCHRIST. The gentleman says he is against the bill because his farmers will not be benefited inasmuch as the processing tax requires them to pay more for their feed.

Mr. LORD. I did not say that. I did not say I was against the bill. I was simply telling how it worked out in the State of New York.

Mr. GILCHRIST. The gentleman says he does not feel that the wheat farmers should go on producing wheat at 30 cents a bushel and the corn farmer should go on producing corn at 10 cents, does he?

Mr. LORD. No.

Mr. GILCHRIST. Even though that makes cheap feed for the dairy farmers.

Mr. LORD. I did not say I was opposed to the bill. I was telling the way it worked out in New York State.

Mr. JONES. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. JONES, 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. 8492) to amend the Agricultural Adjustment Act, and for other purposes, had come to no resolution thereon.

HOUR OF MEETING TOMORROW

Mr. JONES. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet at 11 o'clock tomorrow, and that further general debate on the bill H. R. 8492 be limited to 1 hour, to be equally divided and controlled by the gentleman from Kansas and myself.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

ORDER OF BUSINESS

Mr. TAYLOR of Colorado. Mr. Speaker, I ask unanimous consent that business in order on Tuesday and Wednesday of this week may be dispensed with.

Mr. MARTIN of Massachusetts. Mr. Speaker, reserving the right to object, will the gentleman tell us what business is in order on these days?

Mr. TAYLOR of Colorado. The Private Calendar is in order on Tuesday and the call of the committees is in order on Wednesday. We want to go on with this bill.

Mr. MARTIN of Massachusetts. The gentleman does not think we shall finish the bill tomorrow, then?

Mr. TAYLOR of Colorado. It is hoped that we shall finish the bill tomorrow. We have other matters that we feel ought to be taken up. The deficiency bill is one of them.

Mr. MARTIN of Massachusetts. What will follow this bill?

Mr. TAYLOR of Colorado. I am not sure, but the deficiency bill is ready and is quite important.

Mr. MARTIN of Massachusetts. The gentleman, then, would go on with the deficiency bill on Wednesday if this bill is concluded in time?

Mr. TAYLOR of Colorado. I think that is the order of business.

Mr. MARTIN of Massachusetts. Mr. Speaker, I have no objection to the gentleman's request.

The SPEAKER. Is there objection to the request of the gentleman from Colorado?

There was no objection.

JAMES J. DEIGHAN

Mr. STACK. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. STACK. Mr. Speaker, on the 14th day of June 1935 the great State of Pennsylvania lost a distinguished son in the untimely death of James J. Deighan.

The American Legion lost a sterling soldier and comrade in the person of Comrade James J. Deighan, department adjutant.

Commander Harry K. Stinger and every World War veteran of the Sixth District of Pennsylvania lost a distinguished friend and advocate when the Great Bugler sounded taps over their buddy, James J. Deighan.

Jim Deighan served with honor and distinction as a member of the Nation's armed forces in the Eightieth Division of the American Expeditionary Forces in 1918. He was honorably mustered from the military rolls on July 15, 1919. As a chartered member of the Woodrow Wilson Post, No. 2, Department of Pennsylvania, the American Legion, he was active for many years in the Legion's program, and in 1923 was chosen by the late J. Leo Collins, then department commander, as the department adjutant, in which capacity he continued to serve until his death. He was an authority on matters pertaining to the service men and women, and his advice upon such subjects was sought and followed throughout the United States. His innate disposition endeared him in the hearts of his friends and earned for him a Nationwide reputation and appreciation for his meritorious labors and services on behalf of veterans and the widows and orphans of veterans. His life was a noble one spent in untiring effort to help the other fellow. He so lived that when his summons came to join the innumerable caravan he went with head erect, a smile upon his face, mute evidence of his unfaltering trust in his God and the knowledge that he had done his part in life honorably and well. May we emulate his splendid example. He was a kind and loving husband and father.

The Sixth District and the American Legion of Pennsylvania, through its commander, Harry K. Stinger, expresses the wish of all of us when he tells Mrs. Deighan that she and her children have our sincere sympathy in their bereavement.

NUISANCE AND SALES TAX RESOLUTION

Mr. SCHNEIDER. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. SCHNEIDER. Mr. Speaker, I am unalterably opposed to House Joint Resolution No. 324, extending the nuisance and sales taxes for a period of 2 years.

I believe it is inexcusable to continue these sales levies, which fall on rich and poor alike, especially so long as congressional leaders are discouraging the bringing about of a systematic revision of the tax laws to place a greater share of the burden on those best able to pay through inheritance taxes, income surtaxes, and excess-profit levies on corporations.

This resolution provides for continuing for 2 years the sales taxes now imposed on matches, electricity, automobiles and trucks, tires and tubes, auto accessories, mechanical refrigerators, lubricating oils, toilet preparations, radios and phonographs, cameras, firearms, sporting goods, chewing gum, furs, jewelry, brewer's wort, grape concentrate, gasoline, and a number of other commodities. It also levies a tax on telegrams, telephone calls, conveyances, and transfer of bonds.

