moderate means at reasonable prices so that wine and grape industries may be allowed to recover, and so that employment in all lines of allied industries may be increased; to the Committee on Ways and Means.

9014. By Mr. WIGGLESWORTH: Petition of the Massachusetts State Council, Knights of Columbus, Boston, Mass., concerning the Mexican situation; to the Committee on Foreign Affairs.

SENATE

THURSDAY, JUNE 27, 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. BARKLEY, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day Wednesday, June 26, 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. BARKLEY. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

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

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

Mr. ROBINSON. I announce that the Senator from Utah [Mr. THOMAS] is absent on important public business, and that the Senator from New Jersey [Mr. MOORE] and the Senator from Nevada [Mr. MCCARRAN] are unavoidably detained from the Senate.

Mr. DIETERICH. I wish to announce that my colleague the senior Senator from Illinois [Mr. LEWIS] is detained from the Senate by important public business in the State of Illinois.

Mr. AUSTIN. I announce that the Senator from Pennsylvania [Mr. DAVIS] is necessarily absent.

Mr. VANDENBERG. I announce that my colleague the senior Senator from Michigan [Mr. COUZENS] is absent on account of illness.

The VICE PRESIDENT. Ninety 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 disagreed to the amendments of the Senate to the joint resolution (H. J. Res. 324) to provide revenue, and for other purposes, asked a conference with the Senate on the disagreeing votes of the two Houses thereon, and that Mr. DOUGHTON, Mr. SAMUEL B. HILL, Mr. CULLEN, Mr. TREADWAY, and Mr. BACHARACH were appointed managers on the part of the House at the conference.

The message also announced that the House had disagreed to the amendment of the Senate to the bill (H. R. 6511) to amend the air mail laws and to authorize the extension of the air mail service, asked a conference with the Senate on the disagreeing votes of the two Houses thereon, and that Mr. MEAD, Mr. BRUNNER, Mr. DOBBINS, Mr. DOUTRICH, and Mr. GOODWIN were appointed managers on the part of the House at the conference.

The message further announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 7160) 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.

The message also announced that the House had passed the bill (S. 2917) authorizing an appropriation to the American Legion for its use in effecting a settlement of the remainder due on, and the reorganization of, Pershing Hall, a memorial already erected in Paris, France, to the commander in chief, officers, and men of the expeditionary forces, with amendments, in which it requested the concurrence of the Senate.

The message further announced that the House had passed a bill (H. R. 8400) providing for the loan by the War Department of certain material and equipment to the Veterans of Foreign Wars 1935 Encampment Corporation, and for other purposes, in which it requested the concurrence of the Senate.

SUITS BY HOLDERS OF GOLD-CLAUSE BONDS

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

To the Congress of the United States:

Before the termination of this session of the Congress I believe that it is important that definite action be taken to eliminate any uncertainty with respect to the right of holders of gold-clause bonds of the Government to sue for payment, either in gold or else in legal tender, with an additional sum of 69 cents on every dollar.

To this end I urge the withdrawal by the United States of its consent to be sued upon its currency or securities. The question of the effect of the so-called "gold clause", in the light of the monetary legislation of the Seventy-third Congress, came before the Supreme Court at the term just closed. A suit for additional payment under existing circumstances, the Court said, would "constitute not a recoupment of loss in any proper sense but an unjustified enrichment." Bonds of the United States containing gold clauses—all of them issued, sold, and payable wholly within the United States—have been continuously quoted on the exchanges at no higher prices than bonds not containing such clauses. But the continuing possibility of actions by litigious persons leaves open the continuing possibility of speculation. There is no public interest, under these conditions, in permitting a handful of private litigants to exploit the general public in the hope of a wholly speculative private profit.

This conclusion will hold so long as the Congress adheres to its declared policy, now more than a third of a century old, to maintain the equal value of every dollar in the market.

I recommend, therefore, the enactment of legislation which will make clear that it is our fixed policy to continue to treat the bondholders of all our securities equally and uniformly, to afford any holder of any gold-clause security who thinks he could by any possibility sustain any loss in the future an opportunity to put himself immediately in a position to avoid such future loss, and to remove all possibility of any suits designed to hamper the Government in administering the public debt and in financing its ordinary and emergency expenditures.

More specifically, I recommend the immediate enactment of legislation (1) that will authorize and direct the Secretary

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of the Treasury, at the request of the holders of gold-clause securities of the United States, to make payment therefor in cash, dollar for dollar, with accrued interest, or, at the holder's election, to exchange such securities for non-gold-clause securities with the same interest rate and maturity; (2) that will terminate any consent which the United States may have voluntarily given to be sued on its securities, coins, or currencies; and (3) that will reaffirm the fixed policy of the United States to make payment to all holders of its securities, coins, and currencies on an equal and uniform dollar-for-dollar basis and will make appropriations available for payments on this basis and on this basis only.

There is no constitutional or inherent right to sue the Government; on the contrary, the immunity of the sovereign from suit is a principle of universal acceptance, and permission to bring such suits is an act of grace which with us may be granted or withheld by the Congress. The courts, it is hardly necessary for me to add, will always be open to those who seek justice; but they were not established for use by a few to enrich themselves at the expense of the many, nor to enable a few to harass and embarrass sovereign action by the Government when taken for the benefit of all.

Not only justice to the holders of our currency and of our securities, who support and rely on our policy of equal and uniform treatment to all, but also the interests of our entire people require that the Government of the United States make it clear that it cannot and will not consent to the use of its courts in aid of efforts to sabotage the operations of Government or in aid of private speculation.

This proposal reasserts and makes definite the control of the Congress over the securities and money issued by the United States of America.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *June 27, 1935.*

SUPPLEMENTAL ESTIMATES—FEDERAL TRADE COMMISSION (S. DOC. NO. 96)

The VICE PRESIDENT laid before the Senate a communication from the President of the United States, transmitting supplemental estimates of appropriations for the Federal Trade Commission for the fiscal year 1936, amounting to $300,000, of which $100,000 is to remain available until December 31, 1936, which, with the accompanying paper, was referred to the Committee on Appropriations and ordered to be printed.

SUPPLEMENTAL ESTIMATES—DEPARTMENT OF THE INTERIOR (S. DOC. NO. 95)

The VICE PRESIDENT laid before the Senate a communication from the President of the United States, transmitting, pursuant to law, three supplemental estimates of appropriations for the Department of the Interior, Bureau of Indian Affairs, for the fiscal year 1936, amounting to $1,233,164.81, which, with the accompanying papers, was referred to the Committee on Appropriations and ordered to be printed.

PATENT RIGHTS OF EDWARD MELVE

The VICE PRESIDENT laid before the Senate a paper in the nature of an affidavit signed and sworn to by Edward Melve at Wilmington, in the county of New Castle and State of Delaware, for the purpose and intention of giving the Congress his fullest freedom to make all of his (present and future) patent rights to his wireless telephone inventions (comprising the invention disclosed in his petitions to Congress), public property after his natural life, so that none of said patent rights will be inherited by anyone except the public, and shall be public property, which was referred to the Committee on Patents.

PETITIONS

The VICE PRESIDENT laid before the Senate a telegram in the nature of a petition from the executive board of the Newark (N. J.) Branch, National Association for the Advancement of Colored People, signed by Robert H. Wheeler, vice president, praying for the prompt enactment of the so-called "Costigan-Wagner antilynching bill", which was ordered to lie on the table.

He also laid before the Senate a letter in the nature of a petition from Frank White, of Atlanta, Ga., praying for the enactment of old-age pension legislation, which was ordered to lie on the table.

Mr. BONE presented the petition of the West Seattle (Wash.) Townsend Old-Age Revolving Pension Club, praying for the enactment into law of the so-called "Townsend old-age-pension plan", which was ordered to lie on the table.

Mr. McADOO presented the following joint resolution of the Legislature of the State of California, which was referred to the Committee on Commerce:

CHAPTER 139

Assembly Joint Resolution No. 22—Relative to Pacific Exposition

Whereas Pacific Exposition, an international exposition, is to be held in the county of Los Angeles, State of California, during 1937–38, and thereafter, for the purpose of commemorating the completion of Boulder Dam and the power and water developments and projects thereof: Therefore be it

Resolved by the Senate and Assembly of the State of California, That we, the representatives of the people of the State of California, do hereby respectfully request the President of the United States and the Congress of the United States to cause an invitation to be extended to the peoples of the world to participate in said exposition; be it further

Resolved, That copies of this resolution be transmitted by the secretary of state to the President of the United States, to the Congress of the United States, and to each of the Senators and Representatives of the State of California in Congress.

REGULATION OF PUBLIC UTILITIES

Mr. WHEELER presented a paper from the Hartford (Conn.) Central Labor Union, relative to the so-called "Wheeler-Rayburn public utilities bill", which was ordered to lie on the table and to be printed in the RECORD, as follows:

HARTFORD CENTRAL LABOR UNION,
Hartford, Conn.

Reply to Samuel Ferguson on the Wheeler-Rayburn bill

The following was unanimously adopted at a meeting June 19, 1935, at the Labor Temple Hall:

Voted: That the Hartford Central Labor Union send a copy of the following statement to President Roosevelt, Senators MALONEY, WHEELER, BLACK, BORAH, and also to Congressmen KOPPLEMANN, CITRON, RAYBURN, chairman of committee, and other proponents.

According to the press, June 12, "Mr. Samuel Ferguson, chairman of the board of the Hartford Electric Light and Connecticut Power Cos., dispatched Senator LONERGAN as follows":

"Twelve thousand stockholders and 50,000 customers of this company are grateful to you for your efforts to modify or defeat the destructive Wheeler-Rayburn bill."

This bill passed in the Senate by a vote of 56 in favor to 32 against, and several Senators, in urging the passage of the bill, stated in the debate that the only thing it would prove destructive of would be, using their own language, "fraud", "chicanery", "bloodsuckers", "thieves" "racketeers", and "pyramiding of unnecessary holding companies."

Several Senators, opposing its passage, admitted most flagrant abuses by several holding companies, as have also practically all the leading newspapers, Republican and Democratic, stating editorially, "By their utter disregard of the rules of honesty and decency in their business transactions or the interests of the people they brought this trouble upon themselves", etc.

But what the Central Labor Union is anxious to know is, since when, and by whom, was Mr. Ferguson authorized to act as official spokesman for the "50,000 customers", on matters of pending controversial legislation in Congress? The purpose of which is, in this case, the protection of the welfare of the masses as against the interests of the privileged few. "Fifty thousand grateful customers" mass production do you ask? Yes; of nerve, a natural tendency of monopoly.

Representing a large number of customers, not by choice, but because of its being a monopoly we have no other alternative, several thousand of which customers have for years been strenuously protesting, through the press and otherwise, against what they consider to be unfair charges, and we hereby protest against being included among the so-called "50,000 grateful customers", and we further protest against any person assuming the right to register us as favoring or opposed to any pending legislation in Washington or elsewhere without our consent.

It is the opinion of the Central Labor Union that it would be about as logical and much nearer the truth if the Hartford Courant or the Hartford Times sent a dispatch to Senator MALONEY stating 50,000 customers, readers of this paper are grateful to you for your efforts to pass the constructive Wheeler-Rayburn bill, and your vote against the destructive Dieterich amendment.

Voted: That the Central Labor Union send a vote of thanks to Senator MALONEY for his loyal support of the Wheeler-Rayburn bill.

JAMES T. MANEE, *Secretary.*

REPORTS OF COMMITTEES

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

S. 2504. A bill to incorporate the Marine Corps League (Rept. 968); and

S. 2682. A bill for the relief of Chief Carpenter William F. Twitchell, United States Navy (Rept. No. 969).

Mr. BYRD, from the Committee on Naval Affairs, to which was referred the bill (H. R. 3760) for the relief of Capt. Arthur L. Bristol, United States Navy, reported it without amendment and submitted a report (No. 970) thereon.

Mr. BROWN, from the Committee on Naval Affairs, to which was referred the bill (S. 696) for the relief of Sylvan M. Levy, reported it with an amendment and submitted a report (No. 971) thereon.

Mr. FRAZIER, from the Committee on Indian Affairs, to which was referred the bill (S. 1786) referring the claims of the Turtle Mountain Band or Bands of Chippewa Indians, of North Dakota, to the Court of Claims for adjudication and settlement, reported it with amendments to the title and submitted a report (No. 972) thereon.

Mr. THOMAS of Oklahoma, from the Committee on Indian Affairs, to which was referred the bill (S. 2463) conferring jurisdiction upon the Court of Claims to hear, examine, adjudicate, and enter judgment in any claim which the Kiowa, Comanche, and Apache Tribes of Indians may have against the United States, and for other purposes, reported it with amendments and submitted a report (No. 973) thereon.

Mr. COPELAND, from the Committee on Commerce, to which was referred the bill (S. 2825) to provide for the establishment of a National Planning Board and the organization and functions thereof, reported it with amendments and submitted a report (No. 974) thereon.

He also, from the same committee, to which was referred the bill (H. R. 7590) to create a Central Statistical Committee and a Central Statistical Board, and for other purposes, reported it without amendment and submitted a report (No. 975) thereon.

TRANSFER OF LANDS IN HOPKINS COUNTY, KY.

Mr. CONNALLY. From the Committee on Public Buildings and Grounds I report back favorable without amendment the bill (H. R. 3012) to authorize the transfer of certain lands in Hopkins County, Ky., to the Commonwealth of Kentucky.

Mr. BARKLEY. Mr. President, I ask unanimous consent for the present consideration of the bill just reported by the Senator from Texas.

There being no objection, the Senate proceeded to consider the bill, which was read, as follows:

Be it enacted, etc., That the Administrator of Veterans' Affairs is authorized and directed to convey to the Commonwealth of Kentucky, for State park purposes exclusively, without expense to the United States, all the right, title, and interest of the United States in and to certain lands in Hopkins County, Ky., described as follows:

Beginning at an iron-pipe corner marked "H. L. & I. Co.–G. W. Beshear–Alexander Estate–C. T. Kirkwood–No. '1'", in a fence line, on the southerly side of a road, about 30 feet southerly from a culvert at a right-angle turn in a road, willow pointer;

Thence north 73°33'30" W. 1,979.86 feet to a square stone marked "No. '2'", on a flat, at a large leaning sweetgum, sweetgum and poplar pointers;

Thence north 73°32'40" W. 1,365.12 feet to a square-stone corner marked "No. '3'", on a flat at a fence corner, large spanish-oak and hackberry pointers; said corner no. 3 being also a corner to the property of L. B. Lamson;

Thence north 17°32'50" E. 987.19 feet to an iron-pipe corner marked "H. L. & I. Co.–L. B. Lamson–No. '4'", on a southerly slope, near the northwesterly edge of a flat, about 200 feet southerly from a road, large beech and forked beech pointers;

Thence north 58°6'30" E. 841.08 feet to a square-stone corner marked "No. '5'", on top of a sandstone cliff, sweetgum and white-oak pointers, both small;

Thence north 3°25'30" E. 334.62 feet to a square-stone corner marked "No. '6'", on a steep southerly hillside, below a sandstone cliff, two hickory, black-oak, white-oak, and sugar-tree pointers;

Thence north 75°7'40" W. 716.12 feet to a square-stone corner marked "No. '7'", on a southerly slope, about 50 feet northerly from a sandstone canyon, two hickory, black-oak, and black-walnut pointers;

Thence south 73°19'50" W. 1,608.31 feet to a square-stone marked "No. '8'", on the easterly side of a drain, about 50 feet southerly from a spring, two sweetgum, black-gum, and elm pointers;

Thence north 27°42'10" W. 1,072.51 feet to a square-stone corner marked "No. '9'", on the westerly side of a road, at a large white-oak stump, said corner no. 9 being also a corner to the properties of * * * Purdy and G. W. Beshear;

Thence north 9°26'20" E. 703.20 feet to a square-stone corner marked "No. '10'", on an easterly hillside, in a steep hollow, 2 sweetgum, 2 white-oak and elm pointers;

Thence north 75°30'40" E. 284.06 feet to an iron-pipe corner marked "H. L. & I. Co.–G. W. Beshear–Ira Beshear–No. '11'", on a westerly hillside, about 50 feet easterly from a deep drain, black-oak, and large white-oak pointers;

Thence north 74°47'30" E. 343.46 feet to an iron-pipe corner marked "H. L. & I. Co.–Ira Beshear–Isaac Beshear–No. '12'", at a stone on an easterly hillside, about 15 feet southerly from a fence corner, two white-oak and hickory pointers;

Thence north 74°27'50" E. 1,142.07 feet to an iron-pipe corner marked "H. L. & I. Co.–Isaac Beshear–Emit Beshear–No. '13'", at a stone on a northwesterly ridge near the head of a hollow, small sugar-tree, hickory, and large Spanish-oak pointers;

Thence north 73°56'20" E. 1,179.74 feet to an iron-pipe corner marked "H. L. & I. Co.–Emit Beshear–No. '14'", where a square-stone corner was located in the Bellford Road 10 feet westerly from a culvert and 10 feet southerly from a fence-corner post;

Thence north 4°47'10" east 928.01 feet to a square-stone corner marked "No. '15'", on a northwesterly slope, on the southerly side of a field, five black-oak and hickory pointers;

Thence north 48°52' east 373.68 feet to a square-stone corner marked "No. '16'", on the northerly side of a field, beech, sugar tree, and double black-walnut pointers, said corner numbered 16 is also corner to the property of Jas. J. Hamby;

Thence north 63°48'10" east 217.28 feet to a square-stone corner marked "No. '17'", on a southerly hillside, at the corner of a field, large white-oak and two sugar-tree pointers;

Thence south 28°55'10" east 652.61 feet to a square-stone corner marked "No. '18'", on a westerly hillside above a drain with a sandstone bottom, two white-oak and black-oak pointers;

Thence north 73°55'10" east 1,127.10 feet to a square-stone corner marked "No. '19'", in the head of a hollow, southwesterly from a house, about 75 feet northwesterly from the Bellford Road, large white-oak, hickory, and small white-oak pointers, said corner numbered 19 is also corner to the property of J. D. Eli (now M. P. Buntin);

Thence south 1°43'50" east 284.12 feet to a square-stone marked "No. '20'", on a southerly slope, large white-oak, hickory, and three small white-oak pointers;

Thence south 35°37'20" east 2,465 feet to a square-stone corner marked "No. '21'", on an easterly hillside at the northerly side of a field, hickory, dogwood, red-oak, and sassafras pointers;

Thence south 61°43'40" west 1,263.24 feet to an iron-pipe corner marked "H. L. & I. Co.–W. R. Ligon–Pest House–No. '22'", on the northerly side of a large ridge, near the southerly side of an old field, three hickory and elm pointers;

Thence south 61°43'40" W. 208.76 feet to a square-stone corner marked "No. '23'", on top of a broad ridge about 135 feet northerly from the pest house, black-oak, white-oak, cedar, and two hickory pointers;

Thence south 1°6'10" W. 677.03 feet to an iron-pipe corner marked "H. L. & I. Co.–Alexander Estate–Pest House–No. '24'", on an easterly slope about 20 feet westerly from a drain, black-oak, black-walnut, and two hickory pointers;

Thence south 1°51' W. 453.68 feet to an iron-pipe corner marked "H. L. & I. Co.–Alexander Estate–No. '25'", on the easterly side of a drain, beech pointer;

Thence 0°4'30" W. 308.85 feet to an iron-pipe corner marked "H. L. & I. Co.–Alexander Estate–No. '26'", about 25 feet westerly from a drain, large sycamore and black-walnut pointers;

Thence south 30°41'30" E. 497.76 feet to an iron-pipe corner marked "H. L. & I. Co.–Alexander Estate–No. '27'", on the easterly side of a flat on the westerly side of a drain, two sweetgum pointers;

Thence south 9°5' E. 184.77 feet to an iron-pipe corner marked "H. L. & I. Co.–Alexander Estate–No. '28'", in the westerly side of a drain, at the foot of a bank, sycamore, elm, and persimmon pointers;

Thence south 25°24'30" W. 235.34 feet to an iron-pipe corner marked "H. L. & I. Co.–Alexander Estate–No. '29'", on a flat on the westerly side of a drain, honeylocust pointer;

Thence south 47°24'30" W. 233.31 feet to an iron-pipe corner marked "H. L. & I. Co.–Alexander Estate–No. '30'", on a flat on the westerly side of a branch, on the easterly side of a road, sycamore, elm, and willow pointers;

Thence south 15°55'30" W. 437.25 feet to the place of beginning, containing 447.51 acres more or less; being the same tract or parcel of land conveyed to the Government of the United States by the Hillman Land Co., on the 30th day of March 1921, and recorded in Deed Book No. 109, page 537, in the Hopkins County court clerk's office.

Such conveyance shall contain the express condition that if the Commonwealth of Kentucky shall at any time cease to use such

lands for State park purposes exclusively, or shall alienate or attempt to alienate such lands, title thereto shall revert to the United States.

The bill was ordered to a third reading, read the third time, and passed.

PRODUCTION, TRANSPORTATION, AND MARKETING OF WOOL

Mr. SMITH, from the Committee on Agriculture and Forestry, to which was referred the resolution (S. Res. 160) providing for an investigation of the production, transportation, and marketing of wool, reported it without amendment, and, under the rule, the resolution was referred to the Committee to Audit and Control the Contingent Expenses of the Senate.

ENROLLED BILL AND JOINT RESOLUTION PRESENTED

Mrs. CARAWAY, from the Committee on Enrolled Bills, reported that on the 26th instant that committee presented to the President of the United States the following enrolled bill and joint resolution:

S. 2276. An act to authorize participation by the United States in the Interparliamentary Union; and

S. J. Res. 131. Joint resolution providing for the participation of the United States in the Texas Centennial Exposition and celebrations to be held in the State of Texas during the years 1935 and 1936, and authorizing the President to invite foreign countries and nations to participate therein, 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. MINTON:

A bill (S. 3166) to authorize the coinage of 50-cent pieces in commemoration of the outstanding public services of William Henry Harrison; to the Committee on Banking and Currency.

By Mr. SCHWELLENBACH:

A bill (S. 3167) to extend the provisions of certain laws relating to vocational education and civilian rehabilitation to the Territory of Alaska; to the Committee on Education and Labor.

A bill (S. 3168) to authorize the incorporated city of Anchorage, Alaska, to construct a municipal building and purchase and install a modern telephone exchange, and for such purposes to issue bonds in any sum not exceeding $75,000; and to authorize said city to accept grants of money to aid it in financing any public works; to the Committee on Territories and Insular Affairs.

By Mr. BORAH:

A bill (S. 3169) for the relief of Charles E. La Vatta; to the Committee on Indian Affairs.

By Mr. NEELY:

A bill (S. 3170) to correct the naval record of Lewis Frederick Mulligan; to the Committee on Naval Affairs.

A bill (S. 3171) granting a pension to Fletcher M. Boso; to the Committee on Pensions.

By Mr. McNARY:

A bill (S. 3172) to authorize an extension of exchange authority and addition of public lands to the Willamette National Forest in the State of Oregon; to the Committee on Agriculture and Forestry.

By Mr. BROWN:

A bill (S. 3173) to authorize the Secretary of War to pay officers and men formerly enlisted as members of Battery D, One Hundred and Ninety-seventh Coast Artillery (AA), New Hampshire National Guard, for armory training during the period from November 1, 1932, to July 1, 1933; to the Committee on Military Affairs.

By Mr. WALSH:

A joint resolution (S. J. Res. 154) consenting that certain States may sue the United States, and providing for trial on the merits of any suit brought hereunder by a State to recover direct taxes alleged to have been illegally collected by the United States during the fiscal years ending June 30, 1866, 1867, and 1868, and vesting the right in each State to sue in its own name; to the Committee on Claims.

HOUSE BILL REFERRED

The bill (H. R. 8400) providing for the loan by the War Department of certain material and equipment to the Veterans of Foreign Wars 1935 Encampment Corporation, and for other purposes, was read twice by its title and referred to the Committee on Military Affairs.

AMENDMENT OF COPYRIGHT LAW

Mr. TRAMMELL submitted an amendment intended to be proposed by him to 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, which was ordered to lie on the table and to be printed.

COMPARATIVE TAX BURDEN IN THE DISTRICT OF COLUMBIA AND OTHER CITIES (S. DOC. NO. 97)

Mr. KING. I send to the desk and ask to have printed as a document, with an illustration, a letter from the President of the United States, with accompanying data, addressed to me as Chairman of the Committee on the District of Columbia, in relation to certain material, prepared in the office of the Secretary of the Treasury, affecting the question of taxes in the District of Columbia.

The PRESIDENT pro tempore. Without objection, the letter and accompanying data will be printed as a document, with an illustration.

EXTENSION OF CERTAIN TAXES

The PRESIDENT pro tempore laid before the Senate the action of the House of Representatives disagreeing to the amendments of the Senate to the joint resolution (H. J. Res. 324) to provide revenue, and for other purposes, and requesting a conference with the Senate on the disagreeing votes of the two Houses thereon.

Mr. HARRISON. I move that the Senate insist on its amendments, agree to the conference requested by the House on the disagreeing votes of the two Houses thereon, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to.

The PRESIDENT pro tempore appointed Mr. HARRISON, Mr. KING, Mr. GEORGE, Mr. KEYES, and Mr. LA FOLLETTE conferees on the part of the Senate.

THE AIR MAIL

The PRESIDENT pro tempore laid before the Senate the action of the House of Representatives disagreeing to the amendment of the Senate to the bill (H. R. 6511) to amend the air mail laws and to authorize the extension of the air mail service, and requesting a conference with the Senate on the disagreeing votes of the two Houses thereon.

Mr. McKELLAR. I move that the Senate insist on its amendment, agree to the conference requested by the House on the disagreeing votes of the two Houses thereon, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to.

The PRESIDENT pro tempore appointed Mr. McKELLAR, Mr. HAYDEN, and Mr. SCHALL conferees on the part of the Senate.

PERSHING HALL, PARIS, FRANCE

The PRESIDENT pro tempore laid before the Senate the amendments of the House of Representatives to the bill (S. 2917) authorizing an appropriation to the American Legion for its use in effecting a settlement of the remainder due on and the reorganization of Pershing Hall, a memorial already erected in Paris, France, to the commander in chief, officers, and men of the expeditionary forces, which were, on page 1, lines 7 and 8, to strike out "and the reorganization of"; on page 1, line 9, after "France", to insert "under the auspices of the American Legion, Inc."; on page 2, line 3, to strike out "and reorganized"; on page 2, line 8, after "War", to strike out the remainder of the paragraph and insert:

SEC. 2. Any balance remaining after settlement of such indebtedness shall be retained by the Secretary of the Treasury as a special fund to be known as the "Pershing Hall Memorial Fund." The Secretary of the Treasury is authorized (a) to invest

and reinvest any part or all of the corpus of this fund so remaining in interest-bearing United States Government bonds and retain custody thereof; and (b) upon request of the American Legion, Inc., the Secretary of the Treasury shall pay to the national treasurer of the American Legion, Inc., from time to time any part of the earnings upon the fund for use in the maintenance and/or perpetuation of Pershing Hall.

On page 2, line 13, to strike out "2" and insert "3"; and to amend the title so as to read: "An act authorizing an appropriation to effect a settlement of the remainder due on Pershing Hall, a memorial already erected in Paris, France, to the commander in chief, officers, and men of the expeditionary forces, and for other purposes."

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

The motion was agreed to.

INDIANS OF CALIFORNIA IN COURT OF CLAIMS

Mr. THOMAS of Oklahoma. Mr. President, on a former occasion the Senate passed the bill (S. 1793) to amend the act entitled "An act authorizing the attorney general of the State of California to bring suit in the Court of Claims on behalf of the Indians of California", approved May 18, 1928, and the bill was sent to the House of Representatives, but was later returned to the Senate pursuant to the request after a motion to reconsider had been entered. I now ask unanimous consent that the motion to reconsider be agreed to and that the bill be recommitted to the Committee on Indian Affairs, from which it came.

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

NOTIFICATION TO PRESIDENT—NOMINATIONS OF NAVAL ACADEMY GRADUATES

Mr. TRAMMELL. Mr. President, yesterday the Senate confirmed a number of the recent graduates of the Naval Academy, and unless the President shall be immediately notified there will be a delay of some 3 days in the young men receiving their commissions. As in executive session, I ask unanimous consent that the President be immediately notified.

The PRESIDENT pro tempore. Is there objection? The Chair hears none, and the President will be notified.

COOPERATIVE AGRICULTURAL EXTENSION WORK—CONFERENCE REPORT

Mr. BANKHEAD (for Mr. SMITH) submitted the following report:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 7160) 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, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendments of the Senate numbered 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, and 17, and agree to the same.

Amendment numbered 1: That the House recede from its disagreement to the amendment of the Senate numbered 1, and agree to the same with an amendment as follows: In lieu of the matter proposed to be stricken out by the Senate amendment insert "Alaska and"; and the Senate agree to the same.

Amendment numbered 2: That the House recede from its disagreement to the amendment of the Senate numbered 2, and agree to the same with an amendment as follows: In the House bill insert "Puerto Rico and the" after the word "to" in line 16 on page 2; insert "Puerto Rico and" after the word "to" in lines 7 and 23 on page 4, before the word "all" in line 11 on page 4, and after the word "to" in line 5 on page 5; and insert "Puerto Rico or" after the word "of" in line 10 on page 4, after the word "which" in line 14 on page 4, after the word "If" in line 18 on page 4, and after the word "to" in lines 2 and 3 on page 5; and the Senate agree to the same.

E. D. SMITH,
B. K. WHEELER,
G. W. NORRIS,
Managers on the part of the Senate.

MARVIN JONES,
H. P. FULMER,
CLIFFORD R. HOPE,
Managers on the part of the House.

The report was agreed to.

PROCESSING TAXES—STATEMENT BY SENATOR METCALF

Mr. HALE. Mr. President, I ask unanimous consent to have printed in the RECORD a statement issued by the senior Senator from Rhode Island [Mr. METCALF] appearing in the Providence Journal of June 24, 1935, relative to section 29 of House bill 8492, containing provisions relating to suits regarding processing taxes.

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

[From the Providence Journal, June 24, 1935]

RE H. R. 8492, SECTION 29, CONTAINING PROVISIONS RELATING TO SUITS REGARDING PROCESSING TAXES

It is astonishing that the Congress will even consider amendments to the Agricultural Adjustment Act which are so radical and far-reaching as to prevent a taxpayer from recovering money illegally and unconstitutionally collected by the processing tax. Not only do these amendments nullify the constitutional rights of a citizen but they deprive him of all redress from any illegal acts which may be committed by the Secretary of Agriculture.

Apparently fearing that the tax might be held unconstitutional by the Supreme Court, after its recent decisions declaring certain of the new-deal measures to be invalid, the administration has sought through section 29 of this bill, first, to prevent taxpayers from securing refunds of taxes previously paid or assessed and, secondly, to enable the Government to collect and retain taxes subsequently assessed, even though they might be illegal.

The bill, in paragraph (a) of section 21, seeks to accomplish the first objective by providing that no suit shall be brought or maintained in the courts for a refund of any taxes previously paid.

The second objective, which is to enable the Government to collect and keep taxes assessed in the future, the bill seeks to accomplish, first, by denying to the taxpayer the right prior to payment of the tax to secure a decision by the courts as to its validity, and, secondly, by imposing conditions upon the taxpayer's right to secure a refund after the tax is paid, which, as a practical matter, will in the vast majority of cases be impossible of fulfillment. In carrying out this purpose the bill goes so far as to declare that a taxpayer shall not be permitted to obtain a declaratory judgment under the Federal Declaratory Judgments Act passed by Congress in June 1934, which was hailed at the time as a much-needed measure to promote the administration of justice.

Under paragraph (d), the taxpayer, in order to obtain a refund of taxes paid subsequently to the adoption of the amendment, (1) must prove to the satisfaction of the Commissioner of Internal Revenue that he has not passed on the tax as a part of the price of the article with respect to which it was imposed, or of any article processed from the commodity with respect to which it was imposed, or (2) he must file with the Commissioner of Internal Revenue the written consent of the ultimate purchaser to the allowance of the refund.

It is manifest that in the great majority of cases it will be impossible for the taxpayer to comply with these conditions. The fact, for example, that the processor may have lost during the year a sum equal to or greater than the amount of the taxes paid does not constitute proof that the taxes, or any particular part of them, were not passed on. The loss is attributable to the fact that he has not recovered from his customers the full amount of his costs, which consist not merely of the processing tax but also of sums paid for raw materials, wages, and overhead and other expenses. Furthermore, it will oftentimes be equally impossible to comply with the second condition that the written consent of the ultimate purchaser to the allowance of a refund be obtained. In many instances it will be a hopeless task to trace to the ultimate consumer the goods with respect to which the taxes have been paid. To impose such conditions on recovery is to deny the right to refund.

It is obvious that these provisions constitute an attempt to circumvent the Constitution and to enable the Government to continue the collection of a tax which may well be illegal, without any opportunity on the part of the taxpayer to resist collection or to secure a refund after the tax is paid. If the attempt is successful, there is no reason why the same thing could not be done with respect to income taxes, excess-profits taxes, capital-stock taxes, and excise taxes generally, in fact, with respect to every tax assessed on business.

Suppose, for example, that the refund of income taxes improperly collected were made conditional upon the taxpayer proving that the tax had not passed on as a part of the price of the goods sold by him, is it not clear that he would in fact be denied the right to a refund?

These provisions of the bill constitute but another example of the length to which the present administration will go to accomplish its purposes. The administration secured the passage of the National Industrial Recovery Act and for 2 years successfully resisted all attempts to obtain a decision by the United States Supreme Court as to its validity, and even went so far as to withdraw its appeal to that court in the Belcher case in order that the N. R. A. might have a further lease of life. As a result of wide-spread popular protest against such action, however, the administration reluctantly consented to have the Schechter case argued at this term of court with the result that the act was held to be unconstitutional by a unanimous decision.

Moreover, the attempt in the first paragraph of section 21 to deprive the taxpayer of every remedy to secure a refund of proc-

essing taxes previously paid is but a bare-faced repudiation of a Government obligation, in no way to be distinguished from the repudiation of a Government bond or other obligation. The comments of the House Committee on Agriculture in its report on this paragraph are most interesting. On page 20 the report says:

"The practical effect of this provision will be to prevent any refunds of taxes already collected upon the ground that the act or the actions of the Secretary thereunder are illegal. The *justification for such a provision denying refunds is found in the fact that the taxes paid have been passed on to the consumer.* The constitutional basis for such a provision is found in the power of the United States at any time to assert its sovereign right not to be sued." (Italics mine.)

It may fairly be asked: Is Congress omniscient that it is thus able to determine that the taxes paid have in all cases been passed on to the consumer? Those cotton mills that have lost hundreds of thousands of dollars during the past 2 years since the A. A. A. was enacted will doubtless be somewhat surprised at this arbitrary finding of fact without investigation.

The issue here involved is not the narrow question of whether or not the taxpayer should be deprived of all remedies with respect to the processing tax, but whether the Federal Government should be permitted to collect from the citizens of the country, in the guise of taxes, and retain as its own without remedy on the part of the taxpayer, money which it may have no lawful right to collect. If this can be done, property in unlimited amount can be taken from our citizens without regard to constitutional limitations and devoted to such purposes as the Federal Government may, in its absolute discretion, see fit. It should be no answer to say in any case that the burden of the tax has been passed on to another, particularly where the tax has not in express terms been so transferred.

The question is one between the Government and the person who paid the tax, and if the tax was improperly collected the money should be returned to the person paying it. Whether he should be permitted to keep it or should be required to pay the whole or part of the sum refunded to someone else is an entirely separate and independent question. Should it be desired, as a means of protecting third persons who may have an interest in the refund, to permit them to intervene in any tax suit brought to secure such refund, this, of course, would be entirely proper and unobjectionable; but the Government should not be permitted to retain a tax illegally collected on the mere ground that it is not clear whether the person who paid the tax, if he recovers it, will be required to share the refund with someone else.

I do not wish to be understood as asserting that the processing tax is unconstitutional, although it is the opinion of competent attorneys that the tax is invalid. I merely wish to point out that if the tax is constitutional the provisions of section 21 are wholly unnecessary, and if the tax is not constitutional they constitute a flagrant attempt on the part of the Federal Government to deprive the taxpayer of his just rights.

In the case of the processing tax the Government is acting as an intermediary for the transfer of money from one person to another. Is this a true tax for the general welfare, or is the Government unconstitutionally acting as a collecting and disbursing agency? If it is a true tax, the funds should be used for the general good instead of benefits for a specific group, and if the converse is true the tax is obviously unconstitutional.

This, then, is the administration's answer to the urgent appeal of the cotton-textile industry for relief from the processing tax. The tax is to be continued, even though unconstitutional.

MOCKERY IN TAXATION—EDITORIAL IN THE BALTIMORE SUN

Mr. DICKINSON. Mr. President, I ask leave to insert in the RECORD an editorial entitled "Mockery in Taxation", which appears in the Baltimore Sun of this morning.

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

[From the Baltimore Sun, June 27, 1935]

Viewed from any important angle, the administration's tax program, as described in the Washington dispatches, can be regarded only as a shallow mockery.

Yesterday the Sun had occasion to say that the central question in the tax program that has been discussed, since the President's message to Congress 1 week ago today, was whether the purpose was to impose punitive taxes or to lay new taxes for the purpose of putting the Treasury on a sound basis. If the purpose was merely to punish, the program, in our opinion, should be stubbornly opposed. If the purpose was to move toward a balanced Budget, the program, in our opinion, should be warmly supported, for it is by no means too early to lay the taxes which must be paid to cover our stupendous expenditures, unless we are to risk ultimate repudiation of the Government's debts. The rich must be prepared to pay more, the well-to-do must be prepared to pay more, and so must the so-called "small man."

They all will pay, and pay through the nose, if vast spending goes on without adequate taxing until it comes to an end in a collapse of the national credit and in repudiation of the Government's debts. That will be taxation for all, and no legerdemain of bookkeeping will save either the rich man or the well-to-do man, and certainly it will not save the poor man.

It is now apparent that the administration's program is utterly trivial, utterly negligible, as a step toward a balanced Budget. In the fiscal year drawing to a close we had spent up to last Monday $7,190,586,468.76. Our deficit last Monday was $3,422,948,294.80. As against that deficit, the $340,000,000 provided in the present tax program is but a drop in the bucket. It is something short of one-tenth of this year's deficit. And, since there is no sign whatever that the administration proposes to reduce its expenditures in the next fiscal year, the new taxes can be expected to make no more impression upon the 1936 deficit. Moreover, as a popular rein upon expenditures the new taxes will be useless. They affect only a handful of people who, in most cases, lack any public or political influence.

Such is the fruit of the administration's work from the standpoint of those who believe that the gathering of a substantial income is not a crime which must be taxed to death, and that the possession of a substantial estate is not a menace which must be taxed to death, but who also believe that new taxes must be laid, and sternly laid, to protect the Treasury and the Government's debts. From the standpoint of those who are devoted to the theory of redistribution of wealth, the administration's program is equally a mockery.

This $340,000,000, what does it amount to? Wealth is to be redistributed by the Government taking money from the rich and using it either to relieve the tax load of the many or to pay benefits to the many. But if we figure roughly on a per capita basis, this $340,000,000 comes to the average redistribution of $2.70 annually among the 126,000,000 persons in this country. If, to give another rough illustration of the value of this $340,000,000 as a redistribution of wealth, we set it against the estimated national income of sixty billion, we get a figure of less than three-fifths of 1 percent. In other words, under this ballyhooed $340,000,000 tax program, Mr. Roosevelt is redistributing less than 6 mills out of every dollar of the estimated current national income.

The Sun submits that this is a cheap performance, which even the President's critics would not have cared to anticipate. From the fallacious standpoint of the redistributors of wealth, it is child's play, even as it is inadequate and trifling from the standpoint of those who favor straightforward taxation, up and down the scale, in the interest of a sound Budget and of sound Government debts. For a solid week there has been an immense commotion, led by the President of the United States himself, and at the end of a week there is a program no man can respect. It is time for President Roosevelt to enter his closet for meditation.

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 a bill (H. R. 8555) to develop a strong American merchant marine, to promote the commerce of the United States, to aid national defense, and for other purposes, in which it requested the concurrence of the Senate.

RELIGIOUS PERSECUTIONS IN MEXICO—PRECEDENTS FOR FEDERAL ACTION

Mr. WALSH. Mr. President, I ask to have printed in the CONGRESSIONAL RECORD a portion of the memorandum of the National Committee for the Defense of American Rights in Mexico presented in support of Senate Resolution 70, submitted by the Senator from Idaho [Mr. BORAH], authorizing a Senatorial investigation of the religious persecutions in Mexico.

This memorandum or brief enumerates international-law precedents, legislative precedents, and executive-department precedents in support of the resolution. These precedents present an interesting, historic, and formidable background of the position taken by the United States Government at various periods in the past in regard to racial and religious persecutions in foreign countries.

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

PRECEDENTS V

There are ample legal precedents to warrant favorable action on the Borah resolution. The principal foundation for such precedents is common justice to humanity and the inherent rights all civilized beings have for protection against an unjust discrimination of their liberty and freedom.

The precedents are hereinafter referred to in the following order:

1. International law.
2. Legislative
3. Executive departments.
(a) Pertaining to American citizens.
(b) Pertaining to aliens.

1. INTERNATIONAL LAW

The following is an abstract of some of the principles of international law relating to protection of the right of religious worship by aliens, as pointed out by Hon. Martin T. Manton, judge of the United States Circuit Court of Appeals for the Southern District of New York, in a booklet recently published by him and entitled "Religious Prohibitions Under the Mexican Constitution."

Alien residents in a country are subjected to the civil and municipal laws of that country and amenable thereto, but such aliens possess equal rights with native citizens.

The state, however, has a right to expel from its territory any obnoxious foreigners for reason of public order or security. But, even though it cannot be proved that the teachings of the Christian churches of Mexico are opposed to public policy, practically all of the Christian churches have been closed, or confiscated, many thousands of their ministers have been expelled, and in other cases murdered. These acts on the part of the Mexican officials are carried out even in the face of the guaranty of freedom of religious worship given by article 24 of the Mexican Constitution of 1917 as follows:

"Every man is free to profess the religion of his choice and to practice the rituals, devotions, or acts of the respective creeds, in the temples or in his home, provided they do not constitute a crime or offense punishable by law."

If it should be proved that certain members of the clergy are engaged in activities of a seditious character, the Government of Mexico might deal with such members accordingly. This, however, does not give it the right to seize all of the churches and schools, expel the clergy, and force atheistic teachings on its citizens and the citizens of other countries who happen to reside there.

This principle was settled by Chief Justice Marshall in his decision in the case of *The Charming Betsy* (2 Cranch U. S., 64 (1804)), where he said:

"The American citizen who goes into a foreign country, although he owes local and temporary allegience to that country, is yet, if he performs no other act changing his condition, entitled to the protection of his own government; and if, without the violation of any municipal law, he should be oppressed unjustly, he would have a right to claim that protection, and the interposition of the American Government in his favor would be considered as a justifiable interposition."

This duty extends to moral persons, as well as natural persons. In the former class are included churches, schools, and religious associations. Moral persons or entities are regulated by the law of the country in which they were created. Mexican statute law, article 5 of the naturalization law of May 28, 1886, provides: "* * * nationality of moral persons or entities is regulated by the law authorizing their creation." The fact is that many of the church institutions in Mexico are of foreign origin. Therefore, under this principle, they are entitled to enjoy the same privileges accorded them in the country where they were organized. They should be permitted the privilege and right to buy, sell, and own property, which privilege has been taken from them and their property confiscated without just compensation. Furthermore, they have a right to peacefully conduct religious services and teaching, which has also been taken away.

Mr. Justice Harlan in *Berea College* v. *Kentucky* (221 U. S. 45 (1908)), said:

"The capacity to impart instruction to others is given by the Almighty for beneficent purposes; and its use may not be forbidden or interfered with by the government. * * * The right to impart instruction, harmless in itself or beneficial to those who receive it, is a substantial right of property." * * *

The facts will show that the life, liberty, and property of the Christian church of Mexico is being impaired. The church, therefore, has a right to be protected from such abuses.

Mexico, in article 27, destroyed all right of private ownership of property:

Religious associations called churches, whatever their creed, shall in no case have the capacity to acquire possession, or administer real property.

All church property is transferred to the nation. A limited right of ownership is recognized but it cannot be "under the patronage, control, administration, charge, or supervision of religious corporations or institutions, nor of ministers of the creeds or of their dependents, even when the latter or the former are not in active service."

Citing Oppenheim, I, International Law (3d ed., 1920), 462, in saying the substance of international law consists of the ethical and moral principles of the Christian religion, Manton says:

"* * * Wholesale expulsion of the agents of religion on capricious or ill-founded grounds is clearly a violation of the rights of men, aliens and citizens alike, and of the church, guaranteed by modern international law."

The principle of religious equality has been incorporated in many treaties between foreign countries as a principle of international law, and on many occasions our own country, as well as others, have taken definite action to protect violations of the fundamental right of religious freedom.

On page 16 of his treatise Judge Manton says:

"* * * Religious instruction is condemned in Mexico, not because of the violation of any law, nor because it is a menace to the peace and security of the state, but because, as the commission—which reported on article 3 to the constitutional assembly—put it: Such teaching contributes 'to deform the natural psychological growth of the child and tends to produce a certain deformity of his spirit.' This is a strange doctrine, completely at variance with 2,000 years of Christian instruction and the accumulated experience of countless millions who have felt the beneficent effects of that instruction." * * *

In speaking for the Supreme Court of the United States in the case of *Davis* v. *Beason* (133 U. S. 333), Mr. Justice Field said:

"The first amendment to the Constitution, in declaring that Congress shall make no law respecting the establishment of religion, or forbidding the free exercise thereof, was intended to allow *everyone under the jurisdiction of the United States to entertain such notions respecting his relations to his Maker, and the duties they impose as may be approved by his judgment and conscience*, and to exhibit his sentiments in such form of worship as he may think proper, nor injurious to the equal rights of others, and to prohibit legislation for the support of any religious tenets, or the modes of worship of any sect." (Italics ours.)

The inhibitions established by the present Mexican Government against religion are set forth in the treatise of Judge Manton as follows:

"(a) Forbidden to conduct schools for primary education.

"(b) Monastic orders prohibited.

"(c) Loss of citizenship for any believer who agrees before a clergyman not to obey the constitution and laws.

"(d) Public worship, where tolerated, must be conducted under official supervision.

"(e) Nationalization of church property.

"(f) Church incapacitated to hold property.

"(g) Church forbidden to conduct or supervise beneficent associations.

"(h) Priests forbidden to visit schools, under penalty of closing the schools.

"(i) Juristic personality of the churches has been destroyed.

"(j) Limitation of the number of priests by individual States.

"(k) Priests forbidden to criticize the constitution, the laws, the authorities, and the government.

"(l) Religious publications forbidden to comment on political questions.

"(m) Priests must be Mexican nationals.

"(n) Political organizations with religious names forbidden.

"(o) Priests forbidden to inherit, directly or indirectly, from another priest or some stranger.

"(p) Priests withdrawn, even in matters relating exclusively to their sacred calling, from the ecclesiastical jurisdiction.

"(q) Churches closed and priests persecuted, expelled, and in countless cases, executed. In other words, the church has ceased to exist in Mexico as a spiritual and social force."

With regard to these, Judge Manton says:

"Are the questions under the constitution of 1917 of no concern to other nations than Mexico? Can these glaring abuses against the traditional religion of the Mexican people be justified merely because they are sanctioned by the constitution? Certainly not. In the international order of things, the rights of foreign persons, whether natural or moral, and the rights of humanity cannot be violated with impunity by any municipal law." * * *

Practically every civilized nation, at one time or another, has intervened in the internal affairs of another nation solely in the interest of humanity, and such action has universally been recognized as consistent with the principles of international law.

Wheaton, I, Elements of International Law (6th English ed. 1929), pp. 172–173, says:

"The interference of the Christian powers of Europe, in favor of the Greeks, who, after enduring ages of cruel oppression, had shaken off the Ottoman yoke, affords a further illustration of the principles of international law authorizing such an interference, not only where the interests and safety of other powers are immediately affected by the internal transactions of a particular state, but *where the general interests of humanity are infringed by the excesses of a barbarous and despotic government.*" (Italics ours.)

Oppenheim, I, International Law (3d ed., 1920), page 462, says:

"* * * There is no doubt that should a state venture to treat its own subjects or some of them with such cruelty as would stagger humanity public opinion of the rest of the world would call upon the powers to exercise intervention for the purpose of compelling such state to establish a legal order of things within its boundaries sufficient to guarantee to its citizens an existence more adequate to the ideas of modern civilization."

Sir Robert Phillimore, a member of the British Privy Council and judge of the High Court of Admiralty, questions that any action taken by one state against another for religious grounds can be called intervention when he says:

"The practice (if it can be called such) of intervention of one Christian state on behalf of the subjects of another Christian state upon the ground of religion dates from the period of the Reformation. It could scarcely, indeed, have had an earlier origin. The abstract principle of this kind of intervention has derived positive force from being embodied in various important treaties" (Rub. 621–22, Rub. CCCCXI).

And we might go on quoting from many other treatises on international law as supporting this principle. Indeed it is difficult, if not impossible, to find any recognized authority opposed to the fundamental principle of the right of one country to intervene and protect the citizens of another country, who are being oppressed as a religious class.

On page 25 of his treatise Judge Manton gives the following as the international rights of man:

"1. The right of personal liberty.

"2. The right of property.

"3. The right to exercise at all times the civil rights, providing the same are not contrary to the public law of the state.

"The right to exercise his religious faith."

We need only to refer to the outline of the inhibitions established against religions, as stated above, to determine whether international rights have been impaired in Mexico to an extent warranting intervention on the part of our Government. The fate of the church in Mexico as thus given by Judge Manton is not merely a supposition, but it is supported by facts in evidentiary form; as will be shown later on in this memorandum.

Conditions of United States recognition in 1915

In the past the American Government has concerned itself with the religious situation in Mexico. In 1915 one of the conditions of recognition of the Carranza government was a promise that the Mexican Government would respect every person's life, property, and religious beliefs; and in 1921 our Government submitted to Mexico a proposed treaty in which it was provided that the nationals of either party were not to be "disturbed, molested, or annoyed in any manner on account of their religious beliefs, nor in the proper exercise of their respective creeds, whether in their homes or in their churches or chapels (cf. CONGRESSIONAL RECORD, Apr. 25, 1935, pp. 6431–6432).

2. LEGISLATIVE

Irish political prisoners

On July 29, 1916, the following substitute resolution, offered by Senator PITTMAN (S. Res. 241), was adopted by the United States Senate:

"*Resolved*, That the Senate expresses the hope that the British Government may exercise clemency in the treatment of Irish political prisoners; and that the President be requested to transmit this resolution to that Government."

Irish independence

On May 29, 1919, Senator BORAH submitted a resolution (S. Res. 48) from the Committee on Foreign Relations, which was adopted in the following form by the Senate, the second resolve being offered by Senator WALSH, of Massachusetts, and approved by the Senate:

"*Resolved*, That the Senate of the United States earnestly requests the American Peace Commission at Versailles to endeavor to secure for Edward De Valera, Arthur Griffiths, and Count George Noble Plunkett, a hearing before said peace conference in order that they may present the cause of Ireland.

"*Resolved further*, That the Senate of the United States express its sympathy with the aspirations of the Irish people for a Government of their own choice. (Walsh amendment.)"

Persecutions of Jews in the Ukraine

On December 12, 1919, the following resolution (S. Res. 259), offered by Senator Spencer, was reported unanimously by the Committee on Foreign Relations and agreed to with amendments offered:

Resolved, That the attention of the Senate having been called to the reported massacre of members of the Jewish race in the Ukraine and to the existence and execution of pogroms, which indicate a determination to exterminate the Jews of Ukraine, it is requested of the State Department that such information as may be available, not inconsistent with the public interest, be transmitted to the Senate showing the actual conditions in the Ukraine.

Termination of Treaty of 1832 between the United States and Russia

The following is House Joint Resolution 166, introduced in 1911 which resulted in the following letter from President Taft to the Senate of the United States dated December 18, 1911, which follows:

"*Resolved, etc.*, That the people of the United States assert as a fundamental principle that the rights of its citizens shall not be impaired at home or abroad because of race or religion; that the Government of the United States concludes its treaties for the equal protection of all classes of its citizens, without regard to race or religion; that the Government of the United States will not be a party to any treaty which discriminates, or which by one of the parties thereto is so construed as to discriminate, between American citizens on the ground of race or religion; that the Government of Russia has violated the treaty between the United States and Russia, concluded at St. Petersburg, December 18, 1832, refusing to honor American passports duly issued to American citizens on account of race and religion; that in the judgment of the Congress the said treaty, for the reasons aforesaid, ought to be terminated at the earliest possible time; that for the aforesaid reasons the said treaty is hereby declared to be terminated and of no further force and effect from the expiration of 1 year after the date of notification to the Government of Russia of the terms of this resolution, and that to this end the President is hereby charged with the duty of communicating such notice to the Government of Russia."

President Taft's letter

"By instructions which I caused the Secretary of State to transmit to the American Ambassador at St. Petersburg on the 15th day of December 1911, there was given to the Imperial Russian Government, under the date of the 17th day of December 1911, official notification, on behalf of this Government, of intention to terminate the operation of the treaty of commerce and navigation of December 18, 1832, between the United States and Russia upon the expiration of the year commencing on the 1st day of January 1912.

Investigation of outrages upon citizens of the United States in Mexico

On August 8, 1919, a Senate resolution (S. Res. 106), introduced by Senator Fall, was adopted, as follows:

"*Resolved*, That the Committee on Foreign Relations or any subcommittee thereof, is authorized and directed to investigate the matter of damages and outrages suffered by citizens of the United States in the Republic of Mexico, including the number of citizens of the United States who have been killed or have suffered personal outrages in Mexico, and the amount of proper indemnities for such murders and outrages; the quantity of damages suffered on account of the destruction, confiscation, and larceny of personal property and the confiscation and deprivation of the use of lands and the destruction of improvements thereon; the number of citizens of the United States residing in Mexico at the time Porfirio Diaz retired from the Presidency of Mexico, and the number of citizens of the United States at present residing in Mexico, and the nature and amount of their present holdings and properties in said country; and in general any and all acts of the Government of Mexico and its citizens in derogation of the rights of the United States or of its citizens; and for this purpose to sit at any time or place during the sessions of Congress or during recess and with authority to subpena such witnesses and documents as may be necessary, and to make a report of its findings in the premises to the Senate; and the said committee shall further investigate and report to the Senate what, if any, measures should be taken to prevent a recurrence of such outrages."

The Foreign Relations Committee of the Senate conducted an extensive hearing from Monday, September 8, 1919, to Thursday, May 20, 1920, which was contained in two volumes know as "Investigation of Mexican Affairs" (Document No. 285, 66th Cong., 2d sess.). This investigation resulted in the creation of the United States-Mexican Mixed Claims Commission.