The costs of these taxes fall on the common people in undue proportion. Instead of making an effort to levy taxes on the basis of ability to pay, through a revision of our inheritance, income, and excess-profit taxes, the line of least resistance is being followed, and these taxes, which were appropriately described as nuisance taxes by a headline in the CONGRESSIONAL RECORD a day or two ago, are being continued for not merely 1 year but for 2 years.

The alibi is advanced that these are emergency taxes and we must act quickly lest they lapse at the end of the fiscal year. The fact that many of them will lapse has been known since the opening of the session. Until this week, however, no effort has been made by those charged with the responsibility of formulating tax policies to substitute other taxes in their stead which will be based on the ability of the taxpayer to pay for the cost of Government. At a time when dividends are increasing rapidly, adding to the stock of those who are comfortably fixed, it is manifestly unfair to continue to levy nuisance taxes on many of the things necessary in the home of the poor while the increased dividends are not also being asked to carry more of the emergency-tax burden.

Furthermore, under this resolution, it is proposed to continue the taxes for a 2-year period, rather than for the duration of the emergency or for 1 year. Most of these taxes have been in effect since they were first enacted by a Democratic-Republican combination in 1932, and apparently the plan is to continue them indefinitely. While their continuation is now sponsored by Democratic leaders, there seems to be no serious objection on the part of the Republican leadership, spokesmen for that party having indicated that if they had the power they would extend the principle of the sales tax further to impose levies on all sales.

These sales and nuisance taxes have been imposed on all who must use matches, automobiles and trucks, tires and tubes, and many other necessities for 3 years. First-class postage has been increased 50 percent since 1932, the advocates of this method of raising revenue contending that it must be obtained in this way because income, inheritance, and excess-profit taxes would not produce returns. With nearly a fourth of our population on relief and a large proportion of the others in desperate financial circumstances, prompt action should be taken to readjust our tax system and remove the burden from those already oppressed.

The extraordinary costs of correcting our economic maladjustments should be placed on those whose dividends and returns from capital invested are being rapidly increased and who have ability to pay. The 10-cent-store fortunes and similar concentrated wealth now being tossed away on foreign soils should make a larger contribution in times of unusual governmental need for funds before we continue a tax system for 2 years which takes the pennies of the poor, so essential to enable them to even buy food and clothing.

I believe that the issue should be met squarely by raising the rates on excess profits, gifts, inheritances, and incomes, instead of drifting along, making extensions for 1 and 2 years of sales and nuisance taxes under which the victims of the depression are paying an undue proportion of its cost.

It is indefensible on the part of the leaders to bring this tax proposal up in its present form, under a gag rule which limits debate on each side to 20 minutes and consideration of the measure to less than 1 hour. Under this procedure there is no opportunity to correct this resolution by offering amendments to either increase, decrease, eliminate, or add to the legislation. The resolution should be overwhelmingly rejected and a comprehensive tax bill substituted which will equalize the burdens of taxation and distribute them fairly.

WHAT CAN WE DO CONSTITUTIONALLY, AND DO IT NOW, TO BRING ABOUT AN ADJUSTMENT OF OUR FINANCIAL SITUATION?

Mr. BURDICK. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD concerning the money question.

There was no objection.

Mr. BURDICK. Mr. Speaker, what one thing can be done by this Congress, and constitutionally done, that would lay the groundwork for future prosperity of the entire country, and at the same time bring relief to the financially distressed which would be almost immediate in its effect? In answering this question I realize, of course, that there are many divergent views on this great question. Some sense what it is; some have a hazy conception of it; some are totally ignorant both as to the immediate or ultimate benefits of the proposition; some understand it but, for selfish reasons, take a most uncompromising stand against it; some are too much afraid that an out-and-out stand on the subject would render their tenure in Congress less secure. For any or all of these reasons, it will be difficult, but not impossible, to put this program into actual operation.

One important step has been gained by the decision of the Supreme Court holding the N. R. A. unconstitutional. In any plan to be presented to Congress hereafter it should be reasonably certain, in the first instance, that any such plan is constitutional. Had the proponents of the N. R. A. been Members of Congress instead of experts on the theory of government, no such plan as the N. R. A. would have been adopted by Congress. Experts and theorists have their place in our system of government, but to permit them to write laws is as dangerous to our liberties as it has now become embarrassing to the administration. Hereafter, I hope it can be said, that Congress will endeavor to work out its own program in cooperation with the President.

To those who have any keen conception of the framework of our Government, and its three departments of duties and responsibilities, it has been, for several months, quite apparent that the Constitution forbids the delegation of unlimited power to any department of Government. Congress cannot confer unlimited power upon the executive, the judiciary, or assume that power itself. When any attempt to do so is made, it not only violates our theory of three departments of this Government, but it violates another paramount principle guaranteed by the Constitution—that State governments have, in the adoption of the Constitution itself, reserved certain powers which the State alone can exercise. After the Constitution was adopted, with this explicit limitation on Federal power, each succeeding State as it came into the Union accepted the doctrine laid down in the Constitution; namely, that the Federal power of the Government was limited and that the States themselves should never be called upon to surrender their sovereign power.