Expression of senatorial protests against persecution of Jews in Germany

On June 10, 1933, eight Senators led by the floor leader of the majority party, Senator ROBINSON, raised their voice in opposition to the persecution of Jews in Germany. It is said that these speeches were instigated, or were at least given approval, by the present administration.

3. EXECUTIVE PRECEDENTS—(A) PERTAINING TO AMERICAN CITIZENS

The following precedents show that it is an established principle of the United States to demand of other nations the privilege of religious freedom:

Religious persecutions in Turkey

On January 18, 1906, Mr. Elihu Root, Secretary of State, wrote a letter to the American Minister to Turkey in which he stated:

"The President's message to the Sultan and the instructions sent by the Department to the legation * * * should leave no doubt in the mind of the Turkish Government that the United States confidently and in common justice expects that American [religious, benevolent, and educational] institutions [in Turkey] shall be treated on an equal footing of benefit with those of other states." (Brackets ours.) Foreign Relations of the United States, 1906, II, p. 1378.

Discriminations against Hebrews in Switzerland

Considerable correspondence was had between the United States and Switzerland over the discrimination against Jews in Switzerland. (See Ex. Doc. No. 76, pp. 1–101.)

On November 5, 1857, Secretary of State Lewis Cass sent the following instructions to Mr. Fay, the United States Minister to Switzerland:

"I am directed by the President to instruct you to use all the means in your power to effect the removal of the odious restrictions complained of, which, it is understood, are contained in the laws of but four of the Swiss cantons. You are requested to inform the Department upon this point, and to state the names of the cantons in which these laws exist."

On April 17, 1858, Secretary Cass wrote the following letter to Mr. Fay:

"The President learns with pleasure that your efforts in behalf of the American Israelites in Switzerland have not been relaxed. The removal of the restrictions contained in the cantonal laws so oppressive to Jewish citizens of the United States is, as you are aware, a matter which the President has much at heart, and he indulges the hope that the measures taken by you to secure that result may be successful."

These negotiations resulted, on May 29, 1874, in the adoption of a new federal constitution by the Swiss Confederation, article 50 of which provided that "The free exercise of worship is guaranteed, within the limits compatible with public order and good morals." (House Ex. Doc. No. 78, p. 22.)

Persecutions of Christian missionaries in Hawaii

Mr. Fish, Secretary of State of the United States, on April 6, 1870, wrote Mr. Pierce, Minister to Hawaii, in part, as follows:

"It is a matter of regret that the Christian missionaries of the United States and of Hawaii to the Micronesian group should have experienced any obstacle in the prosecution of their calling, and especially that they should have been wronged in their person and

property by the savage aborigines. It is hoped that the vessel of war which, it is understood, has been ordered thither, will have the effect of preventing any further outrages upon our citizens."

United States intercedes with Russia in behalf of American Bible Society

On May 27, 1882, Secretary of State Frelinghuysen sent to Mr. Hoffman, the Chargé d'Affaires in Russia, a letter from the American Bible Society, which declared that the agents of the society were forbidden to sell the Scripture in parts of the Russian Empire, and stated:

"Apart from its claims in common with other lawful American corporations to the kindly offices of the Government of the United States, there was in this case the unselfish aim of doing good, which commended it to the support of enlightened people."

Mr. Hoffman was directed as follows:

"To read the instruction to the Russian Minister of Foreign Affairs and to express the hope that the Russian Government would examine into the allegations submitted, and if they were found to be well grounded, issue such orders as might be deemed right and best fitted to afford the desired relief" (Moore's Digest, VI, 335-336).

Our attitude over Austro-Hungarian Government's refusal to accept American Minister because of Jewish wife

On May 4, 1885, President Cleveland appointed the Honorable Anthony M. Keiley Envoy Extraordinary and Minister Plenipotentiary at Vienna. Our Secretary of State was advised by the Austro-Hungarian Minister to the United States that:

"* * * The position of a foreign envoy wedded to a Jewess by civil marriage would be untenable and even impossible in Vienna."

Secretary of State Bayard, on May 18, 1885, wrote the Austro-Hungarian Minister, in part, as follows:

"The supreme law of this land expressly declares that 'no religious test shall ever be required as a qualification to any office or public trust under the United States', and by the same authority it is declared that 'Congress shall make no law respecting an establishment of religion or prohibiting the free exercise thereof.'

"This is a Government of laws, and all authority exercised must find its measure and warrant thereunder.

"It is not within the power of the President, nor of Congress, nor of any judicial tribunal of the United States, to take or even hear testimony or in any mode to inquire into or decide upon the religious belief of any official, and the proposition to allow this to be done by any foreign government is necessarily and a fortiori inadmissible.

"To suffer an infraction of this essential principal would lead to a disfranchisement of our citizens because of their religious belief, and thus impair or destroy the most important end which our constitution of government was intended to secure. Religious liberty is the chief cornerstone of the American system of government, and provisions for its security are embedded in the written charter and interwoven in the moral fabric of its laws.

"Anything that tends to invade a right so essential and sacred must be carefully guarded against, and I am satisfied that my countrymen, ever mindful of the suffering and sacrifices necessary to obtain it, will never consent to its impairment for any reason or any pretext whatsoever.

"In harmony with this essential law is the most equally potential unwritten law of American society that awards respect and delicate consideration to the women of the United States and exacts deference in the treatment at home and abroad of the mothers, wives, and daughters of the Republic.

"The case we are now considering is that of an envoy of the United States, unquestionably fitted, morally and intellectually, and who has been duly accredited to a friendly Government, toward which he is thoroughly well effected; who in accordance with the laws of this country has long since contracted and has maintained an honorable marriage, and whose presence near the foreign government in question is objected to by its agents on the sole ground that his wedded wife is alleged to entertain a religious faith which is held by very many of the most honored and valued citizens of the United States.

"It is not believed by the President that a doctrine and practice so destructive of religious liberty and freedom of conscience, so devoid of catholicity, and so opposed to the spirit of the age in which we live can for a moment be accepted by the great family of civilized nations or be allowed to control their diplomatic intercourse.

"Certain it is, it will never, in my belief, be accepted by the people of the United States nor by any administration which represents their sentiments. * * *"

On December 8, 1885, President Cleveland in his annual message to Congress referring to this incident stated:

"The reasons advanced (by that Government) were such as could not be acquiesced in without violation of my oath of office and the precepts of the Constitution, since they necessarily involved a limitation in favor of a foreign government upon the right of selection by the Executive, and required such an application of a religious test as a qualification for office under the United States as would have resulted in the practical disfranchisement of a large class of our citizens and the abandonment of a vital principle in our Government. The Austro-Hungarian Government finally decided not to receive Mr. Keiley as the envoy of the United States, and that gentleman has since resigned his commission, leaving the post vacant. I have made no new nomination, and the interests of this Government at Vienna are now in the care of the secretary of legation acting as chargé d'affaires ad interim."

President Roosevelt demands free exercise of liberty of conscience and religious worship of Mr. Litvinoff in negotiations for recognition of Soviet Russia

On November 16, 1933, President Roosevelt wrote Mr. Litvinoff, in part, as follows:

"As I have told you in our recent conversations, it is my expectation that after the establishment of normal relations between our two countries many Americans will reside temporarily or permanently within the territory of the Union of Soviet Socialist Republics, and I am deeply concerned that they should enjoy in all respects the same freedom of conscience and religious liberty which they enjoy at home. * * * We will expect that religious groups or congregations composed of nationals of the United States of America in the territory of the Union of Soviet Socialist Republics will be given the right to have their spiritual needs ministered to by clergymen, priests, rabbis, or other ecclesiastical functionaries who are nationals of the United States of America, and that such clergymen, priests, rabbis, or other ecclesiastical functionaries will be protected from all disability or persecution and will not be denied entry into the territory of the Soviet Union because of their ecclesiastical status."

(B) PERTAINING TO ALIENS

President Harrison protests persecutions of Hebrews

The plight of the Jewish people in Russia in 1891 was referred to in President Harrison's message to Congress of December 9, 1891, in which the President said:

"This Government has found occasion to express in a friendly spirit, but with much earnestness, to the Government of the Czar its serious concern because of the harsh measures now being enforced against the Hebrews in Russia. By the revival of anti-Semitic laws, long in abeyance, great numbers of those unfortunate people have been constrained to abandon their homes and leave the empire by reason of the impossibility of finding subsistence within the pale to which it is sought to confine them. The immigration of these to the United States—many other countries being closed to them—is largely increasing and is likely to assume proportions which may make it difficult to find homes and employment for them here and to seriously affect the labor market. It is estimated that over 1,000,000 will be forced from Russia within a few years. The Hebrew is never a beggar; he has always kept the law—life by toil—often under severe and oppressive civil restrictions. It is also true that no race, sect, or class has more fully cared for its own than the Hebrew race. But the sudden transfer of such a multitude, under conditions that tend to strip them of their small accumulations and to depress their energies and courage, is neither good for them nor for us. The banishment, whether by direct decree or by not less certain indirect methods, of so large a number of men and women is not a local question. A decree to leave one country is, in the nature of things, an order to enter another—some other. This consideration, as well as the suggestions of humanity, furnishes ample ground for the remonstrances which we have presented to Russia, while our historic friendship for that Government cannot fail to give the assurance that our representations are those of a sincere well-wisher."

Protest against execution of Jews by Mohammedans

Secretary of State Mr. Lewis Cass, on July 29, 1857, instructed Mr. Chandler, Minister to The Two Sicilies, that this Government approved his joining with consuls from other nations in protesting against the conviction and execution of a Jew for blasphemy (Moore, Digest, VI, 348).

Jewish persecutions in Rumania

In 1870 Mr. Benjamin F. Peixotto, an American Hebrew, was appointed consul of the United States to Rumania for the principal purpose of promoting Jewish emancipation and cessation of anti-Jewish activity in that country. His credentials from President Grant, dated December 8, 1870, read, in part, as follows:

"Mr. Peixotto has undertaken the duties of his present office more as a missionary work for the benefit of the people he represents than for any benefit to accrue to himself—a work in which all citizens will wish him the greatest success. The United States, knowing no distinction of her own citizens on account of religion or nativity, naturally believes in a civilization the world over which will secure the same universal views."

Religious liberty in Spain

On December 8, 1876, Mr. Hamilton Fish, Secretary of State of the United States, transmitted the following instructions to Mr. Adee, Chargé d'Affaires:

"You are instructed to act in concert with Mr. Layard, Her Majesty's Minister, in the sense in which he is instructed by Lord Derby, and to take occasion to speak in a similar sense to the Minister of State, impressing upon him the deep interest which the question of religious liberty in Spain excites in the United States, and the strong hope that the steps lately taken by the Spanish Government, with reference to religious freedom and toleration, may not be followed by others of a more retrograde character, and that the rights which the Minister of State admits are secured to Protestants by the eleventh article of the Constitution may be entirely respected, and that the United States rely

upon the good faith of the Spanish Government to promptly and firmly suppress any attempt from any quarter to infringe upon these rights" (Moore, Digest, VI, p. 175–176).

The United States interceded in behalf of Jews in Russia in 1891

Secretary of State James G. Blaine, on February 18, 1891, instructed Mr. Smith, American Minister to Russia, in part, as follows:

"The Government of the United States does not assume to dictate the internal policy of other nations, or to make suggestions as to what their municipal laws should be, or as to the manner in which they should be administered. Nevertheless, the mutual duties of nations require that each should use its power with due regard for the results which its exercise produces on the rest of the world. It is in this respect that the condition of the Jews in Russia is now brought to the attention of the United States, upon whose shores are cast daily evidences of the suffering and destitution wrought by the enforcement of the edicts against this unhappy people. I am persuaded that His Imperial Majesty the Emperor of Russia, and his councilors, can feel no sympathy with measures which are forced upon other nations by such deplorable consequences" (For. Rel. 1891, p. 739).

Suppression of Jews in Rumania

Secretary of State John Hay, on July 17, 1902, wrote the United States Minister in Rumania, Charles S. Wilson, in part, as follows:

"* * * The United States offers asylum to the oppressed of all lands. But its sympathy with them in nowise impairs its just liberty and right to weigh the acts of the oppressor in the light of their effects upon this country and to judge accordingly.

"Putting together the facts, now painfully brought home to this Government during the past few years, that many of the inhabitants of Rumania are being forced by artificially adverse discriminations to quit their native country; that the hospital asylum offered by this country is almost the only refuge left to them; that they come hither unfitted by the conditions of their exile to take part in the new life of this land under circumstances either profitable to themselves or beneficial to the community, and that they are objects of charity from the outset and for a long time—the right of remonstrance against the acts of the Rumanian Government is clearly established in favor of this Government. Whether consciously and of purpose or not, these helpless people, burdened and spurned by their native land, are forced by the sovereign power of Rumania upon the charity of the United States. This Government cannot be a tacit party to such an international wrong. It is constrained to protest against the treatment to which the Jews of Rumania are subjected, not alone because it has unimpeachable ground to remonstrate against the resultant injury to itself, but in the name of humanity. The United States may not authoritatively appeal to the stipulations of the Treaty of Berlin, to which it was not and cannot become a signatory, but it does earnestly appeal to the principles consigned therein, because they are principles of international law and eternal justice, advocating the broad toleration which that solemn compact enjoins, and standing ready to lend its moral support to the fulfillment thereof by its cosignatories, for the act of Rumania itself has effectively joined the United States to them as an interested party in this regard" (U. S. For. Rel., 1902, p. 912ff).

Anti-Semetic outbreak in Kishineff, Russia, in 1903

On April 19, 1903, 47 Jews were killed and several hundreds injured. Seven hundred houses and six hundred stores of Jews were looted and destroyed. President Theodore Roosevelt directed Secretary of State John Hay to instruct the American Chargé d'Affaires at St. Petersburg to ask for an audience with the Russian Minister of Foreign Affairs and to say:

"Excellency: The Secretary of State instructs me to inform you that the President has received from a large number of prominent citizens of the United States of all religious affiliations, and occupying the highest positions in both public and private life, a respectful petition addressed to His Majesty the Emperor relating to the conditions of the Jews in Russia. * * *

"I am instructed to ask whether the petition will be received by Your Excellency to be submitted to the gracious consideration of His Majesty. In that case the petition will be at once forwarded to St. Petersburg."

HOUSE BILL REFERRED

The bill (H. R. 8555) to develop a strong American merchant marine, to promote the commerce of the United States, to aid national defense, and for other purposes, was read twice by its title and referred to the Committee on Commerce.

THE MERCHANT MARINE

The PRESIDENT pro tempore. The question is on the motion of the Senator from New York [Mr. COPELAND] to proceed with the consideration of the bill (S. 2582) to develop a strong American merchant marine, to promote the commerce of the United States, to aid national defense, and for other purposes.

Mr. COPELAND. Mr. President, there is pending before the Senate my motion to proceed to the consideration of S. 2582, the merchant-marine bill. The bill was introduced by reason of a message which came to the Congress from the President on the 4th of March. I should not be true to the members of my committee if I did not make every effort to guide to successful termination action on this bill.

After the message came there were frequent conferences between the merchant-marine subcommittee of the Commerce Committee of the Senate and a subcommittee from the Committee on Merchant Marine and Fisheries of the House. We were in almost constant consultation for a period of 2 months and finally evolved the bill which has been introduced in the two Houses and which I assume will be passed in the House today.

It was not an easy task to formulate this legislation. It provides for subsidies to be paid representing the difference in the cost of construction of vessels in American yards and the cost of construction of similar vessels in foreign yards. It provides for a subsidy for the operation of American vessels, a subsidy sufficient to meet the difference in cost of operation under the American flag and the cost of operation under foreign flags or of a given ship under a foreign flag.

I realize that in the Senate are men who disapprove of the idea of a subsidy. They are fundamentally opposed to it.

Mr. NORRIS. Mr. President, may I interrupt the Senator?

The PRESIDENT pro tempore. Does the Senator from New York yield to the Senator from Nebraska?

Mr. COPELAND. I do.

Mr. NORRIS. If the Senator intends to discuss later the matters about which I wish to inquire, I shall not ask him to do so now; but I should like to have the Senator explain in some detail just how the difference in the cost of construction of a ship is to be ascertained. Who is to do it, and what other government is to be taken as a model in arriving at the difference; and who will determine, and how will they determine, the difference in the cost of operation; and is there anything in the bill which provides for a change in the subsidy for operation as different conditions may arise, making the difference of cost different from that which may exist at the time of the passage of the measure?

Have I made myself clear?

Mr. COPELAND. Perfectly; and in the course of my remarks I intend to attempt to answer the questions which the able Senator from Nebraska has asked. I shall pause long enough merely to say that the subsidy which is provided is subject to yearly correction; but as to the details of it, if the Senator will wait, I shall attempt to bring them out as I proceed with my discussion.

A great many things have been said here in the past 2 or 3 days, some of them rather bitter; but I wish to have Senators understand that so far as I am concerned I shall enter into no controversy with any Senator. I recognize his right to hold views which are contrary to mine. I respect him for his honesty of purpose. So what I shall attempt to say will be said in calmness and temperance of spirit, I trust. There is, however, so much misunderstanding apparent already in the discussion which has taken place that I think it wise that Senators should be advised regarding the purposes and details of the measure.

As I read history, I assume that Pericles was one of the greatest men Greece produced. Four hundred years before Christ he said:

> That nation which loses control of the sea, and the ability to carry its merchandise thereon—its name is writ in water.

That is exactly the possibility which presents itself to the American people. There is not only the possibility, but the probability that our merchant fleet will be wiped out, and that within a period of a very few years, unless appropriate legislation is passed, there will be only a limited number of American vessels upon the sea.

Mr. FLETCHER. Mr. President, the Senator is referring to American vessels engaged in overseas trade, foreign commerce?

Mr. COPELAND. Exactly; I am referring to vessels engaged in international trade.

When the great war broke out, there were only 13 American vessels—I think one of my friends said this morning that the number might have been 19, but only at the most 19 American vessels—engaged in transoceanic traffic. Had it

not been for the fact that, in the providence of God, in our harbor of New York the *Leviathan*, then known as the *Vaterland*, was interned, I do not know what might have happened as regards the issues of the contest. When we entered the war we took over the *Vaterland*, renamed her the *Leviathan*, and 75,000 of our troops—the first troops that we sent in the American Expeditionary Force—were carried by that vessel, at the very time when those men were needed. Except for the fact that we had this great vessel available for the purpose, no one can tell what might have happened as regards the outcome of the war.

Mr. President, in the course of my remarks I hope to give the Senate some cold facts as to the situation of the American merchant marine.

In the world today, in international trade, there are vessels of 36,500,000 tons. The United States possesses slightly less than 3,000,000 tons of these vessels. Less than one-twelfth of the total vessels upon the seas in international trade are under the American flag.

The economic life of a vessel is estimated by the experts to be 20 years. Ninety percent of our tonnage is over 10 years of age. Seventy-six percent of our tonnage is from 11 to 20 years of age.

I wish it might be possible—I know it is not, because Senators are engaged in committee work—that all Senators might have the facts regarding this situation. I assume, however, that they will read in the RECORD these statistics, which to me are most impressive, and which I think should be regarded with great concern by every citizen of our country. It makes a vast difference to American agriculture and American manufacture and American business whether or not we have ships.

As the chart upon the wall shows, there was a time when 90 percent of our traffic was carried in American bottoms. It declined until just before the late war only 10 percent of American traffic was carried in American-flag ships. After the war, with our great campaign of shipbuilding, we restored our fleet to some extent—indeed, a very considerable extent—so that we carried 30 or 40 percent, even 50 percent, of our commerce in American-flag ships. Today, however, with the decline in shipbuilding in America and the increase of shipbuilding abroad, we are carrying less than one-third of our commerce in our own ships.

Mr. VANDENBERG. Mr. President, has the Senator any figures as to what it has cost the Treasury of the United States in cold cash over the 10-year curve which he has just described?

Mr. COPELAND. In the way of losses?

Mr. VANDENBERG. In the way of losses and expenditures in the effort to maintain this progressive merchant-marine activity under the American flag and the ultimate failure of it.

Mr. COPELAND. Yes; at a later time I shall attempt to give some figures on that subject.

In our domestic trade, our intercoastal trade, and our costal trade, 94 percent of our ships are over 10 years of age. In our foreign trade, which consists of 480 vessels, 84 percent are over 10 years old. We have in our mail service—and we have heard much about our mail contracts during the past couple of years—282 vessels of 1,900,000 tons burden. The total number of United States vessels afloat today of more than 2,000 tons each, excluding the Great Lakes, is 950, of about 5,000,000 tons altogether.

Of the 282 vessels in the mail service, 241, representing a million and a half tons, are 13 years old or more.

(At this point a message, which appears elsewhere in today's RECORD, was received from the House of Representatives, announcing that the House had passed House bill 8555, to develop a strong American merchant marine, to promote the commerce of the United States, to aid national defense, and for other purposes.)

Mr. COPELAND. That is good news, Mr. President. I welcome interruptions of this sort. After 3 days of careful consideration of this bill, as we have just learned from the reading clerk of the House of Representatives, that body has passed the bill. I hope it will not be long before the Senate does likewise.

I was saying that in the mail service 241 of our vessels are 13 years of age or older.

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

Mr. COPELAND. I yield.

Mr. CLARK. I have just been informed, I will say for the Senator's information, that in the House, with a Democratic majority of nearly 300, the bill was passed by a majority of 8 votes.

Mr. COPELAND. Which was enough to pass it. I hope the Senator is not pleased over the fact that the majority was not larger.

Sixty-seven of our vessels are 15 years old. One hundred and five are 16 years old. Fourteen are from 23 to 30 years old. I want Senators to observe the significance of these figures. Of these vessels which represent the mail service, 241 out of 282 are more than 13 years old. That means that in 7 years, unless some babies are born, the fleet family will be wiped out. Of the 282 in the mail service, 85 percent in number and 77 percent in tonnage are 20 years old.

We have heard much about the mail scandals. It is not my business to defend the mail contracts. If they are illegal or improperly made, if fraud or corruption were practiced in their formation, there is ample power to take care of the matter.

Mr. President, may we have order?

The PRESIDENT pro tempore. Senators in the rear of the Chamber probably did not hear the point of order made by the Senator from New York, namely, that there is disorder in the Chamber.

Mr. VANDENBERG. Mr. President, they are probably still stunned from yesterday.

Mr. COPELAND. Mr. President, as I was saying, I have no defense to make of any contract entered into which was fraudulent or corrupt, but I regard the mail-contract system as water over the dam. In our legislative appropriation bill 2 years ago the President was given authority to modify or cancel any of the contracts if they were found not to be in the public interest or were found to be corrupt. The fact that so much has been said about these contracts is the only excuse I have for mentioning the subject at all.

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

Mr. COPELAND. For a question.

Mr. WHEELER. Is it not true that, notwithstanding the fact that these contracts were shown to be corrupt, the pending bill proposes to give the same group of men who entered into these corrupt contracts a subsidy in building new ships, and also a subsidy for remodeling their ships, then a subsidy for the purpose of giving them a chance to exchange ships, the authority to exchange ships with the Government of the United States, and then, if those subsidies are not enough, the authority is to be given unlimited power to give them further subsidies?

Mr. COPELAND. Mr. President, I shall attempt during the course of my remarks to reply to the Senator. When he spoke at some length a few days ago, emphasizing his views, I did not interrupt him.

Mr. WHEELER. If it bothers the Senator in the slightest degree, I shall not interrupt him.

Mr. COPELAND. It does not bother me at all, but I shall hope to answer all his questions, because part of what I have to say will be in an attempt to answer the Senator from Montana.

I wish to speak about these mail contracts really because, as the Senator from Montana has indicated by his question, the other shipowners are, like "old dog Tray", being condemned because they are associated with these wicked shipowners.

Let me say to the Senator from Montana, and to anyone else who may be interested, that there are under the American flag 950 ships. Assuming that every ship which was subsidized by a mail subvention was subsidized through corruption and fraud, it means that only 282 out of 950 are in that

category; in other words, about 700 ships are not tarred with that stick.

Now let me say a little more about the mail scandals, so called. Members of the Senate forget that they are responsible for the low rates of interest which were afforded.

I have in my hand excerpts from the laws, first, the Merchant Marine Act of 1920, and the interest rate on loans was not fixed in that act. On June 6, 1924, the act of 1920 was amended, and the interest rate on loans on vessels engaged in foreign trade was fixed at 4½ percent; on vessels engaged in the coastwise trade or on inactive ships, the rate was fixed at 5¼ percent. In the amendments to the act in 1927 no change was made in the interest rates.

Now we come to the time when, perhaps very stupidly, we amended the law by the Merchant Marine Act of 1928, fixing the interest on loans to foreign-trade ships at "the lowest rate of yield to the nearest one-eighth of 1 percent of any Government obligation bearing a date of issue subsequent to April 6, 1917." The Senator from Michigan [Mr. VANDENBERG] remembers that very well, because later he was active in changing that law; but that was the law at the time contracts were made under it.

I am not saying that I approve the judgment of the Postmaster General of that time, and of those in authority in the Shipping Board, when they made these loans at so low a rate of interest as one-eighth of 1 percent and from that point up. That was the law, however. If the law was administered without judgment, that is one thing; but when there is an attempt to say that there was fraud and corruption associated with the enterprise, the record shows to the contrary.

Mr. President, as the result of the contracts which were made under the law of 1928, there was very much controversy and discussion. There were many debates upon them in the Committee on Commerce, and on February 2, 1931, on motion in the Committee on Commerce, as I recall, of the Senator from Michigan [Mr. VANDENBERG], the interest rate on loans on vessels engaged in foreign trade was fixed at 3½ percent, and the rate was continued at 5¼ percent on inactive vessels and on vessels engaged in coastwise trade.

Mr. President, I do not know what influence may have been used or what advantage taken of those in authority, but the fact that these low rates of interest could be given and were given is our fault. The rates were fixed by the law of the United States.

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

Mr. COPELAND. I yield.

Mr. LONG. I wonder whether the Senator has explained the *Leviathan* case in his discussion of the subject.

Mr. COPELAND. No; I have not, Mr. President. That is recent history.

Mr. LONG. It is still history in the making.

Mr. COPELAND. I should say it was current history.

Mr. LONG. History in the making.

Mr. COPELAND. Yes. Current history.

Mr. LONG. I desire to get in on that the next time they pass around the dividend. That is about the only thing that I have been permitted to see the inside of.

Mr. COPELAND. If my friend the Senator from Louisiana does not get in on anything which is going on I should be surprised, because he is awfully smart!

Mr. LONG. I thank the Senator.

Mr. COPELAND. I wanted to say that much of the mail contracts, that I do not approve of all that was done. I think bad judgment was used. However, when we come to the question of the cancelation of those mail contracts I merely say that in my judgment, which is not good, perhaps, because I have no legal training, it will be mighty difficult to cancel 42 contracts. I think it will be shown that many of them were in the public interest, and I doubt exceedingly if fraud and corruption can be traced to any of them.

I wish that to be clear, because there is something more involved in what is before us today than the discussion of the bill. We have to have something to offer, something in the hands of the President to coax off some of the people who may have these contracts which are not favorable to the country, but with respect to which perhaps the courts may say that they are entirely legal.

However, let me remind the Senate again that less than one-third of our ships and considerably less than half of those in foreign commerce are now holding mail contracts.

Let me speak a little bit about tankers. We have made a large appropriation for naval vessels. With the scarcity of naval bases how are we going to make use of these vessels when we get them? Tankers are called the "legs of the Navy." The Navy can travel no faster than the oil tankers which carry the fuel can travel. We have 340 tankers in existence, representing about two and one-half million gross tons. Ninety percent of these are over 10 years old, and one-half of them are from 11 to 15 years old. The normal life of a tanker is considerably less than the normal life of the merchant vessel. The experts figure the normal life of the tanker is 15 years; and one-half of all our tankers are from 11 to 15 years old, and 90 percent of them are over 10 years old.

Further than that, the tankers which we now have are slow in their speed—from 10 to 12 knots an hour. We have only one tanker of 15 knots per hour. The naval vessels which we now have, and which we are about to build, would require tankers of from 15 to 18 knots per hour. Without naval bases we must depend on these tankers for fuel, and so the naval vessels, as I see it, are of little value without the auxiliaries.

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

Mr. COPELAND. I yield.

Mr. VANDENBERG. May I ask the Senator about these tankers, a subject with which I am not familiar? Who owns these tankers which the Senator is discussing?

Mr. COPELAND. They are privately owned.

Mr. VANDENBERG. Is it the big oil corporations which own them?

Mr. COPELAND. Most of them are owned by the big oil corporations, and others of them are owned by the small corporations.

Mr. VANDENBERG. Is it the Senator's belief that the big oil corporations would be without these tankers except as we subsidized their construction?

Mr. COPELAND. We are not bound at all by this bill to build tankers.

Mr. VANDENBERG. I did not understand that we were, but the Senator was urging the tanker problem as an exhibit, I assume, in behalf of the legislation, and I am unable to understand that the big oil companies require any construction subsidies in order to build tankers with which to bring oil to the United States.

Mr. COPELAND. The tankers of the big oil companies do not have to be of any such speed as I have mentioned this morning. If they are to be used as auxiliaries of the Navy, there will have to be some encouragement by the Government to make them useful. However, I am merely giving a picture of the merchant marine situation as it now exists.

Mr. VANDENBERG. Does not the Navy have its own fuel auxiliaries?

Mr. COPELAND. No, Mr. President. I now want to speak a little bit about the act of 1928. A great deal has been said about it being a failure. No informed person can say that. It just is not true that it has been a failure. The chief fault of the administration of that act, as I see it, is that there was a large investment in a few ships. We loaned on 9 tankers, we loaned on 2 sea trains, we loaned toward the building of 29 other ships. These 29 other ships, merchant marine ships, represented $142,000,000 of the total of $150,000,000 loaned, as I have indicated, under the act of 1928. And this can be said, that those ships which were built under the act of 1928 are the finest ships afloat. There are no finer ships anywhere than those.

I can readily see that if instead of loaning money for the purpose of building these expensive tankers, and for the sea trains, if those in authority had built 125 modern cargo ships there would not have been a bit of criticism today,

and our merchant fleet would be on the way toward a successful career.

We loaned over $95,000,000 on these ships. The Government loans on the 29 vessels I have mentioned amounted to $95,429,231. Private interests invested $35,224,843.

Mr. President, just one more word about the act of 1928. During the period from 1922 to 1928 not an American ship was built for oversea trade. During that period the foreigners built 800 ships. I hope Senators will take pains at some time today to look at the chart on the wall of the Senate Chamber to see how Great Britain is forging ahead. I want them to see what her shipbuilding program is, what she is doing, as shown there at the top of the chart. Away down at the bottom, at the vanishing point, is where we are. Just as sure as the sun will rise tomorrow, in my judgment, unless we find a way to encourage the building of ships we will not have many vessels left in foreign trade.

It may well be asked, and I will speak of it now, anticipating the criticism, Why have we not built any vessels recently? The answer is perfectly plain. For the past 2 years we have had nothing but criticism of the American merchant marine, and particularly of the mail-carrying vessels. There has not been the slightest ambition on the part of any company to build any ships, and they have not been built.

When the World War came on, as I have told the Senate, we had 13, 14, or 15 ships in foreign trade. The cry from our allies, it will be recalled, was "Ships, more ships, and still more ships!" As a matter of fact, we entered upon a stupendous war building program. During the war we acquired about 2,500 vessels, aggregating twelve and one-half million tons, and we actually constructed 2,300 vessels, which cost this Nation about $3,000,000,000. The shipbuilding facilities for constructing those ships cost another half billion dollars, and when we include the amount paid for excessive freight rates before our entry into the World War it is safe to say that another billion and a half dollars should be added. In other words, $6,000,000,000 were invested during that period, and at the average rate of the subsidies which we are now paying such an expenditure would pay the subsidies for the next 300 years.

Now, just a word or two more about the loans which have been made and which have been very bitterly criticized. For new building and reconditioning, involving 89 vessels, the outstanding loans at this date aggregate $111,610,000. All the payments have been made up to date, with the exception of three and one-half million dollars, 3 percent of the whole; and, with the advanced payments, we have in hand today what the law requires and what the contracts require we should have. I doubt if the R. F. C. or the Federal loan banks can show any finer record than I have indicated.

Mr. President, if the things I have told the Senate are true, the foreign trade of our country in our own vessels is at the vanishing point. How are we going to prevent disaster? How are we to maintain a merchant marine?

I have asked many Senators if they favored an American merchant marine, they all say, "yes", and they seem to wonder why anyone should ask such a question. They say we need it in order to carry out and develop our commerce and to insure our shippers fair rates; we need it to afford employment to American citizens; we need such a fleet as an auxiliary to our Navy, and also to avoid the costly and unnecessary experiences of the past, one of which, as I have indicated, during the World War alone cost us $6,000,000,000. No one seems to doubt that a merchant marine is essential to our welfare as a nation. A few seem to think, however, that we can build up a merchant marine without Government aid. Our foreign competitors are not burdened with our high shipping construction and operating costs, yet their governments grant them liberal subsidies.

Consider the *Normandie*, that floating night club. It cost the French Government $52,000,000. I think that Americans ought to know something about what our friends across the sea are doing. The French loaned money to build the *Normandie*, the amount, as I have said, being $52,000,000. Then they granted an annual subsidy of $10,000,000, at current rates of exchange for its operation, and there is now pending and on its way to passage in the Chamber of Deputies of France a bill providing that the Government shall pay amortization as to principal and interest on the *Normandie*. In other words, the money that France, in the first instance, loaned to the French line for the construction of the *Normandie* is being paid out of the French treasury, and $10,000,000 is appropriated to operate that ship annually. The amount of money given for the building of that ship and for its subsidy is half what we ourselves have loaned to our shipowners for the construction of vessels.

It will be interesting to the Senate to know that every time we have had a reprint of the ship-subsidy bill the representatives of foreign governments have been on hand to secure copies of the bill. They are alert in order that nations abroad might know what America was contemplating.

Few Senators informed on this subject will say that our American shipowners, with their burden of high costs, can fare forth in the midst of a world-wide depression and make a success in competition with foreign shipowners. It seems to me that any school boy should know that to be impossible. Our merchant marine is already subsidized by ocean mail contracts under the Merchant Marine Act of 1928, but if we do nothing, let these mail contracts lapse, and provide nothing in their stead, of course, we will soon be without an American merchant marine.

I wish to reply briefly to what my friend from Montana [Mr. WHEELER] said the other day about the maritime authority. I thought it was a terrible arraignment of American manhood that he could say, as he did say—and I know he said it in all sincerity—that the maritime authority would exercise "the wildest kind of judgment." He said at another time:

> In the first place, while I am not a prophet or the son of a prophet, if we do not have greater scandals in connection with this measure, if it shall become a law, than we have ever had in the history of the United States in connection with shipping, then I miss my guess.

Further he said:

> It is perfectly asinine to say that a board sitting here in the city of Washington should have such authority. It is inconceivable to me that the President of the United States, if he studied this bill, if he examined these provisions, would for one moment sanction or sign a bill containing provisions which would result in scandal such as he must know and everybody else must know would follow.

Mr. President, have we become so degenerate as a nation that the President cannot find five men in the United States who are sufficiently honest, sane, sensible, and far-seeing to administer the law which we propose? I certainly feel that there are such men to be had.

The Senator from Montana positively stated that it was utterly impossible to find out the difference between the cost of construction of a ship built here and a ship built abroad, and a similar statement was made a few moments ago by the Senator from Nebraska. I desire to give some thought to that particular suggestion.

We have had an instance only recently of an actual experience regarding the question of difference in cost. Mr. BLAND in the House of Representatives the other day spoke about this matter. He quoted evidence which was presented to his committee showing that France called for the construction of several ships, that bids were submitted to Japan and Great Britain, and that Great Britain got the job. Japan does not have the raw material and has to import it from abroad.

In this bill we have provided that the Authority must take into consideration all these matters. However, I want to go into that a little more in connection with what Mr. Haag testified.

In the hearings Mr. Haag, who is an authority on this subject, an expert in the Commerce Department, stated:

> In my judgment, the only answer to that question is to say that it will be done in a fair and reasonable way to get the fair and reasonable cost. I know of no method by which you can get the actual cost, but I do know and I feel certain that the shipyards of this country will whole-heartedly cooperate to assist the authority when there is assurance that the shipyards will have steady, continuous work. I am confident that they will furnish

the authority with everything they have to show the costs in this country. If we know what the American ship costs—and I do not believe we have ever known before—we can then determine within a very close margin of error because of the high labor factor that goes into the ship, what the foreign ship costs. In other words, there is no secret of what the rates of the various craftsmen are in foreign yards—the hourly rates. We, of course, know what they are here. And when you convert this data to man-hours you come very close to arriving at a fair differential. * * * The reason, I say, you cannot arrive at an exact one is because even amongst our own shipyards there are such wide fluctuations, because of the different set-ups in the various yards in the ways of charging overhead that you really have almost the same conditions as though you were trying to match foreign with American costs. But assuming the yard is responsible, that it has modern equipment and is an efficient yard that is on a parity, and then we will also show that the man-hours that were put in on this job correspond with the man-hours on the foreign ship, based on the lower rates of wages.

We can easily bring out the difference in cost relative to the pay of seamen. That was done before our committee. We know definitely what the various men are paid in other countries as compared with our own.

Then Mr. Haag proceeded:

Now, the material cost, the actual small amount of material cost, can be determined quite readily. The major item is determining the difference in labor costs, where the percent, as compared to the material, is so very high, and I think we can arrive at a very close approximation which will be fair and reasonable to both the Government and the applicant.

By and large the actual cost of building a ship is the labor cost. That was very thoroughly discussed and has been considered by the committee. We have no doubt at all that within reasonable limits the difference in the cost of construction and the difference in the cost of operation can be ascertained.

I am frank to say that, in my opinion, the success or failure of the plan will depend to a great extent upon the personnel of the maritime authority provided for by the bill. We believe wise men can be found to take the positions; we purposely made the term of the service a long one and the pay a generous one in order that we might attract men to the maritime authority of the very highest standing. We propose to pay the same as the members of the Interstate Commerce Commission are paid, $12,000 per year; and the appointment is for 12 years, which would guarantee, we believe, men of the same type as those who are now attracted to the Federal courts.

I wish now to speak a little more about a matter which I have already mentioned, the progress of our merchant marine.

Our merchant marine was in its ascendancy between 1820 and 1860. In the days of the Yankee clippers 80 to 90 percent of our foreign water-borne commerce was carried in American bottoms. In 1910 the ratio had sunk to slightly less than 10 percent. We were so busily engaged in winning the West and in exploiting our national resources that we failed to take advantage of the transition from sail to steam. Our people were no longer ship-minded, and the American merchant marine stood a fair chance of passing out of existence when the impact of the World War awoke us to a realization of our critical position.

Practically overnight all foreign tonnage was withdrawn from our ports. English and French ships were imperatively needed to carry troops, munitions, and food to the various scenes of conflict. For a matter of 50 years we have stood idly by, permitting our commerce to be carried in foreign-flag ships. We had rented our transportation, and now, with bursting granaries and accumulating surpluses of manufactured goods, our ocean transportation failed and we paid the penalty for our short-sightedness.

In 1912 it cost $2.50 to ship a bale of cotton to Europe. In the latter part of 1914 we were paying $60 a bale for the same service—and wheat carriage soared from 5 cents to 60 cents a bushel. It was not that the warring nations did not need our wheat, cotton, pork products, tinned foods, and fruit and manufactured articles, but their ships were hurrying men and munitions to the front. Enemy submarines were taking their toll. The well-ordered system of peaceful ocean transport broke down and it has been conservatively estimated that the lack of American ships during the first 2 years of the World War cost our farmers a billion dollars, owing to the lack of transportation for their products.

Then we made a desperate effort to retrieve our old position as an ocean carrier. We embarked on a program of shipbuilding on which we spent over three billions of dollars. Now the interest on $3,000,000,000 is $150,000,000 a year. Had we wisely used twenty millions each year for the preceding 50 years to help create an American merchant marine we should have saved ourselves two-thirds of the cost of our wartime fleet and much humiliation, as we realized that the greater part of the war-built ships could not be economically operated as commercial carriers; that the greater part of the emergency fleet had to be scrapped; and that generations to come would help to pay principal and interest of the $3,000,000,000 our experiment had cost.

Lack of American-flag ships caused the cost of the Boer War to be borne by the farmers and manufacturers of the United States. England withdrew her ocean carriers to transport men and munitions, and, in effect, we bore the brunt of the loss through increased freight rates caused by failure to market our own products in world markets.

When President Theodore Roosevelt sent our white fleet around the world the spectacle did not impress the nations of the world as much as we fondly imagined. That fleet was supplied and provisioned by foreign-flag ships, because the United States merchant marine did not have sufficient auxiliary carriers to give our warships the necessary aid.

Again the crying need of the United States for ships was evidenced in 1926, when the British coal strike diverted much of the tonnage on which we depended to other fields. We again were confronted with a serious situation. Fortunately the Shipping Board was able to place in service enough of our war-built ships to carry our products to market, and it has been estimated that $600,000,000 were saved to our farmers and manufacturers.

I wish I had it in my power to give emphasis to that, to stress what it means, not alone to those who live in New York City but to every farmer and producer in the United States—the necessity of having American ships in order that those products may be taken the world over. Without them, the prohibitive cost is so great that it is impossible for farmers and producers and manufacturers to compete effectively with foreigners.

Mr. VANDENBERG. Mr. President, may I ask the Senator a question without interrupting the thread of his remarks?

Mr. COPELAND. Surely.

Mr. VANDENBERG. The Senator has put considerable emphasis on the importance of American ships for the transportation of American commodities into a war zone and on the high seas during a war period.

If our foreign policy should change hereafter, and we should cease to adhere to the old complete freedom-of-the-seas philosophy—and I strongly suspect our policy is to change in that respect—and if in the future we should go on a sort of f. o. b. New York basis, if any belligerent should desire our commodities after having gone to war with some other foreign nation, would it not totally change the conception to which the Senator is addressing himself?

Mr. COPELAND. Yes; if it should actually be accomplished, it probably would; but, of course, I do not look for the dawning of the millennium.

Mr. VANDENBERG. I think this is not the dawning of the millennium. I think this is merely the dawning of a new and practical and rational common-sense conception of what we should do when we confront other nations at war with each other.

Mr. COPELAND. I think in war time the Senator is right about it; but if we take the time of the English coal strike it would not be quite the same, would it? At that time we were very seriously embarrassed. I happened to be appealed to by shippers in my State. I was in the Senate at the time and I went to see the Shipping Board about the matter. Wheat was piled up at Mississippi ports and at Galveston, fruits on the Pacific coast, and fruits in my State, the apples

and pears, and so forth, to say nothing of manufactured products. There, without an effective American merchant marine of our own which we could commandeer, in a sense, to carry our own products, we were seriously embarrassed, and we should be in the future if we should not have such vessels.

Mr. VANDENBERG. That is true. The thing the Senator said which challenged my interest at the moment related to the war conception. He seemed to be indicating that American agriculture and American commerce would lose some of their opportunities to profit from foreign trade during foreign wars unless we had our own ships. I am asserting, at least for myself, that I am left entirely cold by any appeal for the creation of a system under which we could maintain foreign commerce in belligerent foreign war zones during foreign wars. I have no interest whatever in the continued maintenance of an American policy which insists that our business must have a chance to profit from foreign wars. I have no interest whatever in it.

Mr. COPELAND. I agree with the Senator. I honor him for his idealism, and I desire to share it so far as I am capable of doing. At the same time, however, there can be no question that in time of foreign war the belligerent nations would be so occupied that their vessels undoubtedly would be used in a way which would embarrass us if we did not have vessels of our own.

Mr. VANDENBERG. On the other hand, Mr. President, within the week the Foreign Relations Committee of the Senate has ordered reported a bill which is not yet upon the calendar, but will be as soon as reported by the Senator from Nevada [Mr. PITTMAN], which proposes to deny passports to any American into a foreign war zone during a foreign war. That is simply an indication of the direction in which our new foreign policies are going in respect to the freedom of the seas, and I think it is a very wise direction.

Mr. COPELAND. I think that is undoubtedly true.

Mr. VANDENBERG. That robs the ship-subsidy contemplation of any argument in respect to commerce during a foreign war. That is the only point I am undertaking to make.

Mr. COPELAND. Of course, when the Senator says that he is assuming that this policy will be adopted and adhered to.

Mr. VANDENBERG. That is true.

Mr. COPELAND. There might be very serious question about that. If it could be exactly as the Senator states, without doubt the position he takes is correct; but there will be other circumstances where the condition will be quite different. There can be no question about the advantage to American shippers, whether they are shipping in or shipping out, of having ships of our own.

I remember very well the criticism that arose during my service upon the Commerce Committee when a British ship loaded up out in the Northwest with apples shipped by private concerns where she was acting as a common carrier. Then on her own account she bought apples which she took to South America, unloaded her own apples first, and glutted the market. That created a condition where there was no sale for those which were shipped by the private shippers.

I have seen the same thing with reference to a railroad terminal owned by a given railroad—a terminal which was used by other railroads. Of necessity, the railroad owning that terminal made use of it first, and gave its facilities to the competing railroads only to suit its own convenience.

As I see it, we cannot exist as a world maritime power by expedients. At the present time we are carrying only one-third of our ocean-borne commerce; and compared with other maritime nations, we rate third in tonnage, fourth in speed, and last in the age of our ships.

In considering this bill, the committee has had one idea in view, and that is to remedy these conditions. It is realized that a bill, to be effective, must contain a plan that will insure the building of the requisite amount of tonnage. Obsolete ships must be replaced by speedier vessels embodying Navy suggestions. Employment must be furnished shipyards, and the thousands of workmen in our mills and factories who contribute to building a ship.

I wish Senators at some time would look through the testimony to see a remarkable chart which is included in the hearings of the committee, showing exactly how the building of a ship contributes to the good of each State. It seemed to me like a good argument. Every State in the Union produces something which is useful and needed in the construction and equipment of a ship.

Mr. VANDENBERG. Including the taxes to pay for the subsidies under this bill.

Mr. COPELAND. Yes; of course. I assume from what the Senator says that he is utterly opposed to any subsidy. Am I correct in that?

Mr. VANDENBERG. I indicated to the Senator yesterday what my view is on that subject. So far as construction subsidies are concerned I have to be shown.

Mr. COPELAND. The Senator, I know, is sincere in his position.

In part 3 of the hearings before the Commerce Committee is a very interesting chart showing what is supplied by various States of the Union in one way or another, directly or indirectly, in the construction of a ship. Alabama supplies iron ore, limestone, coal, coke, pig iron, steel, cotton, and yellow pine. Michigan supplies iron ore, limestone, cement, copper products, white pine, plywood, hardware, tools, furniture and paints. Washington supplies Oregon pine, cedar, spruce, cement, machinery, wire rope, and veneers.

It is a very interesting chart. I do not wish to overlook any State. Every State in the Union contributes, in one way or another, to the building and equipment of these vessels. As the chart indicates, every State in the Union has the possibility of contributing.

A definite, well-ordered plan of operation must be established; and this, it is believed, the present bill will accomplish. The bill not only encourages shipbuilders and operators, but it amply protects the Government.

A résumé of the essentials of the bill indicates that the United States stands committed to the building and maintenance of an effective merchant marine. We must have sufficient ships to carry at least 50 percent of our waterborne commerce, both export and import. That was the suggestion of the President in his message—that our merchant marine should be built up to a point where it would be capable of carrying 50 percent of our commerce. These ships must be of such a character as to operate efficiently.

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

Mr. COPELAND. I yield.

Mr. VANDENBERG. Is that 50 percent of our present foreign commerce, or is it 50 percent of our foreign commerce at a time when that commerce was entirely dependent upon our foreign loans; or when is it that we are to measure 50 percent of our commerce? That is a question which is very interesting to me.

Mr. COPELAND. The Senator should ask that question of the President of the United States. He is the one who spoke of the 50 percent. As a matter of fact, however, we do ship things out. We ship tremendous numbers of automobiles from Detroit, and many of them are carried to the Orient in vessels of a foreign flag, by a line of vessels not hesitating to have a standing offer of 10 percent under any rate that can be given by any other shipping line. In one way or another, we have a tremendous amount of commerce to be sent abroad.

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

Mr. COPELAND. I yield.

Mr. VANDENBERG. I am quite serious in this inquiry, because it goes to one of the fundamental objections I have to the construction subsidy section, as the Senator knows.

I have insisted that in a state of international flux, both as respects money and trade, it is impossible for us accurately or within any reasonable jurisdiction of accuracy to know the answer to the problem raised by the pending bill.

Here comes again in the President's message the thought that our objective is to have Government ships to carry 50 percent of our trade. What trade? That trade was $5,000,000,000 at one time, when it was inspired by war. It continued to be four or five billion dollars when we were silly enough to lend Europe the money with which to pretend to buy from us. As soon as our trade was not inspired by war and as soon as it was not inspired by foreign loans it dropped to a billion or two billion dollars.

What is it the President wants us to do, to make a merchant marine responsive to the need of carrying 50 percent of $5,000,000,000 worth of foreign trade, or $2,000,000,000 worth of foreign trade? What is it that he means?

Mr. COPELAND. I would say that the President means that at least half the trade indicated on the chart on the wall should be carried in our ships. I do not know what the trade will be next year or the year after. I assume that when the world recovers from the jitters and when we resume "normalcy", to quote a Republican word, there will be an increase in international trade.

Mr. LONG. When will that be?

Mr. COPELAND. The Senator is a better prophet than I. He perhaps has an idea on that subject. Such a time must come; otherwise the world will go to pot.

Mr. President, I feel very seriously on this subject. This is not the time to discuss it or to consider it, but I am satisfied that such a time must come. I have faith to believe that under right conditions there will be a restoration of business in the United States. I am not going to discuss today what I regard to be right conditions, although I have some convictions on the subject. Certainly, when we have a restoration of normal conditions our manufacturers are going to make goods which will be shipped.

I am not satisfied with all the measures which have been proposed and formulated for the relief of industry. I have in mind now a great industry which is hampered by lack of money. It has the orders, it has a plant which cost millions, it has everything but money, and it cannot get money. I find that when it goes to the R. F. C. it has to present exactly the same kind of collateral and produce the same gilt-edged security that it would have to produce if it went to a bank. Unless we can have a restoration of credit in some manner and form we cannot have a restoration of business. But I have faith to think that we are going to have a restoration of credit brought about in some other manner than by the appropriation of money on the part of the Government. When we come to that point, there will certainly be the need of ships to carry our products across the ocean and to bring back the raw materials which are needed for the development of various manufactured articles here.

I cannot answer the question about what 50 percent means, whether it means 50 percent of what we have today or 50 percent of what we are to have next year, or 50 percent of what we will have 10 years from now; nevertheless, unless we can restore these ships, unless we can have some babies born to the fleet, as I said a little while ago, the merchant marine family will become extinct. I am not going to split hairs as to just when that is going to be, but we are not prepared under present conditions to carry 50 percent of our commerce.

The bill commits the Government to the building and maintenance of an effective merchant marine capable of carrying 50 percent of our water-borne commerce, both export and import, and these ships must be of a character to operate efficiently as naval auxiliaries.

They are to be owned and operated under the American flag by citizens of the United States. They will be so regulated as to assure adequate service under all emergencies at equitable rates. Our merchant marine must be composed of the best equipped, safest, and most suitable types of vessels constructed in the United States and manned with a trained and efficient personnel.

When we come to that, I wish to say that both the Committee on Commerce of the Senate and the committee in the House stand committed to 100-percent American personnel upon these ships. We have gone further already than ever before and have made exception only as regards passenger ships which come from foreign ports, where it is necessary that the deck stewards and the dining-room stewards should have a knowledge of French or Spanish or some other language in order that they may be efficient servants. But we have determined that the deck officers and all the subordinate officers, that the seamen and, so far as possible, the stewards shall be American citizens, native born or fully naturalized. That has been our aim in the framing of the pending bill.

I have already indicated that the bill provides for the establishment of a maritime authority. We have sought in the bill so far as we could to separate the judicial or semi-judicial functions from those which are purely administrative. We have left in the Department of Commerce the control of navigation and operation of all those ships which we have left, and we have left the Maritime Authority wide power regarding, first, the determination of the amount of the subsidy, both construction and operating, and also wide authority regarding regulation of rates.

The third title covers the adjustment of existing ocean mail contracts, with the intent, as the President has said, that he does not want any indirect subsidies, any subventions. He wants, frankly, to let the American people know what the money is used for, and the subsidy is provided for the definite purpose of marking the difference between the cost of construction in American yards and the cost of construction abroad, and for the operation of an American ship as compared with the operation of a similar ship under a foreign flag.

One of the evils which arose from the mail-contract system adopted in 1928 was that in practically all cases the maximum compensation permitted by law was adopted as the basis of the contract, and the shipowners got the money. The amount which could be justified as covering mail pay, differentials, and equalization of foreign subsidy was in many cases exceeded. In some contracts the excess of mail pay was to be wholly or partially absorbed by new construction requirements, and it is evident that some of this new construction has not been performed, thus creating overpayments not contemplated when the contracts were let. To what extent this failure of performance is due to the world depression, when lack of cargo and depressed rates made operation costly and difficult, and to what extent it is due to uncertainty as to governmental policy and to other reasons, or to no reason, is all controversial and debatable.

Mr. President, granting all the evils of the past, that is, assuming that they really were evils, we hope that the pending bill is so written that there will be no such loopholes as we found in the old act. No construction differential can be paid unless our bill S. 2582 contains no such loopholes. No construction differential can be paid unless and until the ship is actually being constructed, and the Government gets everything it pays for. The operating subsidy covers the operating differentials and neutralizes the effect of foreign subsidy.

The adjustment of ocean mail contracts provided in title III permits consideration of all pertinent facts, including the extent to which payments made under each contract have in effect offset higher construction or reconditioning costs, and consequent higher capital charges incurred in the United States; the extent to which payments have offset certain higher American operating costs, actually incurred; the extent to which new construction or reconditioning required has been effected; and the extent to which obligations to the Government have been amortized or liquidated.

Provision is made for adjustment to the new basis as outlined by the President in his message.

The authority of the President over such contracts, already granted by Congress, is not infringed upon, but is extended to cover the period of negotiation.

This equitable and businesslike method appeals to your committee as eminently fair to both the contractor and the Government.

Title IV relates to the replacement of obsolete existing ships, and is directed toward the plan of insuring the construction of new vessels in American shipyards.

If those who are really interested in the bill will study it carefully, they will see that the committee has attempted to discourage the reconditioning of ships, because if the Government is to bear the differentials representing the difference of cost between foreign and domestic operations, of necessity the Government is interested in having these vessels so modern and so efficient that the subsidy shall be as low as possible.