To say that Congress can delegate power to the President to regulate business which is strictly intrastate would be an abject surrender of the sovereign power of the States, and there can be no logical argument against the decision of the Supreme Court holding, in effect, that this attempted delegation of power was unconstitutional.

Instead of attempting to change the Constitution it would be a much more valuable effort to gain a clear conception of what this Government was intended to be, and then shape legislation in Congress recognizing certain fundamentals which have always guided our conduct. Should a time arise when it is necessary to change our fundamental law, the way is open to us to do that very thing. But until we make that change in our fundamental law, it would further good government more by following the fundamental law than to attempt, by the application of some hair-trigger theory of government, to override what our experience has shown to be for our best interests.

Congress, itself, does not have the power to pass any law which shall strip States of their sovereign power. Much less has Congress the right to delegate this power. The Constitution provides:

> The powers not delegated to the United States by the Constitution, nor prohibited by it to the States, are reserved to the States, respectively, or to the people (amendment 10).

There is not any question but what the source of all power was intended to be left with the people (functioning in State governments), and any power granted to Congress, therefore, was a limited power so long as a State conforms to the injunction placed upon them by the Constitution, and which all States expressly agreed to, there is not any power in this Government that can take away from States, their own sovereign power to function as a government. Section 4 of the Constitution provides:

> The United States shall guarantee to every State in this Union a republican form of Government.

When the Constitution was adopted, the Constitution expressly conferred upon Congress the sole right—

> To coin money, regulate the value thereof, and of foreign coin, and fix the standards of weights and measures (sec. 8).

To make the power of Congress exclusive in regard to coining money, the States were specifically enjoined from that function. Among the injunctions against the States, the Constitution declares:

> No State shall * * * coin money (sec. 10).

That Congress did at one time have the sole power to coin money is not open to debate, but as to the question of whether or not Congress still has this right, and the sole right, is the question which, when answered in the affirmative, will set our financial house in order. It will bring immediate and permanent relief to a people who are rich in everything except a proper and sufficient medium of exchange.

Congress has never constitutionally surrendered the right to coin money, yet, through acts of Congress creating national banks, the Federal Reserve System, and the authorization of bond issues, it has, in effect, surrendered the power to coin money. That power has been surrendered to private interests, and by mere approval and custom the system has been in operation ever since the Government was organized, and secured open approval by Salmon P. Chase, Secretary of the Treasury under President Lincoln, temporarily and unconstitutionally surrendering the power to issue money to the private banking interests of the Nation.

What is our situation today as a result of the surrender of this power? The total circulation in the country is less than $6,000,000,000, and we find that the Federal Reserve Board, a private institution serving private banking interests, and not the Government, has issued nearly four billion of the six billion now in circulation. The Government prints the money, hands it over to the private system to sign and circulate, and all the charge made for this service by the Government is the actual cost of printing. As security for the unsigned money the Federal Reserve Board places with the Government, securities which the Government will accept. Usually those securities are Government bonds. These bonds draw interest, and while they are left as security the interest accumulations belong to the private banking system. Likewise, the actual money is then loaned out to the public and interest is collected on that, resulting in a double interest system to the private interests.

Not only that, but when the money is loaned out to the public a credit loan or 10 times the amount of cash on hand can be and is made. For example, if the Government has permitted the private system to issue $4,000,000,000 in new currency—for the cost of printing—then, using this $4,000,000,000 as a basis for credit loans, the private system can loan out $40,000,000,000 in credit and collect interest on forty billion of credit money and also on four billion of securities placed with the Government as security for the issue of the four billion, permitting an artificial principal of forty-four billion to operate, upon which the public must pay the annual interest charge on the entire actual and artificial principal.

To show how abjectly this Government has surrendered to the private banking interests, the proof is so overwhelmingly abundant that simply to state the proposition is to prove it. Our present Federal debt, represented by bond issues, is now close to $40,000,000,000. The Government cannot pay its obligations with bonds, hence the bonds must be exchanged for money. The Government sells its bonds to the private banking interests, who charge the Government from 3¼ to 3⅞ percent, and in payment for the bonds the private bankers are gracious enough to pay the Government for the bonds by extending the Government a credit balance on their private books. When the private system needs more actual cash to hold up its fictitious credit structure, the same bonds that were thus purchased are returned to the Government as security for a new currency issue. Thus the Government gets their own bonds back in their possession as security, and in the meantime the private banking interests get away with the cash and the actual ownership of the bonds. They collect the interest both ways and use the Government's own money to carry on the transaction.

It is quite obvious that if the Government can supply the private banking system with actual money to carry on their private operations, then the Government cannot deny that it would have the right to issue its own money and cut out this private loot of interest.

The present annual interest burden of the people of this country on the Government debt is now well over one and a quarter billion dollars. Can there be any justification for anyone to maintain a system that voluntarily and unconstitutionally hands over to private interests an annual harvest or over a billion dollars?

How long would it take, by the saving of this annual interest charge, to extinguish the national debt? How long would it take, by saving this annual contribution to the private money interests of the country, to pay the soldiers their adjusted compensation? How long would it take, if we abandoned this bankers' milking system, to create a fund that would properly take care of the aged?