I have in mind now a line which operates seven vessels in a very important service. Two of these vessels are modern vessels; as fine as any afloat. Five of them are of varying ages, but at least three or four of them are so obsolete, with old-type machinery, that the cost of fuel is excessive. Certainly we have no desire to let Uncle Sam "hold the bag", as the modern expression is, and to pay out a needless amount of money. This same line which now has these 7 vessels could operate as efficiently and as effectively as at present with 4 vessels—the 2 new ones it has and 2 more of the same type. However, without getting rid of the obsolete ships there will be this overhead expense, which, of course, is a burden upon the Treasury, and is bound to be under the philosophy of this bill. Therefore every effort has been made in writing the bill to see to it that there shall be a discouragement in the use of those vessels which are obsolete, and which should be either scrapped or taken over for some other service where efficient operation is not so important.

Title V provides for the extending of financial aid to the merchant marine. Instead of a subvention granted under the name of "ocean mail pay"—a designation misleading in character—the present act states that any citizen of the United States may appear before the authority and request aid in the construction, outfitting, and equipment of new vessels, or the reconditioning of vessels already built to be used on essential routes in the foreign commerce of the United States.

However, as regards reconditioning, let me make emphasis again upon the fact that the bill makes very clear that reconditioning can be done only in exceptional cases. It is the desire of those who have formulated the bill to see to it that we have built up a merchant marine of new and modern ships.

The authority, after satisfying itself as to the necessity of the indicated route, and, after consultation with the Navy Department, that the construction of such vessels is in line for national-defense purposes, and that the applicant has the ability, experience, and money necessary to build and operate such vessel, shall determine the difference in the foreign and domestic cost of actual construction or reconditioning, and grant a subsidy equal to the difference between the cost of construction or reconditioning in an American and in a foreign shipyard. Construction loans are predicated upon three-fourths of the appraised foreign cost of the vessels, the owner or operator paying one-fourth. It will be noted that since the shipbuilder receives the construction differential indicated, there can be no profit to the ship operator in the money received from the Government.

These contracts are so made, in short, that the maritime authority is party to the contract, and has full information, and by reason of amendments which were offered by the Senator from Michigan [Mr. VANDENBERG] and the Senator from North Dakota [Mr. NYE] an effort has been made to make reasonably certain that there shall be no collusion in bidding and that these ships in form and construction shall actually be such as the maritime authority contemplated.

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

Mr. COPELAND. I yield.

Mr. BONE. I should like to present a hypothetical case to the Senator and ask him if my conclusions are correct. I do not know that the Senator has discussed title V of the bill, which relates to the construction differential subsidy, the provisions of which are set out on page 66 of the bill. Let me ask the Senator, if this bill should become law, and, if it should be proposed that a concern should build a ship which would cost, say, $20,000,000, would not the Government, under the provisions in title V, advance and pay as an outright gift, $8,000,000 out of the total cost of $20,000,000?

Mr. COPELAND. No, Mr. President.

Mr. BONE. Will the Senator wait a moment? I have not perfected my question. That is upon the assumption that a ship which cost $20,000,000 in this country might be built for 60 percent of that cost in a foreign shipyard in a country to which it might perhaps be the purpose of the ship line to run its ships.

In other words, Mr. President, if it is proposed to build a $20,000,000 ship, and it could be demonstrated to the board created under this bill that the ship could be built in a foreign shipyard for $12,000,000, or 60 percent of the cost in an American yard of comparable size and character, would it not, under this bill, be possible for the Government, through this board, to advance $8,000,000 out of the $20,000,000, if that represented 40 percent of the cost, or that being the differential? The bill seems to clearly indicate that there is such power, and I wonder if the Senator agrees with my idea that it could be done.

Mr. COPELAND. That is correct. I hope the board will never consent to the building of a $20,000,000 ship, but if it did consent to it, that would be the case, based upon the message of the President, which says that the subsidy should cover the difference in the foreign and domestic cost of building such a ship.

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

Mr. COPELAND. I yield.

Mr. VANDENBERG. Suppose the hypothetical ship cost $20,000,000 to build in America——

Mr. COPELAND. Mr. President, will the Senator take a $10,000,000 ship?

Mr. VANDENBERG. Very well; I will take a $10,000,000 ship. Suppose this ship cost $10,000,000 to build in America, $6,000,000 to build in Great Britain, and $3,000,000 to build in Japan; is the construction subsidy $7,000,000?

Mr. COPELAND. I should desire to say at once that a vessel to be operated on the Atlantic Ocean would never be founded upon a Japanese price.

Mr. VANDENBERG. Then the Senator thinks that the $3,000,000 base would apply only to ships that are going to run on the Pacific?

Mr. COPELAND. I should say that it would, but I desire to answer more fully than that. There is no prospect of such a price in Japan, as I shall show pretty soon.

Mr. BONE. Mr. President, I desire to pursue my question a moment further. Assuming that what the Senator from Michigan [Mr. VANDENBERG] has suggested or implied in his question, that a $10,000,000 ship might conceivably be built in a Japanese shipyard for $3,000,000, that would leave the differential in price $7,000,000. That amount would of necessity have to be the Government's contribution for the building of a $10,000,000 ship, and I assume, of course, that the answer would be that the Government would pay that in the event trans-Pacific shipping were to be handled in that fashion.

I observe that the bill contains this provision, which is taken almost word for word from the Merchant Marine Act of 1928, because it is virtually a restatement of section 702 of the Merchant Marine Act of 1928, which deals with the requisitioning of vessels for war purposes. It provides that the following vessels, which are enumerated in categories, may be taken over and purchased or used by the United States for national defense during any national emergency declared by proclamation of the President, which, of course, means that these vessels would be used in a war in which the United States was a party. I call the Senator's attention to this language:

In such event the owner—

That is to say, the owner who got a $10,000,000 vessel with a $3,000,000 investment, assuming that the subsidy is as indicated on the Pacific coast—

In such event the owner shall be paid the fair actual value of the vessel at the time of the taking.

It is interesting to note what might happen under that sort of a set-up. Here would be a big steamship company which became the owner of a $10,000,000 vessel of the latest type, fireproof presumably, and one of the finest vessels afloat, perhaps, in her class in those waters, a $10,000,000 vessel passing into the hands of the private shipbuilder for an expenditure on his part of only $3,000,000.

Mr. VANDENBERG. And he borrows 75 percent of that.

Mr. BONE. It seems bad enough as far as I have gone. I will leave some of the horrible details to other Senators.

Mr. COPELAND. The Senator has not read all of it.

Mr. BONE. No. I am willing that the Senator shall read it when I am through stating my view of the matter. Assume that the Government becomes embroiled in a war with a foreign power, the national integrity and safety is at stake, and the Government wants this vessel, and goes back to the owner of the vessel, to whom it has given $7,000,000 out of $10,000,000 of the cost of that vessel.

The President proclaims there is a national emergency; Congress declares war; the Government goes out and gets that vessel to transport troops, materials, and supplies to the base of war, and in such event the owner shall be paid the fair actual value of the vessel. If it were a brand-new vessel, conceivably the Government would have to pay to the shipbuilder $10,000,000 for that vessel, and there would be a clean profit to him of $7,000,000 on the transaction. Of course, I will admit there are possibly worse things than that under the bill.

Mr. CLARK. Mr. President, will the Senator from New York yield to me for a moment?

Mr. COPELAND. Just a moment. I want first to answer the Senator from Washington, and then I will yield to the Senator from Missouri.

Mr. BONE. Will the Senator from New York be courteous and yield to me for a moment further?

Mr. COPELAND. I yield.

Mr. BONE. It has been called to my attention that my analysis of the profit flowing to the private shipbuilder errs on the side of almost vulgar conservatism on my part. In the first place, the shipbuilder would get a $7,000,000 gift from the Government with which to build a $10,000,000 ship, so the $7,000,000 would be velvet and profit for him.

Mr. COPELAND. No.

Mr. BONE. Assuming that the ship could be built in a Japanese yard for $3,000,000, and it was a $10,000,000 ship, the shipowner would get $7,000,000. That is an extreme case, but it is a possible case. The shipowner would get $7,000,000 velvet or profit or whatever term one may care to apply to it in the first instance; then the Government comes along in time of national peril and takes the vessel back from him and pays him, if it is a brand-new vessel, $10,000,000 for it, so he has another $7,000,000 out of it; and the Senator from Missouri [Mr. CLARK], who sits behind me, has directed my attention to the fact he has made a net profit of $14,000,000 on a $10,000,000 transaction.

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

Mr. COPELAND. I will yield in just a moment. I said in the beginning that I was not going to permit this presentation of mine to degenerate into a controversy. I am going to answer the question, but I am not going to permit the discussion to be prolonged by any extraneous material. If the Senator from Missouri has a question to ask, after I shall have answered the Senator from Washington, I will be glad to yield to him.

Mr. CLARK. The only thing I want to do, I will say to the Senator from New York, is to get the figures straight. As I understand the situation, what would happen in the case cited by the Senator from Washington is this: For a ship which could be constructed in Japanese yards for $3,000,000, and in an American yard for $10,000,000, there would be given to the man who built the ship an outright gift of $7,000,000; he would be loaned three-fourths of the other three million; so that he would only have to put up cash money to the extent of $750,000. Then, in the event of war, the Government would come along and pay him $10,000,000 for the ship, which would be another seven million. So on the original investment of $750,000 he would make a profit of $14,000,000. He could pay off the Government loan and have $11,000,000 left of clear velvet.

Mr. COPELAND. Nothing could be more ridiculous and absurd than the suggestion just made. I call the attention of the Senator from Washington to page 108, beginning at line 11, where he will find the following provision:

In the case of a vessel which has received a construction-loan subsidy as provided in part I, title V, of this act, in determining fair actual value under this paragraph consideration shall be given to the fact that such construction-loan subsidy was paid by the Government.

So, of course, in fixing the value of the ship to be taken over under the circumstances cited the fact that he had the subsidy would be given consideration.

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

Mr. COPELAND. I yield.

Mr. BONE. I know the Senator will acquit me of any desire unnecessarily to occupy his time, but this is an important matter and other Members of the Senate have agreed with my conclusions. I ask the Senator now the reason for this very obscure language which would challenge any lawyer in this body. I will read the same language the Senator has just called to my attention:

In the case of a vessel which has received a construction loan subsidy as provided in part I, title V, of this act, in determining fair actual value under this paragraph consideration shall be given to the fact that such construction loan subsidy was paid by the Government.

What does that sort of vague language mean or what does it imply? It merely means that they have to consider it; they do not have to do anything. Is the Senator willing that this language shall be changed so as to provide that in the event a subsidy was given to the company the amount of the subsidy shall be deducted from the amount paid to the company?

Mr. COPELAND. Certainly, I should be glad to have such an amendment adopted.

Mr. BONE. As found in the bill the language is flabby and evasive, and it means nothing.

Mr. COPELAND. No; it is not "flabby and evasive." Let me read further from line 19:

(c) The President shall ascertain the fair compensation for such taking over and purchase or use and shall certify to Congress the amount so found by him to be due.

But let me say to the Senator, that I think it might be made clearer, and I should be glad to have it made clearer.

Mr. BONE. I will say to the Senator that I should like to see incorporated in the bill a provision to the effect that if Uncle Sam puts a dollar into a ship then the Government shall not be mulcted by the shipowner in the event of war, but he shall surrender back to the Government every penny he got, because the national defense is more important than are private shipbuilders, and it is grossly unfair that Uncle Sam should give shipowners this money, not only compensate them in this generous way, but in time of war give them more money; so that an instrumentality created, at least theoretically, under this bill to aid the Government instead is to be used as an instrumentality financially to oppress the Government in time of war.

Mr. COPELAND. I am with the Senator 100 percent, and I wish the Senator would formulate the language. That is the reason we have the bill before us. The committee has given consideration to this matter; I have no doubt we have overlooked many things, perhaps there was not always due care as to the details of the language; it may well be that in this instance we were not definite enough, but what we intended was to make it very clear that the Government would not pay to any shipowner an amount beyond the real value of the ship, deducting any subsidy which the owner received.

Mr. President, a wholly desirable feature of the new legislation is the tremendous impetus it gives in maintaining the American standard of living. Whenever or wherever a ship is built it has been estimated that 85 to 90 percent of original cost goes to labor. That labor is not confined to the actual work done in the shipyard. Iron, timbers, silverware, rope, a thousand and one articles are purchased from the manufacturer, and mills and factories in every State are benefited when a ship is constructed.

A little while ago I called attention in the record of the hearings to the chart showing the geographical distribution of the supplies which may be needed, representing every State in the Union.

It has been pointed out that the cost of building a cargo ship in the United States approximates 40 percent more than it does abroad. This operates against the American shipowner and, in addition, owing to our higher standards of living, it costs more to operate that same ship. Wages are lower abroad and living conditions are lower. This means higher construction and operating costs for the American shipowner and it also means that greater sums must be set aside for depreciation and interest charges, and that the cost of insurance is correspondingly higher. The labor of the American manufacturer is protected by the tariff but foreign shipping is an international business and some other means of equalization must be found.

The President, in his message to Congress, proposes a subsidy "based upon providing for American shipping Government aid to make up the differential between American and foreign shipping costs. It should cover, first, the difference in the cost of building ships; second, the difference in the cost of operating ships; and, finally, it should take into consideration the liberal subsidies that may foreign governments provide for their shipping." In this brief and most comprehensive statement is contained the germ of the maritime law we hope to place upon our statute books.

Title VI provides that certain duties vested in the hands of the Shipping Board, the Shipping Board Emergency Fleet Corporation, and certain authority held by the Department of Commerce, are transferred to the maritime authority. Outstanding construction loans, proceeds from the sale of surplus ships, are to be credited to the authority. Provisions for transferring the insurance fund are also made.

The inevitable conclusion from reading the President's message is that it contemplates subsidy of American vessels under private ownership. In this he is in agreement with what has always been the expressed wish of Congress. Careful consideration has been given by Congress to the possibilities of Government ownership and of Government operation, and the experience and methods of other countries have been thoroughly studied. In 1920, 1922, and in 1928 the arguments pro and con were thoroughly aired, and the result has always been that Congress overwhelmingly favored a merchant marine privately owned and operated.

We gave consideration in the committee to all the problems connected with Government ownership, and reached the conclusion, there being no difference of opinion in the committee, that it would be impossible to build ships without Government credit extended to private owners.

Your committee has been unable to see how under conditions existing today there can be any replacement of existing vessels by private owners without Government credit. When so many of our private businesses have had to resort to the Reconstruction Finance Corporation for the credit that is their lifeblood in time of depression; when the farmers need farm loans and credits; when the householder must seek the aid of the Home Owners' Loan Corporation, how could private funds be secured for investment in shipping, which of all our businesses is most susceptible to ruinous foreign competition?

Various plans have been proposed, the essence of which was to eliminate the construction-loan fund. Analysis of these plans by your committee disclosed that each of them contemplated the investment of as much or more of Government funds in new ships as is proposed by retaining the construction-loan fund, and that other and wholly undesirable features were included.

The essence of the President's message is that no subterfuge shall be tolerated, and your committee is entirely in agreement. We propose that our intention to place the American shipowner on a parity with the foreigner be called a subsidy, and that our intention to supply credit for the construction of ships be called a loan, and not camouflaged as deferred purchase money or used to build ships for charter.

The construction-loan fund today is not in a depleted condition. While a few borrowers are behind in payments of interest or principal, others have anticipated their payments to an extent in excess of the amount the few are in arrears. It is safe to say that few, if any, of our banks can boast of such a showing as this in view of the depression through which we are passing.

Title VII, section 701, transfers to the maritime authority all regulatory power now exercised by the Department of Commerce through the Shipping Board Bureau under the various shipping acts.

This section also amends the substantive part of existing regulatory law by extending the provisions of the Intercoastal Shipping Act, 1933, to all the common carriers by water in interstate commerce who are at the present time subject to the jurisdiction of the Shipping Board Bureau. Inasmuch as the intercoastal act has been interpreted to give the regulatory body power to condemn rates as being unreasonably low without giving it corrective power to prescribe minimum rates, the intercoastal shipping act is itself amended specifically to give the authority the power to fix minimum rates. The provision in the original act prohibiting the fixing of specific rates is retained, however.

The majority of common carriers engaged in our intercoastal and coastwise trades appear to be in favor of vesting the regulatory body with such additional powers. No carriers or other persons not already subject to the regulatory jurisdiction will be affected by these amendments.

Paragraph 3 of section 701 amends section 19 of the Merchant Marine Act of 1920. This section as amended would permit the regulatory authority to prescribe minimum rates in our export trade whenever the regulatory body found that conditions unfavorable to shipping in our foreign trade exist because of unfair methods of competition employed by foreign-flag carriers.

There is no question about these unfair competitive rates. I said a little while ago that a great manufacturer of automobiles employs a line under a foreign flag to carry his merchandise to the Far East because there is a standing offer on the part of that concern to cut 10 percent under any price that may be offered by any American or other company.

Nearly all the American-flag carriers in our foreign commerce and a large number of foreign-flag carriers have advocated legislation of this type in order to prevent destructive competition. One of the vices which such a provision is expected to remove is the practice of a small minority of carriers of quoting rates at a fixed percentage under the rates of the lines regularly established in our foreign trades. This proposed provision also has an important bearing on the subsidy legislation. Unless some such provision is in the law, in all probability foreign governments will secretly give additional subsidies to their lines to an extent which will enable them to carry our cargo at rates lower than the American-flag carriers can afford to, thus defeating the purposes of our own subsidy.

Another provision in the bill is a prohibition against misbilling and misclassification by shippers and brokers. This provision is substantially the same as the prohibition against misbilling and misclassification by shippers over railroads.

Title VIII insures American officers and crews on American vessels, the establishment of training schools for seamen and for the founding of a Merchant Marine Academy for the training of American officers. It also stipulates a three-watch system, hours of labor, and the issuance of a service book to each sailor containing his record at sea.

Title IX defines administrative powers.

Title X establishes limitation as to shipowner's liability on terms somewhat comparable with the present British law.

This is a matter of great concern to us because of the *Morro Castle* and *Mohawk* disasters and the great loss of life. In the *Morro Castle* disaster that there was only $20,000 left that could be used in any way whatever to recompense for losses incurred as a result of the accident. We are determined that in this measure there shall be provision made so there will be protection and no longer will any such outrages result as occurred in connection with the *Morro Castle* disaster.

Title XI relates principally to appropriations and the requisition of vessels by the Government in times of national emergency.

A careful consideration of this bill indicates that it represents a certain and rational method of extending proper aid to the American merchant marine insuring its growth and prosperity.

It embodies the principle of offsetting the handicaps to our shipping caused by our present laws and our American standards of living and by the subsidies our foreign competitors have adopted.

In other words, what we seek to do in placing our shipowner on a parity with his competitors is to make to him the same proposition that is open to him if he wished to become a foreign steamship company, built his ships in a foreign country and operate them under the foreign flag.

It is only in the unusual cases covered by section 512 of the bill that we go further in extending aid to our shipping and this form of aid is only open in exceptional cases, when the operating subsidy provisions of part II, title V, are shown to be inadequate. In situations where an operator needs assistance in developing our commerce in new fields or where his foreign competition is so firmly intrenched that mere equalization of certain costs would be inadequate during the pioneering period, this provision may well mean the saving of some of our weaker, less well-established lines. Were we to limit our aid in all cases to placing our shipowner on a parity with the foreigner would be to assume that in all cases the foreigner is making enough money to operate. This we know is not always the case. The recent adjustments and reorganizations of British shipping companies, sensational court trials, and new British subsidy plan show beyond a doubt that even that nation, old and wise as she is in the ways of shipping is facing her problems in the attempt to retain her position on the seas.

Section 512 is the only flexibility in our plan, and it is no more attractive to the shipowner than to the Government. The profits of a line operating under this plan are limited to 4 percent on its actual investment, and salaries of its officers are also limited. Surely an incentive to the lines whose struggle for existence can only be continued under this plan to remain under it as temporarily as possible.

A study of the methods adopted by our competitors would seem to indicate their intention is to create an advantage in favor of their shipping. Compared with their plans, our methods as outlined should be open to no objection.

In conclusion, let me say that the question has arisen as to the probabilities of mounting cost of ship subsidies. We need not worry on that score. The fluctuations of foreign exchange since our departure from the gold standard have been largely in favor of reducing both operating and construction differentials—particularly construction differentials—and this act will give our Government the benefit of that condition.

It is the belief of the committee that the enactment of this bill into the law will accomplish a number of desirable things. To capitulate briefly, it is hoped it will do the following:

First. It will furnish immediate employment to thousands of American workmen.

Second. It will keep intact American standards of living on American vessels.

Third. In times of emergency abroad it insures the transportation of our farm products and manufactured goods to the world markets under the American flag.

Fourth. It gives to the Navy speedy auxiliaries sufficient to keep our fleets supplied with rations, munitions, and supplies in the event of a national emergency.

Fifth. It supplies schools wherein American citizens may fit themselves to become competent officers and seamen so that our ships may be manned by Americans.

Sixth. Its policy of replacement, wisely developed, will eventually create a merchant marine covering every great trade route with ships of such type, speed, and size as are best adapted to the requirements.

Seventh. It will give confidence to our farmers and manufacturers through the knowledge that their products can be carried abroad at all times and under all conditions at fair and impartial rates.

Eighth. It will encourage American shippers to forward their goods in American bottoms, and American tourists to sail in American ships.

Ninth. It should insure a rapid expansion of our foreign trade, thus enabling a certain disposition of our farm products and manufactured articles.

Tenth. It is a challenge to foreign influence, insidiously at work to prevent the upbuilding of an American merchant marine.

Eleventh. It is a stimulus to the little fellow, to every American citizen who desires to enter into the business of operating American ships in the foreign trade.

Twelfth. It will prevent foreign-owned ships from competing for our overseas business by the adoption of ruinous freight rates.

We pray and have faith to believe that through this act the United States will again assume the sea power that it once held and which its greatness among the nations entitles it to hold.

Mr. President, that is all I care to say at the moment in connection with the bill. I realize there is opposition—and strong opposition—to its passage. My attention has been called to the fact that in the House, where the bill passed this morning, there were 194 yeas and 186 nays. Nevertheless the bill did pass the House. I believe it will pass the Senate. I am not so foolish as to think it would pass the Senate today if I were to ask for a vote upon it; it will take a little time to think about the bill and to reach conclusions on the part of each individual Senator. I am confident that when Senators understand what we have in mind and what the President had in mind in his message, favorable action will be had.

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

The PRESIDING OFFICER (Mr. HATCH in the chair). Does the Senator from New York yield to the Senator from Washington.

Mr. COPELAND. Certainly.

Mr. BONE. I desire to correct what may be assumed to have been a statement made without foundation.

In the colloquy a moment ago about the cost to the Government of one of these $10,000,000 ships, it was suggested that the shipowner might get $14,000,000 out of the ship. It is hardly fair to state the matter in that way.

If, out of the $10,000,000 cost of a ship, the United States Government should advance $7,000,000, and then take the ship back in the event of war as a brand-new ship, it is true that the shipowner would not profit to the tune of $14,000,000, because presumptively the first $7,000,000 would be paid to an American shipyard that built the ship that cost $10,000,000 to build. Obviously, however, when a man may borrow three-fourths of his part of the cost of the ship, so that in that type of ship he would have only a $750,000 investment, on that type of investment in the event of the seizure of a ship for war purposes a man would make $7,000,000 profit, which would go to him when the Government bought the ship back at $10,000,000.

Mr. COPELAND. If course, I do not agree to that. But with proper language the matter can be safeguarded.

SETTLEMENT OF LABOR DISPUTES—CONFERENCE REPORT

Mr. WALSH. Mr. President, I ask unanimous consent for the present consideration of the conference report on

Senate bill 1958, the report having been submitted by me yesterday.

The PRESIDING OFFICER. Is there objection?

There being no objection, the Senate proceeded to consider the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 1958) to diminish the causes of labor disputes burdening or obstructing interstate and foreign commerce, to create a National Labor Relations Board, and for other purposes.

The conference report is as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the House 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, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its amendments numbered 9, 23, 24, 25.

That the Senate recede from its disagreement to the amendments of the House numbered 1, 3, 4, 5, 6, 7, 8, 10, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, and agree to the same.

Amendment numbered 2: That the Senate recede from its disagreement to the amendment of the House numbered 2, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the House amendment, insert the following:

"SECTION 1. The denial by employers of the right of employees to organize and the refusal by employers to accept the procedure of collective bargaining lead to strikes and other forms of industrial strife or unrest, which have the intent or the necessary effect of burdening or obstructing commerce by (a) impairing the efficiency, safety, or operation of the instrumentalities of commerce; (b) occurring in the current of commerce; (c) materially affecting, restraining, or controlling the flow of raw materials or manufactured or processed goods from or into the channels of commerce, or the prices of such materials or goods in commerce; or (d) causing diminution of employment and wages in such volume as substantially to impair or disrupt the market for goods flowing from or into the channels of commerce.

"The inequality of bargaining power between employees who do not possess full freedom of association or actual liberty of contract, and employers who are organized in the corporate or other forms of ownership association substantially burdens and affects the flow of commerce, and tends to aggravate recurrent business depressions, by depressing wage rates and the purchasing power of wage earners in industry and by preventing the stabilization of competitive wage rates and working conditions within and between industries.

"Experience has proved that protection by law of the right of employees to organize and bargain collectively safeguards commerce from injury, impairment, or interruption, and promotes the flow of commerce by removing certain recognized sources of industrial strife and unrest, by encouraging practices fundamental to the friendly adjustment of industrial disputes arising out of differences as to wages, hours, or other working conditions, and by restoring equality of bargaining power between employers and employees.

"It is hereby declared to be the policy of the United States to eliminate the causes of certain substantial obstructions to the free flow of commerce and to mitigate and eliminate these obstructions when they have occurred by encouraging the practice and procedure of collective bargaining and by protecting the exercise by workers of full freedom of association, self-organization, and designation of representatives of their own choosing, for the purpose of negotiating the terms and conditions of their employment or other mutual aid or protection."

And the House agree to the same.

Amendment numbered 11: That the Senate recede from its disagreement to the amendment of the House numbered 11, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the House amendment insert the following:

"(b) The Board shall decide in each case whether, in order to insure to employees the full benefit of their right to self-organization and to collective bargaining, and otherwise to effectuate the policies of this act, the unit appropriate for the purposes of collective bargaining shall be the employer unit, craft unit, plant unit, or subdivision thereof."

And the House agree to the same.

DAVID I. WALSH,
WM. E. BORAH,
JAMES E. MURRAY,
ROBERT M. LA FOLLETTE, JR.,
LOUIS MURPHY,
Managers on the part of the Senate.

WILLIAM P. CONNERY, JR.,
ROBERT RAMSPECK,
GLENN GRISWOLD,
RICHARD J. WELCH,
W. P. LAMBERTSON,
Managers on the part of the House.

Mr. WALSH. I move that the report be adopted.

Mr. KING. Mr. President, will the Senator from Massachusetts advise the Senate what changes have been made?

Mr. WALSH. Mr. President, the conference agreement accepted most of the House amendments as constituting merely formal corrections in the citations of the various statutes and other minor changes of phrases and definitions.

House amendment no. 23 inserted a new section providing that "nothing in this act shall abridge the freedom of speech, or of the press, as guaranteed in the first amendment to the Constitution." The conference agreement rejected this amendment as having no proper place in the bill. There is no reason why the Congress should single out this provision of the Constitution for special affirmation. The amendment could not possibly have had any legal effect, because it was merely a restatement of the first amendment to the Constitution, which remains the law of the land irrespective of Congressional declaration.

House amendment no. 11, which redrafted section 9 (b), embodied two changes from the Senate bill. The first change undertook to express more explicitly the standards by which the Board is to be guided in deciding what is an appropriate bargaining unit. The conference agreement accepts this part of the amendment. The amendment also added a proviso designed to limit the otherwise broad connotation that might be put upon the phrase "or other unit." The proviso, however, was subject to some misconstructions, and the conferees have agreed that the simplest way to deal with the matter is to strike out the undefined phrase "other unit." It was also agreed to insert after "plant unit" the phrase "or subdivision thereof." This was done because the National Labor Relations Board has frequently had occasion to order an election in a unit not as broad as "employer unit", yet not necessarily coincident with the phrases "craft unit" or "plant unit"; for example, the "production and maintenance employees" of a given plant.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

The report was agreed to.

The PRESIDING OFFICER laid before the Senate the action of the House of Representatives insisting upon its amendment to the title of the bill (S. 1958) to diminish the causes of labor disputes burdening or obstructing interstate and foreign commerce, to create a National Labor Relations Board, and for other purposes.

Mr. WALSH. I move that the Senate concur in the amendment of the House to the title of the bill.

The motion was agreed to.

EXTENSION OF CERTAIN TAXES—CONFERENCE REPORT

Mr. KING submitted the following report:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the joint resolution (H. J. Res. 324) to provide revenue, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 1 and 2.

PAT HARRISON,
WM. H. KING,
WALTER F. GEORGE,
HENRY W. KEYES,
ROBERT M. LA FOLLETTE,
Managers on the part of the Senate.

ROBT. L. DOUGHTON,
SAMUEL B. HILL,
THOMAS H. CULLEN,
ALLEN T. TREADWAY,
ISAAC BACHARACH,
Managers on the part of the House.

The report was agreed to.

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.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Haltigan, one of its reading clerks, announced that the

House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 1958) to diminish the causes of labor disputes burdening or obstructing interstate and foreign commerce, to create a National Labor Relations Board, and for other purposes, and that the House insisted upon its amendment to the title to said bill.

The message also announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the joint resolution (H. J. Res. 324) to provide revenue, and for other purposes.

The message further announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 8021) making appropriations for the legislative branch of the Government for the fiscal year ending June 30, 1936, and for other purposes; that the House had receded from its disagreement to the amendments of the Senate numbered 1, 2, 35, and 39 to the said bill and concurred therein, that the House insisted upon its disagreement to the amendments of the Senate numbered 3, 4, 5, 6, 7, 8, 9, 10, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, and 32 to said bill, requested a further conference with the Senate on the disagreeing votes of the two Houses thereon, and that Mr. LUDLOW, Mr. SNYDER, Mr. ZIONCHECK, Mr. DOCKWEILER, Mr. MORAN, Mr. BUCHANAN, and Mr. POWERS were appointed managers on the part of the House at the further conference.

The message also announced that the House had passed without amendment the following bills of the Senate:

S. 2074. An act to create a National Park Trust Fund Board, and for other purposes; and

S. 2738. An act to authorize the use of park property in the District of Columbia and its environs by the Boy Scouts of America at their national jamboree.

LEGISLATIVE APPROPRIATIONS—CONFERENCE REPORT

Mr. TYDINGS. I submit a conference report on the legislative appropriation bill and ask unanimous consent for its immediate consideration.

The PRESIDING OFFICER. The report will be read.

The report was read as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 8021) making appropriations for the legislative branch of the Government for the fiscal year ending June 30, 1936, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 43, 44, 45, 51, and 54.

That the House recede from its disagreement to the amendments of the Senate numbered 11, 33, 34, 36, 37, 38, 40, 41, 42, 46, 47, 49, 50, 52, 53, and 55; and agree to the same.

Amendment numbered 48: That the House recede from its disagreement to the amendment of the Senate numbered 48, and agree to the same with an amendment as follows: In line 8 of the matter inserted by said amendment strike out the word "new" and insert in lieu thereof the word "permanent"; and the Senate agree to the same.

The committee of conference report in disagreement amendments numbered 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 35, and 39.

MILLARD E. TYDINGS,
JAMES F. BYRNES,
CARL HAYDEN,
FREDERICK HALE,
JOHN G. TOWNSEND, Jr.,
Managers on the part of the Senate.

LOUIS LUDLOW,
J. BUELL SNYDER,
M. A. ZIONCHECK,
JOHN F. DOCKWEILER,
EDWARD C. MORAN, Jr.,
J. P. BUCHANAN,
D. LANE POWERS,
Managers on the part of the House.

The PRESIDING OFFICER. Is there objection to the present consideration of the report?

There being no objection, the Senate proceeded to consider the report.

Mr. TYDINGS. I move that the conference report be agreed to.

The motion was agreed to.

The PRESIDING OFFICER laid before the Senate the following action of the House of Representatives, which was read:

IN THE HOUSE OF REPRESENTATIVES, UNITED STATES,
June 27, 1935.

Resolved, That the House recede from its disagreement to the amendments of the Senate numbered 1, 2, 35, and 39 to the bill (H. R. 8021) making appropriations for the legislative branch of the Government for the fiscal year ending June 30, 1936, and for other purposes, and concur therein; and

That the House insist upon its disagreement to the amendments of the Senate numbered 3, 4, 5, 6, 7, 8, 9, 10, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, and 32 to said bill, and request a further conference with the Senate on the disagreeing votes of the two Houses thereon.

Mr. TYDINGS. I move that the Senate insist upon its amendments numbered 3 to 10, inclusive, and 12 to 32, inclusive, agree to the further conference asked by the House, and that the Chair appoint the conferees on the part of the Senate. I will state that I have suggested that the same conferees be appointed as were originally appointed.

The motion was agreed to; and the Presiding Officer appointed Mr. TYDINGS, Mr. BYRNES, Mr. HAYDEN, Mr. HALE, and Mr. TOWNSEND conferees on the part of the Senate at the further conference.

RIVERS AND HARBORS

Mr. COPELAND. Mr. President, I now ask unanimous consent to withdraw my pending motion to proceed to the consideration of Senate bill 2582, the so-called "merchant-marine bill", and in its stead I ask that House bill 6732, the rivers and harbors bill, be now considered by the Senate.

The PRESIDING OFFICER. The Senator from New York withdraws the pending motion and asks unanimous consent that the Senate proceed to the consideration of the river and harbor bill. Is there objection?

There being no objection, the Senate proceeded to consider the bill (H. R. 6732) authorizing the construction, repair, and preservation of certain public works on rivers and harbors, and for other purposes, which had been reported from the Committee on Commerce with amendments.

Mr. COPELAND. I ask that the formal reading of the bill be dispensed with, and that it be read for amendment, the committee amendments to be first considered.

The PRESIDING OFFICER. Is there objection to the request of the Senator from New York? The Chair hears none, and it is so ordered.

Mr. COPELAND. Mr. President, I wonder if the Senate would object to adopting the amendments en bloc? There have been hearings upon them. I make that request.

The PRESIDING OFFICER. The Senator from New York asks unanimous consent that the amendments reported by the committee be agreed to en bloc. Is there objection?

Mr. VANDENBERG. Mr. President, that is perfectly satisfactory to me, with one exception. The Senator from New York will recall that among the other projects was one at Muskegon which was included subject to the ultimate approval of the Board of Rivers and Harbors Engineers. Since then the Board of Rivers and Harbors Engineers have passed favorably upon the project; and I have a letter from General Markham recommending that instead of the language used respecting the Muskegon project a definite statement be inserted reading as follows:

Muskegon Harbor, Mich.: Report of the Chief of Engineers, dated June 21, 1935.

Mr. COPELAND. Mr. President, on behalf of the committee, I accept the amendment suggested by the Senator from Michigan with the new language recommended by the Army engineers.

In every instance in this bill the projects which are included have been passed upon by the Army engineers. The only matters which have not been passed upon by them are

requests for surveys. It has been the universal practice that they should be granted without question.

This bill, of course, is merely an authorization. It does not actually appropriate the money, but it seeks to cover those matters which have engaged the attention of the Army engineers and have been duly reported to the Congress.

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

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

Mr. COPELAND. I yield.

Mr. KING. Mr. President, I have just been informed that the Senate is considering what is known as the "river and harbor bill." I have been handed a copy of the bill, and I discover that it contains 57 pages and deals with hundreds of projects. Not being a member of the committee and having had no opportunity to examine the bill or the report, I shall be glad to have the chairman of the committee inform me, first, what is the aggregate amount of the appropriations carried in the bill; second, the total amount of authorizations so far as they are susceptible of ascertainment; third, what will be the cost of making the surveys provided for in the bill; and, fourth, what will be the cost of carrying into effect the projects which, after surveys are made, will be adopted. I know that the information, particularly with respect to the last suggestion, will be difficult to obtain; indeed, perhaps, only a guess can be made with respect to the entire cost of executing the projects which may be agreed upon.

Mr. FLETCHER. Mr. President, I will say to the Senator that no appropriations at all are carried in the bill.

Mr. KING. None at all?

Mr. COPELAND. No, Mr. President. These are authorizations. Then from time to time the Army engineers come before the Appropriations Committee to ask for money to carry out the various authorizations. These are authorizations which have been considered by the Army engineers, and have been passed upon by the Commerce Committee after prolonged hearings, and all parties concerned have been heard. So in no sense is this an appropriation bill.

Mr. KING. Mr. President, since I have been in the Senate I have had occasion to examine river and harbor bills carrying millions of dollars of appropriations; indeed, in the aggregate they have carried hundreds of millions of dollars. My examinations led me to believe that many of the items were wholly unwarranted and that the appropriations in the aggregate were entirely too large. Believing as I was forced to believe, from the information which had come to me, that many of the appropriations for rivers and harbors were improper, I determined to make a careful examination of appropriations which had been made from the beginning of the Republic. Accordingly, 8 or 10 years ago I obtained all of the reports and data that were available and examined all of the projects concerning which data were available, in order to satisfy myself as to the merits of the various projects upon which appropriations had been made and the wisdom of continuing the hit-and-miss policy which had been adopted in dealing with rivers and harbors.

It took several weeks to assemble the data and to examine all of the material available concerning the appropriations which had been made for the purposes indicated. I found that considerably more than a billion dollars had been expended and that a considerable portion of the same had been wasted upon waterways, bayous, swamps, and streams that had never been utilized to carry freight or commerce of any kind and could not be made serviceable for commercial or other purposes. Little streams were made the excuse for obtaining appropriations from the Government, and upon insignificant rivulets and creeks thousands of dollars were expended. Indeed, the aggregate expended upon the character of streams, bayous, and creeks to which I am referring amounted to tens of millions of dollars.

I discovered that upon many of these so-called "waterways", after large sums had been expended for their development, no freight was carried; upon some of them a few tons of rock or gravel were transported and upon the others a few logs or some brush were floated for short distances.

I recall that in one State, where $10,000,000 had been appropriated upon a project ostensibly needed for the transportation of freight, it had scarcely ever been utilized, and, when I mentioned the matter in the Senate, one of the Senators from that State arose and declared that it had never been of any benefit, and probably never would prove of any benefit or advantage to the State or its inhabitants.

Mr. President, I reached the conclusion, after a most thorough investigation, that nearly one-half of all the appropriations made had proven of but little, if any, value. I do not mean to convey the idea there should not be appropriations made for the improvement of our harbors and for the development of some of our waterways. In this connection, though, it is not improper to state that there have been expended upon the Missouri, Mississippi, and Ohio Rivers hundreds of millions of dollars, and, generally speaking, I think the freight and cargoes carried upon these streams amount in tonnage to less than that which was carried back in the days of Mark Twain. We read that 6 to 10 decades ago there were many boats upon the Mississippi and Missouri Rivers, and that they carried a large number of passengers and a considerable volume of freight.

But as appropriations were made and millions expended for the improvement of these streams, there was a reduction in the amount of freight carried and in the number of passengers who availed themselves of water transportation facilities. As a matter of fact, many of the boats that carried passengers and freight became obsolete and were not replaced, and these great waterways became less and less important for transportation purposes.

Mr. President, a hasty glance at the 57 pages contained in the bill before us leads me to the conviction that many of the projects for which surveys are to be made are unworthy of Federal consideration and entirely lacking in merit. As I have objected to various measures carrying millions for so-called "rivers and harbors" I am unwilling to give my support to the bill now under consideration.

I inquire of the Senator from New York [Mr. COPELAND] whether these numerous items and projects have received the attention of members of his committee, and whether the evidence submitted is sufficient to justify authorization for surveys, because, as Senators know, these surveys cost money; and I also inquire whether or not there was evidence adduced justifying a continuation of projects which heretofore may have been authorized.

Mr. COPELAND. Mr. President, I think I may say to the Senator that no silly and impossible and improper surveys have been asked for. I have a great deal of sympathy for what the Senator says about the bill in general. I always have felt that way about it, and I feel more that way now, having been through it; yet these various surveys go to the Board of Army Engineers. If there is absolutely no justification for the expenditure of a dollar in a survey, they simply do not make it.

Mr. KING. Mr. President, in the examinations which I have made of reports submitted in behalf of the hundreds and hundreds of projects upon which Federal moneys have been expended I have found that in many instances chambers of commerce, organizations of citizens, various civic and other clubs made representations to Congress as to the vital importance of appropriations for the development of projects within their States; and I discovered that many of these projects were of the insignificant and unimportant character that I have described; that they related to little brooks and streams and bayous and, in some instances, the evidence showed that the streams were so small that they could not support boats capable of carrying persons or commodities.

As I recall, the survey showed that one of the projects had so little water that it was recommended that artesian wells be drilled in order to supplement the wholly inadequate amount of water found in the stream. Yet this project found a place in the great river and harbor appropriations bill.

The result of those representations was, that not infrequently projects were adopted upon which were expended—or rather I should say, wasted—large sums taken from the Federal Treasury.

I recall that upon one occasion, when an appropriation for rivers and harbors was under consideration, there appeared an appropriation for a stream in New Jersey. Immediately one of the Senators from that State arose and said that he had never heard of such a creek or stream and, as I recall, he stated he did not ask for an appropriation.

Mr. VANDENBERG. Will the Sentor yield?

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

Mr. VANDENBERG. Mr. President, I desire to call the attention of the Senator to the fact that there is use for surveys running to a totally different net result than that he has described. For example, the committee has inserted provision in the bill for one survey at my request which has for its purpose the development of an authentic opinion that a project is not worth while, so that I can use it authentically in rebutting the precise kind of propaganda the Senator is discussing. This great array of surveys in the bill, more often than not, in my judgment, will result in the condemnation and the stopping of projects rather than in their encouragement.

Mr. KING. Mr. President, I wish to commend my friend the Senator from Michigan for suggesting or supporting the provision of the bill which he refers to. I have no doubt that if such a plan shall be carried into effect hundreds of these so-called "projects" calling for river and harbor appropriations will be abandoned and hundreds more for which appropriations have been solicited will never be entered upon.

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

Mr. KING. I yield.

Mr. FLETCHER. I think the Senator need not be disturbed by the supposed expense of making surveys. Most of them can be made from data already in the office of the Chief of Engineers, and it will not be necessary to send out people actually to make the physical surveys. They have the data already in hand.

Mr. KING. Mr. President, may I ask the Senator from Michigan whether his suggestion and his amendment will call for a reexamination of many of these projects which have been surveyed and upon the construction of which the Government has entered?

Mr. VANDENBERG. Frequently the items call for a resurvey of existing information in order to bring it down to date. My experience with surveys has been rather general, because Michigan has a longer water line than any other State in the Union, and we have a very large interest in water projects. My experience has been that surveys more often result in condemnation of projects by the Board of Rivers and Harbors Engineers than in their approval.

Mr. KING. Mr. President, referring to the statement made by the Senator from Florida I concede that data have been accumulated relating to some streams and with respect to some harbors which will enable the engineers, without additional surveys, to make recommendations, but the data obtained were not spontaneously generated and the facts and statements and the information available resulted from surveys and explorations made by Army engineers or persons representing the Government. I concede also, as stated by the Senator from Michigan, that the Army engineers, upon making surveys, and after making investigations, have made some adverse recommendations. I also discovered in my investigations that in some cases where the engineers had made adverse reports persistent efforts were made to secure further examinations and surveys, and the result was that the first reports were modified and in some instances entirely overruled.

Notwithstanding the adverse reports which from time to time were submitted there are hundreds of projects which were approved and upon which, as I have stated—and I ask pardon for repeating—hundreds of millions of dollars were expended, no small part of which was an absolute waste.

The bill before us authorizes investigations of a large number of projects. Since I came into the Chamber I have hastily glanced at the pages of the bill and at the projects referred to, and they number more than 475.

Mr. COPELAND. Will the Senator from Utah yield?

Mr. KING. I yield.

Mr. COPELAND. I think I ought to pay just a brief tribute to the Army engineers. I have found them beyond influence. Even when I have gone to them as Chairman of the Committee on Commerce, I have found, in the language of the street, that they are "from Missouri." It is very difficult—I think impossible—to delude or mislead the Army engineers. They are most rigid. They have stood up and in my presence opposed Members of Congress time and again who wanted pet projects adopted, but the engineers refused to yield.

Mr. KING. Mr. President, may I ask the Senator from New York whether it is his desire to have the Senate finally act upon the bill this afternoon?

Mr. COPELAND. Mr. President, will the Senator from Utah yield?

Mr. KING. I yield.

Mr. COPELAND. In addition to the amendments which are printed in the bill——

Mr. McKELLAR. Mr. President, have those amendments been agreed to?

Mr. COPELAND. Not as yet. In addition to those amendments, I send a number of other amendments to the desk, which I desire to have stated and acted upon.

The PRESIDING OFFICER. The clerk will state the amendments submitted by the Senator from New York.

The CHIEF CLERK. On page 8, line 3, it is proposed to strike out the semicolon and insert in lieu thereof a comma and the following: "and Rivers and Harbors Committee Document No. 60, Seventy-fourth Congress."

On page 8, between lines 6 and 7, to insert the following paragraph:

Twitch Cove and Big Thoroughfare River, Md.; Rivers and Harbors Committee Document No. 67, Seventy-fourth Congress.

On page 6, line 24, it is proposed to strike out the word "document" and to insert in lieu thereof the word "documents", and after the word "Congress", at the end of line 24, to insert a comma and the words "and 66, Seventy-fourth Congress"; and on page 17, line 3, to strike out the words "Document No. 13, Seventy-fourth Congress" and to insert in lieu thereof the words "Documents Nos. 13 and 63, Seventy-fourth Congress."

Mr. COPELAND. It is desired that the language regarding Muskegon Harbor, Mich., be changed as I indicated in the language I send to the desk.

The PRESIDING OFFICER. The clerk will state the proposed amendment.

The CHIEF CLERK. In lieu of the amendment proposed on page 22, after line 23, it is proposed to insert the following:

Muskegon Harbor, Mich., report of the Chief of Engineers dated June 21, 1935.

On page 46, after line 17, it is proposed to insert a paragraph, as follows:

Waterway from Offatts Bayou to San Louis Pass, Galveston Island, Tex.

On page 3, between lines 14 and 15, it is proposed to insert the following:

Vineyard Harbor, Mass., Rivers and Harbors Committee Document No. 65, Seventy-fourth Congress.

Mr. COPELAND. Mr. President, I should like to have the attention of the Senator from Texas to ascertain whether this is the same language we have used.

The CHIEF CLERK. On page 46, after line 17, it is proposed to insert a new paragraph, to read as follows:

Waterway from Offatts Bayou to San Louis Pass, Galveston Island, Tex.

Mr. SHEPPARD. Mr. President, that is the same as the language read a few moments ago.

The PRESIDING OFFICER. The clerk will state the next amendment offered by the Senator from New York.

The CHIEF CLERK. On page 16, after line 9, it is proposed to insert the following:

Galveston Channel, Tex.; Rivers and Harbors Committee Document No. 61, Seventy-fourth Congress.

On page 8, line 3, it is proposed to strike out the semicolon and to insert a comma and the words "and 60, Seventy-fourth Congress"; in line 2, to strike out the word "Document" and insert in lieu thereof the word "Documents", so as to read:

Ocean City Harbor and Inlet, and Sinepuxent Bay, Md.; Rivers and Harbors Committee Documents No. 38, Seventy-second Congress, and 60, Seventy-fourth Congress.

On page 16, line 12, it is proposed to strike out the word "Congress" and the semicolon and to insert, "and 62, Seventy-fourth Congresses", so as to make the paragraph read:

Channel from Galveston Harbor to Texas City, Tex.; Rivers and Harbors Committee Documents Nos. 4 and 46, Seventy-third, and 62, Seventy-fourth Congress.

Mr. COPELAND. Mr. President, I move that the amendments of the committee be agreed to, so as to leave the bill open for Members of the Senate to offer individual amendments.

Mr. McNARY. What is the motion?

Mr. COPELAND. My motion is that the amendments reported by the Committee on Commerce be approved, leaving the bill open then for individual amendments to be proposed.

Mr. McNARY. The Senator means that we shall by one motion adopt the committee amendments?

Mr. COPELAND. Yes.

Mr. McKELLAR. Those printed in the bill, as well as the additional ones offered by the Senator?

Mr. COPELAND. That is correct.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from New York [Mr. COPELAND], that the amendments of the committee be agreed to en bloc.

The motion was agreed to.

The amendments reported by the Committee on Commerce as printed in the bill and agreed to en bloc are as follows:

The first amendment of the Committee on Commerce was, on page 2, line 3, after the word "documents", to insert a semicolon and "and that hereafter Federal investigations and improvements of rivers, harbors, and other waterways shall be under the jurisdiction of and shall be prosecuted by the War Department under the direction of the Secretary of War and the supervision of the Chief of Engineers, except as otherwise specifically provided by act of Congress", so as to read:

That the following works of improvement of rivers, harbors, and other waterways are hereby adopted and authorized, to be prosecuted under the direction of the Secretary of War and supervision of the Chief of Engineers, in accordance with the plans recommended in the respective reports hereinafter designated and subject to the conditions set forth in such documents; and that hereafter Federal investigations and improvements of rivers, harbors, and other waterways shall be under the jurisdiction of and shall be prosecuted by the War Department under the direction of the Secretary of War and the supervision of the Chief of Engineers, except as otherwise specifically provided by act of Congress.

The next amendment was, on page 2, after line 12, to insert:

Corea Harbor, Maine; Rivers and Harbors Committee Document No. 27, Seventy-fourth Congress.

The next amendment was, on page 2, after line 18, to insert:

Boston Harbor, Mass.; Rivers and Harbors Committee Document No. 29, Seventy-fourth Congress.

The next amendment was, on page 2, after line 21, to insert:

Mystic River, Mass.; Rivers and Harbors Committee Document No. 33, Seventy-fourth Congress.

The next amendment was, at the top of page 4, to insert:

Southport Harbor, Conn.: Rivers and Harbors Committee Document No. 36, Seventy-fourth Congress.

The next amendment was, on page 4, after line 6, to insert:

Fivemile River Harbor, Conn.; House Document No. 1419, Sixty-third Congress, third session, with modifications recommended by the division engineer in a supplemental report submitted November 6, 1934.

The next amendment was, on page 4, after line 18, to insert:

Sag Harbor, N. Y.; Rivers and Harbors Committee Document No. 32, Seventy-fourth Congress.

The next amendment was, on page 4, after line 20, to insert:

Buttermilk Channel, New York Harbor, N. Y.; Rivers and Harbors Committee Document No. 55, Seventy-fourth Congress.

The next amendment was, on page 5, line 20, after the words "Seventy-third" to strike out "Congress: *Provided*, That no allotment of Federal moneys shall be made under this authorization unless and until the State of New York shall have entered into agreement satisfactory to the Secretary of War that no toll charges will be imposed for the use and navigation of the improved waterway" and insert "Congress. All acts or parts of acts inconsistent herewith are hereby repealed", so as to read:

Great Lakes-Hudson River Waterway; Rivers and Harbors Committee Document No. 20, Seventy-third Congress. All acts or parts of acts inconsistent herewith are hereby repealed.

The next amendment was, on page 6, after line 14, to insert:

Manasquan River, N. J.; Commerce Committee Document, Seventy-fourth Congress.

The next amendment was, on page 6, line 19, after the word "House" to strike out "Document No. 157, Seventy-first Congress" and insert "Documents Nos. 157, Seventy-first, and 31, Seventy-fourth Congresses", so as to read:

Shrewsbury River, N. J.; House Documents Nos. 157, Seventy-first, and 31, Seventy-fourth Congresses.

The next amendment was, on page 7, after line 18, to strike out:

Ocean City Harbor and Inlet, and Sinepuxent Bay, Md.; Rivers and Harbors Committee Document No. 38, Seventy-second Congress.

The next amendment was, on page 7, after line 23, to insert:

Delaware Bay Harbor of Refuge, Del.; Rivers and Harbors Committee Document No. 56, Seventy-fourth Congress.

The next amendment was, at the top of page 8, to insert:

Ocean City Harbor and Inlet, and Sinepuxent Bay, Md.; Rivers and Harbors Committee Document No. 38, Seventy-second Congress.

The next amendment was, on page 8, after line 6, to insert:

Upper Chesapeake Bay and Susquehanna River, Havre de Grace, Md.; for a boat basin and harbor adjoining the city park and a channel leading thereto from Point Concord, subject to the approval of the Board of Engineers for Rivers and Harbors.

The next amendment was, on page 8, after line 16, to insert:

Pocomoke River, Md.; as contained in the report of June 5, 1935, of the Chief of Engineers.

The next amendment was, on page 8, after line 20, to insert:

Honga River and Tar Bay (Barren Island Gaps), Md.; Rivers and Harbors Document No. 35, Seventy-fourth Congress.

The next amendment was, on page 9, line 2, after the word "Congress", to insert a comma and "and Rivers and Harbors Document No. 46, Seventy-fourth Congress", so as to read:

Starlings Creek, Va.; House Document No. 138, Seventy-second Congress, and Rivers and Harbors Document No. 46, Seventy-fourth Congress.

The next amendment was, on page 9, line 11, after the words "Rivers and Harbors", to insert a comma and "except that the District of Columbia shall not be required to participate in contributing to the cost of the improvement", so as to read:

Potomac River, north side of Washington Channel, D. C.; Rivers and Harbors Committee Document No. 13, Seventy-third Congress: *Provided*, That the work recommended in the said document shall be prosecuted in accordance with the recommendations of the Board of Engineers for Rivers and Harbors, except that the District of Columbia shall not be required to participate in contributing to the cost of the improvement.

The next amendment was, on page 10, after line 23, to insert:

Meherrin River, N. C.; Rivers and Harbors Committee Document No. 43, Seventy-fourth Congress.

The next amendment was, at the top of page 11, to insert:

Cape Lookout Harbor of Refuge, N. C.; House Document No. 528, Sixty-second Congress; from the shore line to the bell buoy, including the building up of the present breakwater and extension of the same according to said report.

The next amendment was, at the top of page 12, to insert:

St. Johns River, Fla., Jacksonville to the ocean; report of the Chief of Engineers dated June 5, 1935.

The next amendment was, on page 12, line 4, after the word "Congress", to insert a comma and "and Rivers and Harbors Committee Document No. 42, Seventy-fourth Congress", so as to read:

Lake Worth Inlet, Fla.; House Document No. 185, Seventy-third Congress, and Rivers and Harbors Committee Document No. 42, Seventy-fourth Congress.

The next amendment was, on page 12, after line 14, to insert:

Caloosahatchee River and Lake Okeechobee drainage areas, Fla.: The existing project is hereby modified to provide that the United States shall maintain all project works when completed and shall bear the cost of all drainage structures heretofore or hereafter constructed in connection with said project: *Provided*, That the total cash contribution required of local interests toward the cost of the project shall be $500,000.