The one stock argument against the plan of the Government's taking over the control of its own cash and credit is that to do so would produce an inflation of our currency. If to save an annual interest burden of over a billion dollars will be the cause of an inflation, then, in the name of the suffering millions, let us have that kind of inflation.

With a gold base of over $8,000,000,000, there can be predicated upon it a currency issue of $20,000,000,000 before there is one step made in the direction of inflation. Those who shout the loudest against inflation and insist upon keeping the money out of circulation and issuing Government bonds instead are the ones who are guilty of any inflation, if there is to be any. The very worst kind of inflation is the inflation of credit all based on borrowed money, which means the payment of interest.

Those who fear inflation apparently do not understand what money is. Money is not property, money is not wealth; money, in its simplest sense, is nothing more or less than a medium of exchange by which we are able to exchange our commodities and labor. There should always be a sufficient amount of money in circulation to do our natural and legitimate business. Even if we admit that demand credit in banks is the equal of money in the process of this exchange of commodities and labor, still we do not have more

than 50 percent of money and credits demanded by normal business. Our national income can be measured almost accurately by the amount of available cash and demand credit of the country, and any period of our history can be taken as proof of this statement. Our national income can be said, at all times, to be just three times the amount of the money in circulation, including demand deposits available for instant use.

In 1920 the amount of money in circulation, including demand deposits, was $21,000,000,000.

In 1920 our productive national income was $67,000,000,000.

In 1929 the amount of money in circulation, including demand deposits, was $26,000,000,000.

In 1929 our productive national income was $81,000,000,000.

In 1934 the amount of money in circulation, including demand deposits, was $17,000,000,000.

In 1934 our productive national income was $46,000,000,000.

Those interested in these tables may have the benefit of the full information contained in tables submitted by me in my speech on the floor under date of June 17, 1935.

Business in this country is actually starving out, and, with it, the chance of employment, because we do not have a sufficient amount of money in circulation to do the Nation's business. We need at least $33,000,000,000 in exchange medium but have only a fraction over half of that amount. I am willing to predict for the year 1935 that our national income will be based upon the amount of circulation, and that history will repeat itself.

If the opponents of the plan here put forward to have Congress retake its power to coin money and regulate the value thereof will quit talking inflation and study the economic history of the country, we will all soon arrive at a complete understanding that there should always be a sufficient amount of money in circulation to do our business, and that instead of going in debt to carry on our credit system, we should issue Government notes, based upon our legitimate right to issue money on the prevailing basis—the present one of a metal basis—for national needs.

If we take over the Federal Reserve System, and do our own issuing hereafter, will it be constitutional? I have been unable to find anywhere where this power was ever surrendered by Congress. If it has been surrendered, it was clearly unconstitutional, for that power cannot be delegated even to the Chief Executive, much less a private banking fraternity. The issuance of Federal Reserve banknotes, at this very moment, is unconstitutional. It has been sanctioned by use and custom. The question has never been raised before the Supreme Court. In light of the clear and unmistakable language of the Constitution, Congress cannot relieve itself of this obligation. What we need now is not a law but a declaration of policy, which shall state emphatically that from this moment on we shall assume and take charge of our own money and our own credit. If any administration, Democratic or Republican, would refuse to permit private banking interest to issue money, they would be wholly within their rights as defined in the Constitution. We do not necessarily have to stop with this statement—we can go further, and by law take over the Federal Reserve System, and by law prevent any person, firm, or corporation from issuing any form of money to be put into circulation. That would stop the private steal resulting in the huge annual interest burden.

Following the present system as abject slaves, we have seen enacted in this country the impoverishment of every third generation. We have seen the old pioneers of Boston and New York, after losing their property under an ownership of 50 years, compelled to move on west through the wilderness to acquire new homes. Having bared their breasts to the arrows of the savages and having built in the wilderness a new home, we have seen that same band of pioneers at the end of the next period of 50 years, compelled to move on farther to the West. There they again made new homes on the prairies of Illinois, Wisconsin, and Minnesota, easily forgetting the financial troubles of the past because of the unlimited opportunities open to them in this new country. But again history repeated itself, and in about the year 1880, these pioneers of Illinois, Wisconsin, and Minnesota were overcome with the same fate that confiscated the property of their ancestors. Again they swarmed on to the West and settled Iowa, Kansas, Nebraska, the Dakotas, and Montana. There they erected sod houses and lived happily in the surroundings of new golden opportunities. In these States in the next 50 years they built empires. Cities, churches, schools, farm homes, roads, telephones, and every possible institution known to modern civilization sprang up. Railroads spanned the country because of the new business created. Men could always find work as these endless empires were in the course of construction. But the end came with dramatic suddenness, and an end the like of which this country never before experienced. The final end of the trail of new homes in the wilderness had been reached, and the plan of their ancestors to move on to the West was brought to a final and immovable end.