The next amendment was, on page 13, after line 2, to insert:

La Grange Bayou, Fla.; Rivers and Harbors Committee Document No. 49, Seventy-fourth Congress.

The next amendment was, on page 13, after line 4, to insert:

Homossassa River, Fla.; Rivers and Harbors Committee Document No. 30, Seventy-fourth Congress.

The next amendment was, on page 13, after line 6, to insert:

Carrabelle Bar and Harbor, Fla.; Commerce Committee document containing report of the Chief of Engineers dated May 15, 1933, Seventy-third Congress.

The next amendment was, on page 13, after line 9, to insert:

Caseys Pass, Fla.; Report of the Chief of Engineers dated June 5, 1935.

The next amendment was, on page 14, after line 11, to insert:

Pearl River, Miss. and La., from Jackson, Miss., to a point on the Pearl River between Poplarville, Miss., and Bogalusa, La., and with a view to providing a 6-foot channel from the mouth of Pearl River to a point between Poplarville, Miss., and Bogalusa, La., subject to final approval by the Board of Engineers for Rivers and Harbors.

The next amendment was, on page 14, line 22, after the word "Congress", to insert a colon and the following proviso: "*Provided*, That the Chief of Engineers may in his discretion modify the project with respect to the selection of the outlet pass to be improved", so as to read:

Bayou Lafourche, La.; House Document No. 45, Seventy-third Congress: *Provided*, That the Chief of Engineers may in his discretion modify the project with respect to the selection of the outlet pass to be improved.

The next amendment was, on page 15, line 16, after the words "*Provided further*" to strike out "That in the event an agreement with local authorities is effected to utilize a portion of Sabine Lake for the disposal of dredged material, the Chief of Engineers is hereby authorized, in his discretion, to contribute from United States funds one-half the cost of a suitable dike or retaining wall, but in no event shall the amount of such contribution exceed the sum of $50,000" and in lieu thereof to insert "That the Chief of Engineers is authorized and directed to construct all works necessary to prevent the escape into Sabine Lake of dredged material hereafter deposited on the lake frontage owned by the city of Port Arthur, and to construct suitable permanent protective works to prevent the erosion of the material so deposited at a cost not to exceed $600,000, the funds necessary for these purposes to be in addition to those provided for the project as set forth in said document", so as to read:

Sabine-Neches Waterway, Tex.; Rivers and Harbors Committee Documents No. 27, Seventy-second Congress, and 12, Seventy-fourth Congress: *Provided*, That no expense shall be incurred by the United States for the acquiring of any lands required for the purpose of this improvement: *Provided further*, That the Chief of Engineers is authorized and directed to construct all works necessary to prevent the escape into Sabine Lake of dredged material hereafter deposited on the lake frontage owned by the city of Port Arthur, and to construct suitable permanent protective works to prevent the erosion of the material so deposited at a cost not to exceed $600,000, the funds necessary for these purposes to be in addition to those provided for the project as set forth in said document.

The next amendment was, on page 16, line 7, after the words "Rivers and Harbors Committee", to strike out "Document No. 31, Seventy-second Congress," and insert "Documents No. 31, Seventy-second and 57, Seventy-fourth Congresses", so as to read:

Galveston Harbor, Tex.; Rivers and Harbors Committee Documents No. 31, Seventy-second and 57, Seventy-fourth Congresses.

The next amendment of the committee was on page 16, line 9, after the word "Congress" to insert the following:

Provided, That the Chief of Engineers is authorized and directed to construct groins to protect the sea wall constructed by the United States and the city of Galveston in accordance with the plans submitted in House Document No. 400, Seventy-third Congress, and at a cost not to exceed $234,000, and the funds necessary for this purpose to be in addition to those provided for the project as set forth in said document.

The next amendment was, on page 16, line 14, after the word "Committee", to strike out "Document No. 28, Seventy-second Congress," and insert "Documents No. 28, Seventy-second and 58, Seventy-fourth Congresses," so as to read:

Houston Ship Channel, Tex.; Rivers and Harbors Committee Documents No. 28, Seventy-second and 58, Seventy-fourth Congresses.

The next amendment was, on page 17, after line 16, to insert:

Wolf River (Memphis Harbor), Tenn.; Rivers and Harbors Committee Document No. 45, Seventy-fourth Congress.

The next amendment was, at the top of page 18, to insert:

Mississippi River between Missouri River and Minneapolis; House Document No. 137, Seventy-second Congress, and Rivers and Harbors Committee Document No. 44, Seventy-fourth Congress.

The next amendment was, on page 18, after line 4, to insert:

Missouri River; House Document No. 238, Seventy-third Congress.

The next amendment was, on page 18, after line 8, to insert:

Sheboygan Harbor, Wis.; Rivers and Harbors Committee Document No. 47, Seventy-fourth Congress.

The next amendment was, on page 18, after line 11, to insert:

Port Washington Harbor, Wis.; Rivers and Harbors Committee Document No. 41, Seventy-fourth Congress.

The next amendment was, on page 18, after line 19, to insert:

Monongahela River, Pa. and W. Va.; the Tygart River Reservoir project now being prosecuted by the War Department under the provisions of the National Industrial Recovery Act.

The next amendment was, on page 19, line 7, after the name "Ohio" and the semicolon, to strike out "House Document No. 277, Seventy-third Congress" and insert "of the width and depth provided in House Document No. 277,

Seventy-third Congress, as a Federal project and to continue to Lake Erie at or near Ashtabula, Ohio, subject to the final approval of the whole project from the Ohio River to Lake Erie by the Board of Engineers for Rivers and Harbors", so as to read:

Beaver and Mahoning Rivers, Pa. and Ohio; of the width and depth provided in House Document No. 277, Seventy-third Congress, as a Federal project and to continue to Lake Erie at or near Ashtabula, Ohio, subject to the final approval of the whole project from the Ohio River to Lake Erie by the Board of Engineers for Rivers and Harbors.

The next amendment was, on page 22, after line 5, to insert:

Michigan City Harbor, Ind.; Rivers and Harbors Committee Document No. 34, Seventy-fourth Congress.

The next amendment was, on page 22, line 11, after the word "Congress", to insert "and report of the Chief of Engineers dated December 21, 1934", so as to read:

South Haven Harbor, Mich.; Rivers and Harbors Committee Document No. 9, Seventy-third Congress, and report of the Chief of Engineers dated December 21, 1934: *Provided*, That no expense shall be incurred by the United States for the acquiring of any lands required for the purpose of this improvement.

The next amendment was, on page 22, after line 14, to insert:

St. Joseph Harbor, Mich.; Rivers and Harbors Committee Document No. 52, Seventy-fourth Congress.

The next amendment was, on page 22, after line 17, to insert:

Holland Harbor and Black Lake, Mich.; Rivers and Harbors Committee Document No. 48, Seventy-fourth Congress.

The next amendment was, on page 22, after line 23, to insert:

Muskegon Harbor, Mich.; that the project for the improvement of Muskegon Harbor, authorized by the River and Harbor Act approved March 3, 1925, is hereby modified to provide for the construction for concrete revetment in and along those sections of Muskegon Harbor channel not heretofore improved at public expense: *Provided, however*, That the Chief of Engineers shall approve such construction in the interest of navigation.

The next amendment was, on page 23, after line 7, to insert:

Great Lakes—Connecting waters, principal harbors, and river channels; Rivers and Harbor Committee Document No. 53, Seventy-fourth Congress.

The next amendment was, on page 24, line 3, after the word "Congress", to insert a comma and "and Commerce Committee document containing report of the Chief of Engineers dated April 27, 1934", so as to read:

Rogue River, Mich.; Rivers and Harbors Committee Document No. 19, Seventy-second Congress, and Commerce Committee document containing report of the Chief of Engineers dated April 27, 1934: *Provided*, That no expense shall be incurred by the United States for the acquiring of any lands required for the purpose of this improvement.

The next amendment was, on page 24, line 17, after the word "Congress", to insert a semicolon and "and Rivers and Harbors Committee Document No. 51, Seventy-fourth Congress, and Commerce Committee document containing the report of the Chief of Engineers dated June 8, 1934", so as to read:

Lorain Harbor, Ohio; House Document No. 469, Seventy-second Congress; and Rivers and Harbors Committee Document No. 51, Seventy-fourth Congress, and Commerce Committee Document containing the report of the Chief of Engineers dated June 8, 1934: *Provided*, That no expense shall be incurred by the United States for the acquiring of any lands required for the purpose of this improvement.

The next amendment was, on page 24, line 25, after the word "Congress", to insert a comma and "and Rivers and Harbors Committee Document No. 39, Seventy-fourth Congress", so as to read:

Cleveland Harbor, Ohio; House Document No. 477, Seventy-second Congress, and Rivers and Harbors Committee Document No. 39, Seventy-fourth Congress.

The next amendment was, on page 25, line 12, after the word "Congress", to insert a comma and "and Rivers and Harbors Committee Document No. 54, Seventy-fourth Congress", so as to read:

Buffalo Harbor, N. Y.; House Document No. 46, Seventy-third Congress, and Rivers and Harbors Committee Document No. 54, Seventy-fourth Congress.

The next amendment was, on page 26, after line 7, to insert:

Los Angeles and Long Beach Harbors, Calif.; Commerce Committee document containing the report of the Chief of Engineers dated August 18, 1934.

The next amendment was, on page 27, after line 11, to insert:

Santa Barbara Harbor, Calif.; Commerce Committee document containing the report of the Chief of Engineers dated September 25, 1934.

The next amendment was, on page 27, after line 14, to insert:

Crescent City Harbor, Calif.; Rivers and Harbors Committee Document No. 40, Seventy-fourth Congress.

The next amendment was, at the top of page 28, to insert:

Sacramento River and tributaries, Calif. (debris control); Rivers and Harbors Committee Document No. 50, Seventy-fourth Congress.

The next amendment was, on page 28, after line 8, to insert:

Coos Bay, Oreg., inner harbor; Commerce Committee Document containing the report of the Chief of Engineers dated April 26, 1934.

The next amendment was, on page 28, after line 11, to insert:

Coquille River, bar and entrance, Oreg.; Commerce Committee document containing the report of the Chief of Engineers dated December 20, 1934.

The next amendment was, on page 28, after line 23, to insert:

Columbia River, Oreg.; construction of dam, ship lock, and works for the utilization of surplus power, at the site at Bonneville recommended in the report of the Chief of Engineers dated August 21, 1933.

The next amendment was, on page 31, after line 6, to insert:

Sitka Harbor, Alaska; Rivers and Harbors Committee Document No. 59, Seventy-fourth Congress.

The next amendment was, on page 31, after line 14, to insert:

San Juan Harbor, P. R.; Rivers and Harbors Committee Document No. 38, Seventy-fourth Congress.

The next amendment was, at the top of page 32, to insert the following new section:

SEC. 2. That for the purpose of controlling floods, improving navigation, regulating the flow of the streams of the United States, providing for storage and for the delivery of the stored waters thereof, for the reclamation of public lands and Indian reservations, and other beneficial uses, and for the generation of electric energy as a means of financially aiding and assisting such undertakings, the projects known as "Parker Dam" on the Colorado River and "Grand Coulee Dam" on the Columbia River, are hereby authorized and adopted, and all contracts and agreements which have been executed in connection therewith are hereby validated and ratified, and the President, acting through such agents as he may designate, is hereby authorized to construct, operate, and maintain dams, structures, canals, and incidental works necessary to such projects, and in connection therewith to make and enter into any and all necessary contracts including contracts amendatory of or supplemental to those hereby validated and ratified. The construction by the Secretary of the Interior of a dam in and across the Colorado River at or near Head Gate Rock, Ariz., and structures, canals, and incidental works necessary in connection therewith is hereby authorized.

The next amendment was, on page 32, after line 22, to insert the following new section:

SEC. 3. All projects planned or undertaken to accomplish the purposes specified in section 2 for which allotments have been made pursuant to the provisions of title II of the act approved June 16, 1933, entitled the "National Industrial Recovery Act", are hereby authorized and adopted, and all contracts and agreements which have heretofore been executed in connection therewith are hereby validated and ratified, and the President, acting through such agents as he may designate, is hereby authorized to

construct, operate, and maintain dams, structures, canals, and incidental works necessary to such projects, and in connection therewith to make and enter into any and all necessary contracts, including contracts amendatory of or supplemental to those hereby validated and ratified.

The next amendment was, on page 33, line 12, to change the section number from 2 to 4.

The next amendment was, on page 34, after line 8, to insert:

Prouts Neck, Maine, with a view to the establishment of a harbor refuge.
Hendrick's Harbor, Maine.
St. Croix River, Maine.
Bar Harbor, Maine.
Monhegan Harbor, Maine.
Ogunquit-Perkins Cove, Maine.
Cranberry Island Harbor, Maine.
Kennebec River, Maine, with a view to dredging the river from Augusta, Maine, to Gardiner, Maine.

So as to make the section read in part:

SEC. 4. The Secretary of War is hereby authorized and directed to cause preliminary examinations and surveys to be made at the following-named localities, the cost thereof to be paid from appropriations heretofore or hereafter made for such purposes: *Provided*, That no preliminary examination, survey, project, or estimate for new works other than those designated in this or some prior act or joint resolution shall be made: *Provided further*, That after the regular or formal reports made as required by law on any examination, survey, project, or work under way or proposed are submitted no supplemental or additional report or estimate shall be made unless authorized by law: *And provided further*, That the Government shall not be deemed to have entered upon any project for the improvement of any waterway or harbor mentioned in this act until the project for the proposed work shall have been adopted by law:
Long Cove, Maine.
Chandler River, Maine.
Ile au Haut Thoroughfare, Maine.
Eastport Harbor, Maine.
Frenchboro Harbor, Maine.
Prouts Neck, Maine, with a view to the establishment of a harbor of refuge.
Hendrick's Harbor, Maine.
St. Croix River, Maine.
Bar Harbor, Maine.
Monhegan Harbor, Maine.
Ogunquit-Perkins Cove, Maine.
Cranberry Island Harbor, Maine.
Kennebec River, Maine, with a view to dredging the river from Augusta, Maine, to Gardiner, Maine.

The next amendment was, on page 35, after line 5, to insert:

Lewis Bay and the harbor at West Yarmouth, Mass.
Town River, Quincy, Mass.
Inner harbor, Block Island, R. I.

The next amendment was, on page 35, after line 10, to insert:

Bridgeport Harbor, Conn.: The Secretary of War is hereby authorized and directed to make a survey of Bridgeport Harbor, Conn., and report to Congress the facts of such survey, with recommendations concerning the practicability of additional dredging in the harbor to enlarge the harbor basins.

The next amendment was, on page 35, after line 21, to insert:

Woodmont Harbor, Conn., and report to Congress the facts of such survey, with recommendations concerning the practicability of providing harbor facilities or breakwater protection.

The next amendment was, on page 36, after line 3, to insert:

Lake Champlain, Vt., with a view to reopening the old channel through the South Hero sand bar in the vicinity of Milton and South Hero.

The next amendment was, on page 36, after line 6, to insert:

Lake Champlain, Vt., with a view to reopening the channel between East Alburg and West Swanton.

The next amendment was, at the top of page 37, to insert:

Otter River, Vt., with a view to making the river navigable from Vergennes to Lake Champlain.

The next amendment was, on page 37, after line 2, to insert:

Deep waterway to connect Lake St. Francis on the St. Lawrence River with the Hudson River at Albany by way of Lake Champlain, with a view to determining the advisability and cost of such a connection between the St. Lawrence waterway, as proposed by treaty, and the sheltered waters of the Atlantic coast between Boston, Mass., and Norfolk, Va.

The next amendment was, on page 38, after line 18, to strike out:

Plum Point Creek, Calvert County, Md.

The next amendment was, on page 38, after line 21, to insert:

Channel connecting Magothy River and Cypress Creek, Anne Arundel County, Md.

The next amendment was, on page 39, after line 4, to insert:

Jones Creek and Nanticoke River in the vicinity of Waterview and Nanticoke, Wicomico County, Md.

The next amendment was, on page 40, after line 6, to insert:

Upper Thoroughfare, Deals Island, Md.

The next amendment was, on page 40, after line 7, to insert:

Neale Sound, Md.

The next amendment was, on page 40, after line 22, to insert:

Salters Creek, Newport News, Va., and channel connecting with the deep waters in Hampton Roads.

The next amendment was, on page 41, line 6, after the word "at", to strike out "Oriental" and insert "Bayboro", so as to read:

Vandermere Harbor and Bay River at Bayboro, N. C.

The next amendment was, on page 41, after line 7, to insert:

From Croatan Sound to Manns Harbor, N. C.

The next amendment was, on page 41, after line 9, to insert:

Drum Inlet, N. C.; near the town of Atlantic with a view to preserving the same to a depth of 12 feet at low water.

The next amendment was, on page 41, after line 15, to insert:

Pee Dee River, S. C., with a view to obtaining a navigable channel from the point where Jericho Creek connects the Pee Dee River with the Waccamaw River to a point approximately 17 miles from Georgetown, where the Thoroughfare also connects the Pee Dee River with the Waccamaw River.

The next amendment was, on page 42, after line 10, to insert:

Miami Beach, Fla., turning basin at east end of municipal channel opposite causeway docks of Peninsular Terminal Co.

The next amendment was, on page 42, line 14, after the word "from", to strike out "Ponce de Leon" and insert "DeLeon", so as to read:

Waterway from DeLeon Springs to St. Johns River, Fla.

The next amendment was, on page 42, after line 18, to strike out:

Channel from Oklawaha River into Lake Briffin, Fla.

The next amendment was, on page 42, after line 20, to insert:

Oklawaha River, Fla., with a view to securing a channel 6 feet in depth and of suitable width to Leesburg and into Lake Harris.

The next amendment was, on page 43, after line 10, to insert:

Carrabelle Harbor, Fla., with a view to providing a channel of 25 feet across the bar and in the channel to the docks at Carrabelle.

The next amendment was, on page 43, after line 13, to insert:

Waterway and turning basin of suitable dimensions from Intracoastal Waterway, Jacksonville to Key West, to a point at or near Jacksonville Beach, Fla.

The next amendment was, on page 43, after line 16, to insert:

Daytona Beach, Fla.

The next amendment was, on page 43, after line 17, to insert:

St. Lucie Inlet, Fla.

The next amendment was, on page 43, after line 18, to insert:

Jupiter Inlet, Fla.

The next amendment was, on page 43, after line 19, to insert:

Pirates Cove Channel, in Sacarma Bay, Pirates Cove, and Johnsons Pass, Fla.

The next amendment was, on page 43, after line 21, to insert:

Waterway from the St. Johns River at or near Sanford, Fla., to Tampa, by way of the Kissimmee and Alafia Rivers and Tampa Bay.

The next amendment was, on page 45, after line 16, to insert:

Lake Charles Ship Channel, La., from Lake Charles to the Gulf of Mexico, at a point east of the mouth of the Calcasieu River, including proposed routes by way of the Calcasieu River, the Intracoastal Waterway, and a land cut, and any other route appearing more practicable.

The next amendment was, on page 45, after line 21, to insert:

Grand Bayou Pass, La.

The next amendment was, on page 45, after line 22, to insert:

Bayou Dupre, La.

The next amendment was, on page 46, after line 19, to strike out:

At and in the vicinity of Lynns Bayou, Tex., including channel to deep water connecting with the harbor basin at Port Lavaca in Lavaca Bay.

The next amendment was, on page 46, after line 22, to insert:

Pass Cavallo, Tex., and channel from Pass Cavallo to Port O'Connor and Port Lavaca.

The next amendment was, at the top of page 47, to insert:

Jefferson-Shreveport Waterway, Tex. and La., with a view to determining advisability of enlargement of existing project and of taking into consideration in this connection establishment of reservoir on Cypress River above Jefferson to assure better water supply.

The next amendment was, on page 47, after line 23, to insert:

Green River, at or near Green River, Utah, with a view to preventing shore erosion, and to submit a report thereon to the Congress as soon as practicable.

The next amendment was, on page 48, after line 14, to insert:

Channels in the harbors at Washington Island, Door County, Wis.

The next amendment was, on page 48, after line 19, to insert:

Wilmette Harbor, Ill.

The next amendment was, on page 48, line 24, after the name "Grand Rapids" to insert a semicolon and "or any preferable alternative route between Grand Rapids and Lake Michigan", so as to read:

Waterway from Lake Michigan through Black Lake, by way of Zeeland, Hudsonville, and Jenison, to a point on Grand River near Grandville, thence up Grand River to Grand Rapids, with a turning basin at Grand Rapids; or any preferable alternative route between Grand Rapids and Lake Michigan.

The next amendment was, on page 49, after line 6, to insert:

Carvers Bay, Mich.

The next amendment was, on page 49, after line 7, to insert:

Bete Grise Bay, Mich.

The next amendment was, on page 49, after line 8, to insert:

Frankfort Harbor, Mich.

The next amendment was, on page 51, after line 7, to insert:

Port Orford, Oreg.

The next amendment was, on page 51, after line 21, to insert:

Skipanon Channel, Oreg., with a view to deepening and widening the channel to accommodate all present and prospective traffic.

The next amendment was, at the top of page 52, to insert:

Skipanon River, Oreg., with a view to modification of the existing project to provide for the needs of navigation above the railroad bridge.

The next amendment was, on page 52, after line 3, to insert:

Westport Slough, Oreg.

The next amendment was, on page 52, after line 4, to insert:

Coos River and its tributaries, Oregon, with a view to flood control and the prevention of erosion of the banks and the consequent filling of the channel.

The next amendment was, on page 52, after line 13, to insert:

Blaine Harbor, Wash.

The next amendment was, at the top of page 53, to insert:

Homer Harbor, Kachemak Bay, Alaska.

The next amendment was, on page 53, after line 1, to insert:

Tanana River and Chena Slough, Alaska.

The next amendment was, on page 53, after line 4, to insert:

Welles Harbor, Midway Island.

The next amendment was, on page 53, after line 5, to insert:

Wake Island.

The next amendment was, on page 53, after line 9, to insert the following new section:

SEC. 5. That the International Joint Commission created by the treaty between the United States and Great Britain relating to boundary waters between the United States and Canada, signed at Washington January 11, 1909, under the provisions of article 9 of said treaty, is requested to investigate the advisability of the improvement of a waterway from Montreal through Lake Champlain to connect with the Hudson River, together with the estimated cost thereof, and to report to the Dominion of Canada and to the Congress of the United States, with its recommendations for cooperation by the United States with the Dominion of Canada in the improvement of said river.

The next amendment was, on page 53, after line 21, to insert the following new section:

SEC. 6. Every report submitted to Congress in pursuance of any provision of law for preliminary examination and survey looking to the improvement of the entrance at the mouth of any river or at any inlet, in addition to other information which the Congress has directed shall be given, shall contain information concerning the configuration of the shore line and the probable effect thereon that may be expected to result from the improvement having particular reference to erosion and/or accretion for a distance of not less than 10 miles on either side of the said entrance.

The next amendment was, on page 54, line 7, to change the section number from 3 to 7.

The next amendment was, on page 54, line 15, to change the section number from 4 to 8.

The next amendment was, on page 54, line 22, to change the section number from 5 to 9.

The next amendment was, on page 55, line 4, to change the section number from 6 to 10.

The next amendment was, on page 55, line 12, to change the section number from 7 to 11.

The next amendment was, on page 56, after line 2, to insert the following new section:

SEC. 12. That the Secretary of War is authorized to grant permission, on such terms as he may deem reasonable, to the Cascade Locks Rural Fire Protection District, organized under the laws of the State of Oregon, to make connection with the Government-owned water main at Cascade Locks and take water therefrom for use for fire-protection purposes only.

The next amendment was, on page 56, line 10, to change the section number from 8 to 13.

The next amendment was, on page 56, after line 19, to insert the following new section:

SEC. 14. That the Court of Claims shall have jurisdiction to hear and determine claims for damages to oyster growers upon private or leased lands or bottoms arising from dredging operations and use of other machinery and equipment in making such improvements: *Provided*, That suits shall be instituted within 1 year after such operations shall have terminated.

The next amendment was, on page 57, line 3, to change the section number from 9 to 15.

The PRESIDING OFFICER. The bill is before the Senate and open to further amendment.

Mr. WHITE. Mr. President, I offer the amendment which I send to the desk.

The PRESIDING OFFICER. The clerk will state the amendment.

The CHIEF CLERK. On page 34, after line 8, it is proposed to insert the following:

Stonington Harbor, Maine.

The amendment was agreed to.

Mr. WHITE. I offer another amendment.

The PRESIDING OFFICER. The clerk will report the amendment.

The CHIEF CLERK. On page 34, after line 8, it is proposed to insert the following:

Bagaduce River, Maine.

Mr. COPELAND. Mr. President, is that for a survey?

Mr. WHITE. A survey; yes.

Mr. KING. Mr. President, I should like to ask the Senator from Maine [Mr. WHITE] a question. Is this the survey of a river?

Mr. WHITE. This is the survey of a stream; yes. Bagaduce River.

Mr. KING. Where is it?

Mr. WHITE. It is a small stream, and it is a question as to whether the improvement of the navigation of it is justified. This is an amendment which was offered in the House too late to be considered there, and I have introduced it at the request of one of the Members of the House. All it asks is the authority for a survey.

Mr. KING. Will the Senator kindly advise this waiting body of Senators how much tonnage is now carried upon the majestic waters of this mighty river?

Mr. WHITE. As the body is waiting I should not want to undertake that task. It is a small stream, and a small volume of traffic moves on it. I cannot give the Senator the absolute figures, but I freely concede that it is a small matter. I thought that might commend itself to the Senator, and I ask that the Board of Engineers may make such study as they think proper and make such report as they deem proper.

Mr. KING. What part of the State is it located in?

Mr. WHITE. It is in the eastern portion of the State.

Mr. KING. Is it near this Passamaquoddy Bay upon which $20,000,000 is to be expended to harness the tides?

Mr. WHITE. It has no relation to that at all.

Mr. KING. Will the Senator please advise us what factories and other industries are upon the stream and what benefits will result to them and to the public? Will transportation rates be reduced? Will power be developed? Or is this just a project upon which to expend public funds?

Mr. WHITE. Mr. President, I understood the amendment had been adopted.

Mr. KING. The Senator is in error; it has not been adopted.

Mr. WHITE. I do not have my notes immediately at hand. I will ask, if the Senator insists upon it, that the matter may go over temporarily in order that I may look through my notes, and then I will undertake to enlighten the Senator in detail.

Mr. KING. Mr. President, I do not desire the Senator to appeal to his conscience by looking at his notes, because I am sure that if he looked at them he would find nothing that would throw any enlightenment upon this grave and very important question under consideration by the Senate.

May I say in all seriousness, Mr. President, that this item and others in the bill are a vindication, in my opinion, of the criticisms which I have made upon bills of this character.

The PRESIDING OFFICER. Will the Senator suspend for a moment? There is a great deal of confusion in the Chamber. The Chair asks that Senators may be in order and that the occupants of the galleries refrain from conversation.

Mr. KING. May I say by way of parenthesis that perhaps other amendments are being prepared to offer so that other brooks and streams may secure appropriations, and the bill be further loaded with authorizations for surveys which will ripen into executed projects in order to increase the transportation facilities of the "teeming" business interests of their respective districts, which demand water transportation.

Seriously, however, Mr. President, some of these measures——

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

Mr. KING. I yield.

Mr. BARKLEY. Does the Senator mean to intimate that there is any teeming on rivers?