They could not move farther on, because there was no more West. It was gone forever. Just 50 years from 1880 we find these western empire builders again losing their homes. The debt had overtaken their ability to pay. When this end came, it affected every community in the United States. Our Boston, the hub of the universe, did not escape. Labor in the East, manufacturing in the East, every channel of trade in the Union became affected because the end of the trail in seeking new opportunities in an endless frontier had been reached. That is the very reason why our financial difficulties at the present time are so acute; that is the main reason why we have had a national break-down in business.

This public debt and the annual interest paid to private interests began just at the close of the Revolution and has been in operation ever since. The soldiers of the Revolution were paid in continental money. It became worthless before the Nation was organized. Soldiers parted with this money for a few cents on the dollar. The wealthy men of the Nation bought up this money and when the Government was established, private interest, led by Alexander Hamilton, insisted that this continental currency should be redeemed by the Government at 100 cents on the dollar by a bond issue. That was carried through and the holders of the continental money made a harvest. Great fortunes were made in this country by the select few, and having once tasted of this method of getting something for nothing, they have kept it up ever since.

How do we stand financially now that we have reached the final end of the trail to the golden opportunities of the West? We find that we have a public and private debt of $300,000,000,000, upon which we pay an annual tribute in interest of $15,000,000,000, or more than the income in 1934 of labor and agriculture. What have we in property? Measuring all property in the United States at its actual value, and assuming that business property, railroads, farms, and other basic business enterprises of the Nation will suffer no further losses, we do not have in property more than 50 percent of what we owe. Yet we are told that we must pay. With what, I ask, shall we pay?

The system that has produced these results should be immediately abandoned. We should retake the power in Congress to issue money. We should eliminate the private interests that now use the Government's money and credit for their own selfish interest. We should eliminate this annual interest burden, which, just as sure as God lives, will overcome any business in the world in the long run. Farmers owe more than twice as much as they can pay, yet when we suggest a plan by which the debt can be spread over a number of years at a reduced interest rate, some of our members of Congress will not permit us even the opportunity of discussing the farm finance question before this House. Congressman Lemke has had on the Speaker's desk for months a petition asking that we be given a rule under which the Frazier-Lemke farm refinance bill may be brought on the floor of the House for debate. Only 190 Members have signed that petition and 218 are required to bring in

the rule, although the House Committee on Agriculture reported the bill favorably.

Some of my colleagues will not sign the petition because they say, "Why, this is a scheme of inflation." It is a scheme to save the farm homes of this Nation and nothing else. If those who want to hold fast to our past methods of financing in this country, when already that system has plunged us in debt to an extent that immediate payment of 50 percent of the debt is a physical impossibility, they will have a sad awakening, when they see farm homes of more than 50 years' standing swept away, under a financial system that has repeatedly performed its nefarious work within our own memories.

Let us take action now—let us do that which must finally be done before a dollar's worth of property is safe within the borders of the United States.

Let us take charge of our own money system, issue sufficient money to do the Nation's business, control the issue by Congress, reduce interest rates, and forcibly wean the private banking interest of the country from collecting annually from the American people an interest burden which they can no longer bear, and which if not stayed will destroy the Government itself.

There are many in this country—and they can be numbered by millions—who believe in the slogan of "Share the wealth of the Nation." They believe the topheavy accumulations of money should be taken away and distributed equitably. What we ask for now is "put a stop to the system that has permitted special privilege to accumulate unconscionable fortunes", while the millions suffer in consequence.

We ask now for an equal opportunity for all. We ask that special privilege be taken away and that every man be given a fair chance to live under our financial system. Here let me note that the opponents of equal opportunities for all and special privilege to none fight this doctrine even more viciously than they do the slogan of "Share the wealth now." If special privilege is so grasping as to not permit a halt in their system, and let the American people have a fair chance, under a financial system open to all, fair to all, just to all, then I say these very ones are the ones who are more responsible than anyone else in bringing about the actual operation of share the wealth now.

We can act in this matter and we can constitutionally act, and I challenge any lawyer or anyone else in this House to maintain that the plan here proposed is unconstitutional.

EXTENSION OF REMARKS

Mr. BURDICK. Mr. Speaker, I ask unanimous consent that as a part of the remarks I made on the floor of the House this afternoon I may be permitted to include therein certain tables I used in that speech.

The SPEAKER. Is there objection to the request of the gentleman from North Dakota?

There was no objection.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. SISSON, indefinitely, on account of illness.

To Mr. UNDERWOOD (at the request of Mr. SECREST), indefinitely, on account of illness.

SENATE ENROLLED BILLS SIGNED

The SPEAKER announced his signature to enrolled bills and joint resolution of the Senate of the following titles:

S. 43. An act for the relief of Lucile A. Abbey;

S. 144. An act for the relief of Auston L. Tierney;

S. 148. An act for the relief of the estate of Donnie Wright;

S. 380. An act to reserve 80 acres on the public domain for the use and benefit of the Kanosh Band of Indians in the State of Utah;

S. 391. An act for the relief of Ralph E. Woolley;

S. 546. An act for the relief of Miles Thomas Barrett;

S. 547. An act for the relief of Alfred W. Kliefoth;

S. 694. An act for the payment of the claims of the Fidelity Trust Co. of Baltimore, Md., and others;

S. 799. An act for the relief of Yvonne Hale;

S. 885. An act to correct the naval record of Joseph Horace Albion Normandin;

S. 1051. An act for the relief of the Western Union Telegraph Co.;

S. 1066. An act to extend the provisions of section 2 of the act of February 28, 1925, authorizing reservations of timber, minerals, or easements to exchanges of lands in the State of New Mexico, under the act of February 14, 1923, and the act of February 7, 1929;

S. 1325. An act for the relief of Dino Carbonell;

S. 1363. An act for the relief of John A. Jumer;

S. 1392. An act conferring upon the United States District Court for the Northern District of California, southern division, jurisdiction of the claim of Minnie C. de Back against the Alaska Railroad;

S. 1410. An act for the relief of Thomas G. Carlin;

S. 1585. An act for the relief of Stefano Talanco and Edith Talanco;

S. 1611. An act to authorize an exchange of lands between the Richmond, Fredericksburg & Potomac Railroad Co. and the United States at Quantico, Va.;

S. 1656. An act for the relief of Ward J. Lawton;

S. 1809. An act for the relief of Germaine M. Finley;

S. 1831. An act transferring certain national-forest lands to the Zuni Indian Reservation, N. Mex.;

S. 1860. An act for the relief of the Tampa Marine Co.;

S. 2131. An act to provide for the establishment of the Big Bend National Park in the State of Texas, and for other purposes;

S. 2185. An act to amend an act entitled "An act to accept the cession by the State of Oregon of exclusive jurisdiction over the lands embraced within the Crater Lake National Park and for other purposes";

S. 2218. An act for the relief of Elsie Segar;

S. 2278. An act authorizing the construction of buildings for the United States representative in the Philippine Islands;

S. 2306. An act to confer jurisdiction upon the Court of Claims to hear, determine, and render judgment upon the claim of the heirs of James Taylor, deceased Cherokee Indian, for the value of certain lands now held by the United States, and for other purposes;

S. 2333. An act for the relief of John W. Dady;

S. 2371. An act for the relief of Margaret G. Baldwin;

S. 2508. An act to authorize the naturalization of certain resident alien World War veterans;

S. 2597. An act for the relief of Irene de Bruyn Robbins;

S. 2688. An act to amend an act entitled "An act to regulate the manner in which property shall be sold under orders and decrees of any United States courts", approved March 3, 1893, as amended;

S. 2780. An act to repeal the limitation on the sale price of the Federal building at Main and Ervay Streets, Dallas, Tex.; and

S. J. Res. 42. Joint resolution to amend section 289 of the Criminal Code.

ADJOURNMENT

Mr. TAYLOR of Colorado. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 7 o'clock and 3 minutes p. m.) the House, pursuant to its previous order, adjourned until tomorrow, Tuesday, June 18, 1935, at 11 o'clock a. m.

COMMITTEE HEARINGS

COMMITTEE ON IMMIGRATION AND NATURALIZATION

(Thursday, June 20, 10 a. m.)

A joint hearing will be held of the Senate and House Immigration and Naturalization Committees in room 445, Old House Office Building, before which joint meeting Col. Daniel W. MacCormack will appear and make a statement on immigration and naturalization statistics.

COMMITTEE ON THE POST OFFICE AND POST ROADS

(Tuesday, June 18, 10 a. m.)

Subcommittee no. 3 will hold hearings on bills (H. R. 4450, H. R. 6, H. R. 3033, and H. R. 7400) relative to pneumatic mail tubes.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. DEMPSEY: Committee on the Public Lands. House Joint Resolution 211. Joint resolution to create a commission to study and report on the feasibility of establishing a national monument, or monuments, in the territory occupied by the Spanish Colonial Missions in the States of Texas, New Mexico, Arizona, and California; with amendment (Rept. No. 1244). Referred to the Committee of the Whole House on the state of the Union.

Mr. MOTT: Committee on the Public Lands. H. R. 6678. A bill to add certain lands to the Rogue River National Forest in the State of Oregon; without amendment (Rept. No. 1245). Referred to the Committee of the Whole House on the state of the Union.

Mr. STUBBS: Committee on the Public Lands. H. R. 7224. A bill to conserve the water resources and to encourage reforestation of the watersheds of Fresno County by the withdrawal of certain public lands included within the Sequoia National Forest from location and entry under the mining laws; without amendment (Rept. No. 1246). Referred to the Committee of the Whole House on the state of the Union.

Mr. KNUTE HILL: Committee on the Public Lands. H. R. 7736. A bill to provide for the establishment of the Whitman National Monument; with amendment (Rept. No. 1247). Referred to the Committee of the Whole House on the state of the Union.

Mr. PETERSON of Georgia: Committee on the Public Lands. H. R. 8431. A bill to provide for the establishment of the Fort Frederica National Monument, at St. Simon Island, Ga., and for other purposes; without amendment (Rept. No. 1248). Referred to the Committee of the Whole House on the state of the Union.

Mr. WEAVER: Committee on the Judiciary. H. R. 7374. A bill to amend section 98 of the Judicial Code to provide for the inclusion of Durham County, N. C., in the middle district of North Carolina, and for other purposes; without amendment (Rept. No. 1250). Referred to the Committee of the Whole House on the state of the Union.

Mr. RAMSPECK: Committee on the Civil Service. H. R. 8459. A bill to standardize sick leave and extend it to all civilian employees; with amendment (Rept. No. 1251). Referred to the Committee of the Whole House on the state of the Union.

Mr. RAMSPECK: Committee on the Civil Service. H. R. 8458. A bill to provide for vacations to Government employees, and for other purposes; without amendment (Rept. No. 1252). Referred to the Committee of the Whole House on the state of the Union.

Mr. GREGORY: Committee on the Judiciary. H. R. 5573. A bill to amend section 114 of the Judicial Code to provide for terms of District Court for the Western District of Wisconsin to be held at Wausau, Wis., and for other purposes; without amendment (Rept. No. 1253). 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. KNUTE HILL: Committee on the Public Lands. S. 1186. An act for the relief of Frank P. Ross; without amendment (Rept. No. 1242). Referred to the Committee of the Whole House.

Mr. KNUTE HILL: Committee on the Public Lands. S. 1490. An act for the relief of Earl A. Ross; without amendment (Rept. No. 1243). Referred to the Committee of the Whole House.

Mr. HOEPPEL: Committee on War Claims. H. R. 8524. A bill for the relief of sundry claimants, and for other purposes; without amendment (Rept. No. 1249). Referred to the Committee of the Whole House.

CHANGE OF REFERENCE

Under clause 2 of rule XXII, the Committee on the Public Lands was discharged from the consideration of the bill (S. 2388) authorizing and directing the Secretary of the Interior to cancel patent in fee issued to Victoria Arconge, and the same was referred to the Committee on Indian Affairs.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. BEITER: A bill (H. R. 8522) to amend section 32 of the World War Veterans' Act of 1924 as amended; to the Committee on World War Veterans' Legislation.

By Mr. KNUTE HILL: A bill (H. R. 8523) to provide for an adjustment with the State of Washington to satisfy the grants made to said State for school and other purposes in accordance with the provision of the act approved February 22, 1889 (25th Stat. 676); to the Committee on the Public Lands.

By Mr. COLLINS: A bill (H. R. 8525) prescribing regulations for carrying on the business of lighter service from any of the ports of the United States to stationary ships or barges located off-shore, and for the purpose of promoting the safety of navigation; to the Committee on Merchant Marine and Fisheries.

By Mr. SCRUGHAM: A bill (H. R. 8526) to amend part 3 of title III of the Tariff Act of 1930; to the Committee on Ways and Means.

By Mr. McSWAIN: A bill (H. R. 8527) 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; to the Committee on Military Affairs.

By Mr. RANKIN: A bill (H. R. 8528) to provide domiciliary care and medical and hospital treatment to former veterans of the World War and the Spanish-American War and to former members of the Regular Establishment who are in receipt of compensation or pension for service-connected disabilities; to the Committee on World War Veterans' Legislation.

By Mr. FISH: A bill (H. R. 8535) 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.

Also, a bill (H. R. 8536) to amend section 2 of the act of May 18, 1934 (ch. 34, 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.

Also, a bill (H. R. 8537) to repeal section 420c of the United States Criminal Code; to the Committee on the Judiciary.

Also, a bill (H. R. 8538) to aid the several States in the extradition of criminals; to the Committee on the Judiciary.

By Mr. MARCANTONIO: Resolution (H. Res. 262) directing the Secretary of the Navy to transmit to the House of Representatives information concerning Rear Admiral Yates Stirling, Jr., of the United States Navy; to the Committee on Naval Affairs.

By Mr. STARNES: Joint resolution (H. J. Res. 326) for the establishment of a commission for the construction of a Dixie Memorial Highway connecting the Battlefield of Chick-

amauga and Fort Oglethorpe, Ga., with Fort McClellan, Ala., and Fort Benning, Ga.; to the Committee on Roads.

By Mr. MARCANTONIO: Joint Resolution (H. J. Res. 327) proposing an amendment to the Constitution of the United States; to the Committee on the Judiciary.

By Mr. PETERSON of Florida: Joint resolution (H. J. Res. 328) providing for participation by the United States in the Pan American Exposition to be held in Tampa, Fla., in commemoration of the four hundredth anniversary of the landing of Hernando De Soto in Tampa Bay; to the Committee on Ways and Means.

By Mr. QUINN (by request): Joint resolution (H. J. Res. 329) proposing an amendment to the Constitution in relation to the power of the Federal and State courts to pass on the constitutionality of the Federal statutes; to the Committee on the Judiciary.

By Mr. FENERTY: Concurrent resolution (H. Con. Res. 28) requesting the retirement of the United States Ambassador to Mexico; 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. HOEPPEL: A bill (H. R. 8524) for the relief of sundry claimants, and for other purposes; to the Committee on War Claims.

By Mr. HAMLIN: A bill (H. R. 8529) granting a pension to John Dudley; to the Committee on Invalid Pensions.

By Mr. McANDREWS: A bill (H. R. 8530) for the relief of Bryan Eldredge; to the Committee on Naval Affairs.

By Mr. McCORMACK: A bill (H. R. 8531) for the relief of Joseph P. Hegarty; to the Committee on Naval Affairs.

By Mr. STEAGALL: A bill (H. R. 8532) for the relief of Arthur Joe Grant; to the Committee on Claims.

By Mr. STEFAN: A bill (H. R. 8533) granting a pension to Josephine Graves; to the Committee on Invalid Pensions.

Also, a bill (H. R. 8534) granting a pension to Sarah Elizabeth Townsley; to the Committee on Invalid Pensions.

PETITIONS, ETC.

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

8871. By Mr. BUCK: Memorial of the Assembly and Senate of the State of California, relative to memorializing the President and the Congress of the United States to enact House bill 6628, which proposes to provide remunerative employment for the blind citizens of the United States and its possessions, and urging the Committee on Labor and the House of Representatives to expedite consideration favorable to the bill; to the Committee on Labor.

8872. Also, memorial of the Assembly and Senate of the State of California, relative to memorializing the President and Congress of the United States to make amends to those disabled war veterans who have been deprived of their just and lawful compensation; to the Committee on World War Veterans' Legislation.

8873. By Mr. COLDEN: Assembly Joint Resolution No. 64, adopted by the Assembly and Senate of the Legislature of the State of California, and submitted by the Honorable Frank F. Merriam, Governor of California, relative to memorializing the President and Congress of the United States to make amends to those disabled war veterans who have been deprived of their just and lawful compensation; to the Committee on Pensions.

8874. Also, Assembly Joint Resolution No. 58, adopted by the Assembly and Senate of the Legislature of the State of California and submitted by the Honorable Frank F. Merriam, Governor of California, relative to memorializing Congress to pass a bill restoring pensions to Spanish-American War veterans; to the Committee on Pensions.

8875. By Mr. HOEPPEL: Petition of the Assembly and Senate of the State of California, urging enactment of House bill 6628, to provide employment for all blind citizens who are between 21 and 50 years of age; to the Committee on Labor.

8876. By Mr. LAMBERTSON: Petition signed by L. L. Leeds, Marysville, Kans., and other citizens of Kansas, providing for regulation of interstate highway transportation; to the Committee on Interstate and Foreign Commerce.

8877. By Mr. McLAUGHLIN: Resolution adopted by the Board of Directors of the Omaha Grain Exchange, approving the proposed amendment to section 602 of the Revenue Act of 1932; to the Committee on Ways and Means.

8878. By Mr. O'CONNELL: Resolution memorializing the President and Congress of the United States in behalf of the lace industry and the persons employed therein; to the Committee on Ways and Means.

8879. Also, resolution requesting the Senators and Representatives from Rhode Island in the Congress of the United States to support the Costigan-Wagner antilynching bill now pending in Congress; to the Committee on the Judiciary.

8880. Also, resolution by the town council of the town of Richmond, protesting to the reciprocity committee the reduction of any tariff on lace goods; to the Committee on Ways and Means.

8881. By Mr. TRUAX: Petition of John E. Edgington and numerous other citizens of Moscow and New Boston, Ohio, urging opposition to House bill 5379, known as the "Eastman bill", as detrimental to the competitive traffic of inland waters; to the Committee on Interstate and Foreign Commerce.

8882. Also, petition of the United Brick and Clay Workers of America, Local Union 473, Strasburg, Ohio, by their financial secretary, Arthur E. Wallick, urging support of the Wagner labor-disputes bill; to the Committee on Labor.

8883. Also, petition of the Carpenters' Local Union 716, Zanesville, Ohio, urging support of the Wagner labor-disputes bill; to the Committee on Labor.

8884. By Mr. WELCH: Joint resolutions of the California Assembly, no. 58, relative to memorializing Congress to pass a bill restoring pensions to Spanish-American War veterans; no. 59, relative to memorializing the President and the Congress of the United States to enact House bill 6628, providing remunerative employment for blind citizens of the United States; no. 64, relative to memorializing the President and Congress of the United States to make amends to those disabled war veterans who have been deprived of their just and lawful compensation; and no. 61, relative to memorializing Congress to repeal an act to amend the Tariff Act of 1930; also resolution urging passage of Senate bill 1793; and resolution of the Board of Supervisors of San Francisco, urging passage of House bill 6984; to the Committee on Ways and Means.

SENATE

TUESDAY, JUNE 18, 1935

(Legislative day of Monday, May 13, 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 Monday, June 17, 1935, was dispensed with, and the Journal was approved.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its reading clerks, announced that the House had passed a joint resolution (H. J. Res. 324) to provide revenue, and for other purposes, in which it requested the concurrence of the Senate.

ENROLLED BILLS AND JOINT RESOLUTION SIGNED

The message also 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. 43. An act for the relief of Lucile A. Abbey;

S. 144. An act for the relief of Auston L. Tierney;