Mr. KING. No; nor any freighting boat, except perhaps now and then a little brush or a few logs upon many of these Federal projects. That reminds me that in many of the records and reports I have read, there would appear a note that the preceding year there were two or three gravel loads hauled upon boats or barges, or that a few logs and a number of trees were floated down streams.

Coming again to what I was attempting to state, Mr. President, the amendments which are offered to this bill, and amendments which have been offered to many previous bills, illustrate the unwisdom of the course which is being pursued in the matter of expending money for rivers and harbors.

Mr. President, a board should be created to deal with the development and improvement of our inland waterways and with our harbors. They should upon examination determine what surveys should be made and what moneys should be expended for their improvement. They should then recommend to Congress such appropriations as in their judgment the facts warrant. But I repeat, we have squandered many millions of dollars carried in river and harbor bills, and it looks as though we are to continue this injudicious, unwise, unsound, and wasteful course to the end of time.

We have just passed a bill continuing the nuisance taxes for 2 years. The American people are burdened with heavy taxes, and they are to be increased. The House Committee on Ways and Means is now considering another tax measure which will add several hundred millions of dollars annually to the tax burdens of the American people. Enormous appropriations are being made, and demands for still greater appropriations are being pressed upon Congress. No one can tell what the total appropriations will be voted during this session of Congress. That it will exceed by three or four or five billions of dollars the enormous amounts which we shall wring from the people by taxation I think will be admitted.

We are upon a spending spree now. We are, to use the language recently found in an article in the Saturday Evening Post, "the spendingest Congress our Government has ever experienced, except during the World War. Pay day will come. Perhaps there will be demands for repudiation, or for the issue of unlimited irredeemable paper money, in order to meet these growing and mounting expenditures. I think the time has come when we should call a halt and demand economy. I believe the most popular message President Roosevelt ever sent to Congress, and the one which commanded the support of leading Republicans as well as the rank and file of the Republican Party, was the one in which he demanded economy.

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

Mr. KING. I yield.

Mr. VANDENBERG. I agree with the Senator's description of the President's message on economy, but I remind

him that the economy itself did not last any longer than the Presidential arrangement during the past week in connection with the tax bill.

Mr. KING. Mr. President, the able Senator cannot expect me to assent to the entire statement which he has just made.

Mr. VANDENBERG. Mr. President, I expect the Senator to assent to all of it because he is an honest man.

Mr. KING. I thank the Senator for his estimate of my character. I will say, however, that I am not pleased with the enormous appropriations that are being made, and with some of the legislation which has the support of both branches of Congress. I am a Democrat and endeavor to support Democratic principles—one of which has called for economy in Government—that the burdens of the people may be lightened. I have always pleaded for economy. I have voted against scores of measures, since I have been in the Senate and have condemned policies which I regarded as violations of the Constitution and injurious to the people. And I expect, while I remain in the Senate, to oppose and vote against other measures which I shall regard as against the best interests of the American people.

I think the time has come when we should scrutinize more carefully the bills brought to our attention. I confess that I do not like to have handed to committees by some of the "brain trusters" and other executive officials measures which it is expected must receive the speedy approval of Congress. I sometimes think that we are abdicating responsibilities and duties—heavy and solemn responsibilities—resting upon us, in permitting executive agencies and organizations and departments to formulate governmental policies and frame proposed legislation.

Under the Constitution the three departments of the Government are separate and distinct. There should be no coalition, no compounding of them. The executive department's duty is to execute the law and the judicial department's duty to interpret it.

The legislative branch has a distinct and vital part to play in our political system. Many persons believe that the line of separation between the coordinate branches of the Government are being destroyed and that the checks and balances provided in the Constitution are being ignored.

Attacks upon the Constitution should be repulsed. There is no condition or emergency which justifies the wrecking or destruction of the noble fabric of government erected by the fathers of the Republic.

Mr. President, I arise only to submit a few remarks concerning rivers and harbors bills and to protest against the policy which we have pursued in dealing with a question of great importance to the country.

I wish to challenge attention again to the economy message of the President of the United States and to conjure Senators to respect the spirit of that message and to carry it into the measures that may come before us for consideration.

Mr. WHEELER. I send an amendment to the desk, which I ask to have stated.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 16, after line 26, it is proposed to insert the following new paragraph:

Missouri River, completion of improvement from mouth to Sioux City, Iowa, and construction of Fort Peck Dam; House Document No. 238, Seventy-third Congress.

The PRESIDING OFFICER. Without objection, the amendment is agreed to.

Mr. BYRNES. I send to the desk an amendment which I ask to have stated.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 44, after line 3, it is proposed to add:

waterway from Charleston, S. C., to Columbia, S. C.

Mr. BYRNES. That comes under the paragraph providing merely for surveys.

The PRESIDING OFFICER. Without objection, the amendment is agreed to.

Mr. BYRD. Mr. President, I offer an amendment which I send to the desk.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 40, after line 24, it is proposed to insert the following:

Channel from Back River to the public landing in Wallace Creek, Elizabeth City County, Va.

The PRESIDING OFFICER. Without objection the amendment is agreed to.

Mr. COPELAND. On behalf of the committee I offer another amendment.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 13, after line 17, it is proposed to insert the following:

Mississippi River between Missouri River and Minneapolis; House Document No. 137, Seventy-second Congress.

Mr. KING. Mr. President, may I ask the Senator from Minnesota if the more than $500,000,000 which we have appropriated for the Mississippi and Missouri Rivers have not accomplished all the changes that are required in order to complete that very important part of our water transportation system?

Mr. SHIPSTEAD. The Senator, I think, is misinformed about the amount being $500,000,000 as having been expended on the Mississippi River.

Mr. KING. No; I beg the Senator's pardon, I am not. That amount has been expended on the Mississippi and Missouri Rivers. However, it makes no difference; if it were a billion dollars it would not change the result, I know.

Mr. SHIPSTEAD. There has been expended something like $80,000,000 on the Mississippi. As to the Missouri, I am not sure what has been appropriated, but it has been something like $15,000,000, I think.

Mr. KING. But this is necessary in order to complete the important work which has been done upon the Mississippi and Missouri Rivers in order to make them the great arteries for the transportation of trade and commerce?

Mr. SHIPSTEAD. Yes.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from New York [Mr. COPELAND].

The amendment was agreed to.

Mr. LA FOLLETTE. At the appropriate place in the bill providing for surveys, I offer the amendment which I send to the desk.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 48, after line 19, it is proposed to insert the following:

Channels in the harbors at Washington Island, Door County, Wis.

The PRESIDING OFFICER. Without objection, the amendment is agreed to.

Mr. COPELAND. So far as I know, there are no other amendments to be proposed to the bill.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

Mr. KING subsequently said: Mr. President, I move to reconsider the vote by which the bill (H. R. 6732) authorizing the construction, repair, and preservation of certain public works on rivers and harbors, and for other purposes, was passed. I have just conferred with the chairman of the committee, who informs me he has no objection. There is another matter, respecting the Boulder Dam and the Colorado River, which may affect the upper basin, and the Senator from Colorado [Mr. ADAMS] and myself want to have opportunity to inquire into it, because we knew nothing about this.

Mr. LA FOLLETTE. Mr. President, is this the matter relating to the Boulder Dam?

Mr. KING. Yes.

Mr. LA FOLLETTE. I know the Senator from California [Mr. JOHNSON] is very much interested in it. Would the Senator be willing to withhold his motion so that I might ascertain whether the Senator from California would like to be present?

Mr. KING. I am just entering the motion.

Mr. LA FOLLETTE. I understood the Senator had made a motion.

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

Mr. KING. I yield.

Mr. COPELAND. This matter which went into the river and harbor bill was taken up on the floor of the Senate and discussed by some and adopted by the Senate. To facilitate matters so that there would be no delay, it was put into this bill.

Mr. ADAMS. Mr. President, if I may make a suggestion in this connection, let me say that the question is now in controversy in the House, not because of the matter in which the Senator from California is interested, not by reason of the matter in which the Senator from Oregon is interested, but by reason of an amendment which does not affect them. The amendment adopted was based upon the statement that certain work had been done upon two projects, one in Oregon and one in California, and that there was some question as to the authorization for it; and the bill was passed in order to give such authority.

There was added to this a direct authorization for a new project upon the Colorado River, which is not under construction, and some of us from what are known as the upper basin States are apprehensive lest it involves the initiation of new water rights and new appropriations which were not within the scope of the request of the Senators from California and Oregon.

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

Mr. KING. I yield.

Mr. COPELAND. I assume the Senator from Utah wishes to enter a motion to reconsider?

Mr. KING. Yes, Mr. President. It is not done for the purpose of any delay at all, but when a measure affects our States so vitally we feel constrained to enter a motion to reconsider.

Mr. COPELAND. The Senator is giving notice of his intention to make a motion to reconsider?

Mr. KING. Yes; and I shall ask that on Monday morning the matter be taken up.

Mr. NORRIS. Mr. President, the Senator enters the motion to reconsider?

Mr. KING. Yes.

Mr. NORRIS. But he does not ask to have it taken up now?

Mr. KING. No.

ALCOHOLIC BEVERAGES IN THE DISTRICT OF COLUMBIA

Mr. KING. Mr. President, my attention has been called by the clerk to House bill 5809, Calendar No. 987, to amend an act entitled "An act to control the manufacture, transportation, possession, and sale of alcoholic beverages in the District of Columbia." It is a House bill which came to the Senate and was passed on the 25th instant.

I enter a motion to reconsider the vote on the passage of the bill for the purpose of subsequently offering an amendment to correct an error in the House text, the word "code" being used instead of the word "each."

The PRESIDING OFFICER (Mr. HATCH in the chair). The Senator from Utah enters a motion to reconsider the vote by which House bill 5809 was passed.

Mr. KING. Now I move that the House be requested to return the bill to the Senate.

The PRESIDING OFFICER. The question is on the motion of the Senator from Utah that the House be requested to return the bill.

The motion was agreed to.

ADMINISTRATION TAX PROGRAM

Mr. HASTINGS. Mr. President, I desire to call to the attention of the Senate some matters which it seems to me might be interesting at this particular time as we approach another week end and also the end of 6 months of the present session of Congress. I have before me the message of the President, sent to the Senate today, in which, in his opening sentence, he used this language:

> Before the termination of this session of the Congress I believe that it is important that definite action be taken—

And so on. Action is important because he wants to withdraw the right of holders of gold-clause bonds to sue the United States.

In connection with the message delivered to the Senate this morning, I desire to call attention to another message sent to the Senate on June 19, a week ago yesterday, and in doing so I remind the Senate of what has happened since that message was delivered to the Senate. There was no such opening phrase in that message as is contained in the one received this morning, and it seems to me no reasonable person could read it and receive the distinct impression that the President demanded action at this session of the Congress.

It is true that in one place he says:

> These complicated and difficult questions cannot adequately be debated in the time remaining in the present session of this Congress.

It may be construed that that language applies to some of the proposals that are not included in the three particular tax suggestions he specifies. But he continues:

> In my Budget message of January 7, I recommended that the Congress extend the miscellaneous internal-revenue taxes which are about to expire and also to maintain the current rates of those taxes which, under the present law, would be reduced. I said then that I considered such taxes necessary to the financing of the Budget for 1936. I am gratified that the Congress is taking action on this recommendation.

There is no language here which indicates that the President expected the Congress to take action upon his recommendation at this session of Congress.

I merely make mention of these matters, Mr. President, for the purpose of directing attention to what has happened since that message came here, and it seems to me it justifies the conclusion that the Congress ought to adjourn just as quickly as it is possible for it to do so, regardless of the "must" legislation which has been sent to the Congress. It seems to me it is not too much to say that the Congress is tired, sick, sore, and in confusion; and, if that be true, it is certainly not the time to undertake to pass legislation, permanent in character, which is not immediately required to meet the demands of the Government.

Of course, the President would be required, in my judgment, under the Constitution, it would become his duty, to insist upon the Congress remaining here sufficiently long, or if it should adjourn, to insist upon the Congress convening in special session in order to meet the necessary financial demands of the Government. Some may get the impression that the message sent to us on June 19 was for that purpose. It may very well be argued—no one would contend otherwise, so far as I know—that the present administration has put the Government in such a position with respect to its finances that there can be no dispute as to the importance of calling upon Congress at any time to meet the demands of the Government in the matter of its finances; but we must bear in mind that in January, when the President appeared before the joint session of the Congress and delivered his annual message, he called our attention to the fact that it was not expected that any legislation would be required at this session with respect to taxation, except the continuation of the so-called "nuisance" taxes for a short period of time.

So, during all these 6 months, in all the legislation we have passed, requiring the appropriation of great sums of money, we have proceeded upon the assurance of the President that what he was recommending was well within the credit of the Federal Government. Taking the message delivered to us on January 4, we had a right to assume that we

would not be called upon to pass any tax legislation at this session of the Congress.

Mr. President, I should not particularly complain if the President changed his mind in that respect; indeed, I think the sooner the President changes his mind with respect to taxation to meet the great financial demands he has placed upon the Government the sooner the condition of the country will be improved and the safer the Nation will be; but I call attention to the unfairness, if I may be permitted to use that word, of sending to a tired Congress a message like that of June 19, which does not have for its purpose the raising of revenue for the Government, but has for its principal purpose some sort of social reform in this country of ours.

For the purpose of demonstrating to those who are so greatly interested in the particular kind of taxations recommended by the President, I invite attention to certain extracts from that message in order that I may show definitely and conclusively that the President's principal purpose was some kind of social reform rather than the raising of revenue to meet the demands of the Federal Government.

O Mr. President, that must be true, because as late as yesterday and the few days preceding—and I shall discuss that in a few moments—the President was calling upon the Congress in considering a joint resolution which imposes the large sum of $500,000,000 in the form of a sales tax upon the poor people of the Nation, to add on the wealth of the Nation a tax which would amount to $340,000,000, $200,000,000 of which was to come from inheritance taxes and was to go to reduce the debt of the Nation, and $140,000,000 to be added in order to help balance the Budget.

Let me call attention to those words in order that I may demonstrate at this late day, at almost the end of 6 months of the present session, that the President is calling upon a tired Congress, not to pass a bill which is necessary to meet the Government's demands, but to pass a bill that will bring forth the social reform which he has in his mind and which he has had in it for a long time. I read:

> The transmission from generation to generation of vast fortunes by will, inheritance, or gift, is not consistent with the ideals and sentiments of the American people.

Then further:

> Great accumulations of wealth cannot be justified on the basis of personal and family security. In the last analysis such accumulations amount to the perpetuation of great and undesirable concentration of control in a relatively few individuals over the employment and welfare of many, many others.
>
> Such inherited economic power is as inconsistent with the ideals of this generation as inherited political power was inconsistent with the ideals of the generation which established our Government.

Further along he said:

> A tax upon inherited economic power is a tax upon static wealth, not upon that dynamic wealth which makes for the healthy diffusion of economic good.

A little later he said:

> Because of the basis on which this proposed tax is to be levied and also because of the very sound public policy of encouraging a wider distribution of wealth, I strongly urge that the proceeds of this tax should be specifically segregated and applied, as they accrue, to the reduction of the national debt. By so doing we shall progressively lighten the tax burden of the average taxpayer, and, incidentally, assist in our approach to a balanced budget.

Further along in the second item of taxation he said:

> The disturbing effects upon our national life that come from great inheritances of wealth and power can in the future be reduced, not only through the method I have just described, but through a definite increase in the taxes now levied upon very great individual net incomes.

Then in a third paragraph he said:

> Social unrest and a deepening sense of unfairness are dangers to our national life which we must minimize by rigorous methods. People know that vast personal incomes come not only through the effort or ability or luck of those who receive them, but also because of the opportunities for advantage which government itself contributes. Therefore the duty rests upon the Government to restrict such incomes by very high taxes.

Mr. President, when I read that message, or heard it read in the Senate, it did not occur to me that the Congress was supposed to take any action upon the message at this session. I assumed it was a political gesture intended to offset the great public alarm and the very great interest in the share-the-wealth movement which is so evident in our country. I assumed this was intended to offset that idea popular among many of the people of the United States, because I could not conceive that the President, at the end of almost 6 months of this session of Congress, would propose to the Congress a scheme which was almost wholly social in character, one which would require all kinds of discussion and debate before we could reach a definite conclusion upon it.

I do not say that with respect to the mere extension of the taxes to other groups of persons, to the wealthy or what not. It is not that about which I complain. If it were that, I should be ready, as many others are, to sit down and see how we could work it out. That time is coming, and we know when it comes that the wealthy people must bear a greater share of the burden; but we also know that every individual and every class must bear a part of that burden. So I did not assume we would take up that matter at this particular session.

What happened? I invite attention to this fact because I think it is important. That message was delivered on Wednesday. There was some difference of opinion as to whether anything should be done. The distinguished Senator from Arkansas [Mr. ROBINSON] a day or two later suggested we ought to act on that program at this session and get rid of it. It seemed to me that was a reasonable position for him to take, because the message involved much in the way of new taxation, and it might very well be argued, late in the session though it was, not to be unreasonable from his point of view to take it up. So I had no particular complaint to make about that.

But because of reports in all the newspapers on Saturday, Sunday, and Monday, the whole Congress was confused, and the country was confused, because the President had been charged in some quarters with not being sincere in his proposal and with making it as a pure gesture, as I supposed he was doing when he made it.

On Monday there appeared at the White House—of course, at the President's request—the distinguished leaders of both the House and the Senate. But before I come to that, let me call attention to what appeared in the Washington Post on Monday in order that I may verify the statement I have made. There was an interview with the Senator from Idaho [Mr. BORAH] approving the program. Then this statement was made:

> Both Senator ROBINSON, Democratic leader, and Speaker BYRNS have indicated that they are willing to go ahead with the tax legislation now, but they are waiting for word from the White House before taking any definite steps. On the other hand, there is a feeling that Congress should continue to drive for adjournment, and that more time should be given to study of the proposed legislation than is available at this session. Senator PAT HARRISON, Chairman of the Finance Committee, is of this opinion.

Then there will be found in a newspaper of the next day further comment upon this matter, and I only take the Washington newspapers because they are more convenient. I read from the Washington Post of Tuesday, June 25, this statement, headed:

> PRESIDENT RUSHES TAX PROGRAM—LEADERS SEEK PASSAGE IN 5 DAYS
>
> So surprising and breath taking was this proposal to rush to enactment within 5 days a tax program about which the country has no knowledge except along broad general lines, that its announcement bewildered observers. The only plausible justification put forward for such action was that the President wished to demonstrate his sincerity in proposing his share-the-wealth tax program Wednesday.
>
> It was reported that in case the procedure decided on last night encounters difficulties, a new joint resolution would be originated in the House to extend the nuisance taxes from 30 to 90 days to prevent their expiration Sunday midnight and until the broader plan can be enacted. This report added to the bewilderment.
>
> DOUGHTON DIFFERS
>
> Chairman ROBERT L. DOUGHTON, of the House Ways and Means Committee, one of those at the White House, however, said he knew nothing of such a proposal and that it was his understanding that an effort would be made to have the pending joint resolution, with the President's program attached, enacted this week.
>
> "It is up to the Senate, as I understand it," asserted DOUGHTON. "If the Senate does not act by Sunday, I suppose the nuisance taxes will have to lapse."

The plan to act at once on the President's tax plan was revealed by Senator ROBINSON on leaving the White House early last night after a conference of 2 hours and 35 minutes with the President.

"At the conference attended by the Vice President, Speaker BYRNS, Chairman HARRISON of the Senate Finance Committee, Chairman DOUGHTON of the Ways and Means Committee, and Senator ROBINSON," the latter said, dictating to a large group of the press, "it was decided to press for action the recommendations of the President as to the amendments to the tax law at the present session.

"The Chairman of the Finance Committee, Mr. HARRISON, will ask his committee to consider the subject with a view to proposing amendments to the joint resolution extending certain taxes and with a view to adding these amendments to the joint resolution."

Senator ROBINSON declined to make any further statement, and pushed through the crowd of newspapermen to his automobile.

In the same article this appears:

It is known that Chairman DOUGHTON suggested at the White House conference that Congress complete the present "must" program as speedily as possible and take a recess until November, with the Ways and Means Committee in the meanwhile at work formulating a bill to meet the President's objectives.

President Roosevelt, it was reported, summarily rejected this proposal, telling the congressional leaders that such a delay would create doubt as to his sincerity in proposing his share-the-wealth program. He is reported to have insisted that Congress proceed at once to consideration of the proposals.

CONFUSION ON INTENT

The President in his message Wednesday, however, did not indicate whether he wished immediate action on his proposals and this led to the confusion which reached a climax last night. Some congressional leaders argued the program should be adopted at this session and others that it should wait, pending study, until next winter.

* * * * * * *

HARRISON and DOUGHTON, chairmen of the two committee which handle all tax matters, went into the White House conference opposed to attempting enactment of the President's proposals at this session, both contending they would require lengthy hearings and prolonged consideration, thus extending the present session into the autumn.

Speaker BYRNS and ROBINSON, however, favored action before adjournment. The Vice President's views were not known. It is assumed that each of the conferees argued for his viewpoint and that the opponents of immediate action bowed to the President's wishes.

BYRNS took the view that there was no need for lengthy hearings and contended the program could be put into effect and Congress could adjourn by August 1 or not later than August 10. The Speaker favors quick disposition of all major measures pending at this session to pave the way for a short and harmonious session next year, when the entire House is up for reelection.

"We ought to dispose of as much legislation as possible now and give business a chance to know what is ahead of it," he asserted.

The Washington Herald of the same day quotes Representative DOUGHTON as follows:

"We will try to pass the new taxes by Saturday. If we fail in that, we may keep the program before Congress a while, even if we lose $1,500,000 revenue daily. We talked at the White House about a separate resolution to save this revenue, but it wasn't given serious consideration. Later, we may have to adopt some other plan."

An alternative plan, favored by liberals but dropped by the President, called for submission of his tax program to the House in the usual order. This would include deliberate public hearings and threaten an all-summer session of Congress.

Secretary of the Treasury Morgenthau, largely credited with inspiring the President's decision, earlier announced he had an entire program ready for increasing income taxes in the higher brackets, imposing new and stiff inheritance taxes, and boosting taxes on successful corporations.

* * * * * * *

The President argued with his leaders for nearly 3 hours before they consented to the steam-roller plan. Vice President Garner; Speaker Byrns; Senator Joe T. Robinson, of Arkansas, majority leader; Senator Pat Harrison, of Mississippi, Chairman of the Senate Finance Committee; and Representative Doughton, of North Carolina, Chairman of the House Ways and Means Committee, finally approved it.

DOUBTS "STEAM ROLLER"

On departing from the White House, Senator ROBINSON said:

"At the conference it was decided to press for action on the recommendations of the President as to amendments to the tax laws at the present session.

"The Chairman of the Finance Committee, Senator HARRISON, will ask his committee to consider the subject with a view to proposing amendments to the joint resolution extending certain taxes and with a view to adding the amendments to that resolution."

Mr. HARRISON apparently had some doubts about succeeding with the "steam roller" plan. His comment was:

"Congress won't adjourn until it takes it."

All the newspaper reports are practically to the same effect.

We pass from the morning of that day until the Finance Committee met in the afternoon, at 4 o'clock, at the call of the chairman. The newspapers carried the story that before that meeting was had, the distinguished majority leader, the Senator from Arkansas [Mr. ROBINSON], and the distinguished chairman of the committee, the Senator from Mississippi [Mr. HARRISON], met with the Democratic members of the Finance Committee and told them the difficulties they were having at the White House, and urged that they stand by them and help put the new tax bill on the joint resolution extending the nuisance taxes. The members of the committee, however, insisted that there must be an opportunity for hearings. A meeting was called for the next day, yesterday morning, at 10 o'clock, at which time a large membership was present.

Before discussing the meeting on Wednesday morning, however, I desire to call attention to the statements made by the chairman of the committee on the floor of the Senate in response to an inquiry made by the Senator from Oregon [Mr. MCNARY].

The Senator from Oregon inquired:

Will the Senator kindly outline in a few words what he proposes in the matter of the collection of new revenue?

Mr. HARRISON. As suggested in the President's message, as the Senator realizes, there are three proposals which the President is very anxious to have taken up for consideration at this time. He is very anxious to have them passed on the joint resolution as amendments.

On the next page, in further response to the inquiry by the Senator from Oregon, the Senator from Mississippi [Mr. HARRISON] said:

Out of the three proposals the rough estimate, ascertained from my conference this morning with the experts, subject, of course, to revision, is somewhere around $340,000,000.

Those are the three suggestions submitted by the President on which he desires legislation in connection with the joint resolution at this session of Congress.

On the next day, yesterday, when we met, the chairman of the committee explained that the experts had not been able to finish their work, and promptly adjourned the committee subject to the call of the Chair. In the Senate yesterday the Senator from Kentucky [Mr. BARKLEY] was interrogated by the Senator from Michigan [Mr. VANDENBERG] with respect to this matter; and the Senator from Kentucky insisted that the plan was to add these amendments to the joint resolution, he at that time not having known what the orders were from the White House. Later, he asked that his remarks be expunged from the RECORD; but some Senator objected, and that was not done.

Some time yesterday, while all the Senate was excited about having to take this action suddenly, and about having to get it done this week, before the time for the expiration of the nuisance taxes, right in the midst of it all, with all this confusion, the announcement was made—and the first announcement came from the newspapermen at the White House—that the President had repudiated the whole thing, and asked apparently in surprise, "What do you mean when you talk to me about having these taxes placed upon the joint resolution and passed by the Congress by Saturday night?" All the newspapers carried the story in practically this form:

The President's remarks on taxes came at his regular morning press conference when 1 of the 125 newspapermen on hand asked if the collection on nuisance taxes would halt on Monday in case the joint resolution continuing them and the new tax program attached to them failed to pass by Saturday night.

The President acted as though he had never heard of such a thing, although the leader of the Democratic Party in the Senate, from the White House steps, said to the country that the agreement had been made, and he said it as he came from the White House. Of course he did not say that the President had agreed to it, but no other construction could be placed upon his statement; and the President as though this were an enirely new thing, and he had never heard of it, said this:

The President's answer was in the form of a question. He asked his inquirer what made him think that a whole new tax bill was going to be passed by Saturday. The original questioner in some

surprise asked if the President then did not himself want the tax program to be passed this week.

Mr. Roosevelt said in reply to this query that there had been intimations in a few newspapers that the plan was to put the tax program through by Saturday.

But he added with some show of irritation that he had never said anything to that effect. Go back and look at the record, he suggested. Then someone asked when the program would pass. The President answered that this was in the realm of speculation.

"NO WORD FROM THE WHITE HOUSE"

He returned again to what he held to have been a misinterpretation of his purposes. No word had ever come from the White House, he said, that the program must go through this week. He added that at the White House conference with congressional leaders, Monday night, no one even suggested that they would pass the new tax bill by Saturday.

The President then was asked whether the procedure agreed upon of attaching the new taxes to the resolution continuing the nuisance taxes, which otherwise expire Saturday, did not mean that the Government was going to lose $1,500,000 a day for every day of delay after Saturday.

He relied that this was not necessarily the case. Searching for an alternative, someone asked if there would be another separate continuing resolution to make the nuisance taxes go on. That was a possibility, Mr. Roosevelt said. Again he emphasized the Saturday dead line for his new tax program as being what he characterized as a story made out of whole cloth.

HADN'T READ RATES

Asked to define again the purpose of his new taxes, he replied that they were for both revenue and a better social order. Asked whether he had made the tax-rate recommendations which were given out by the Senate Finance Committee last night, the President said he had made recommendations simply of principle and policy. He said he was leaving the schedule to Congress. As to the published rates, he asserted he had not even read them.

Mr. President, this matter is of some interest, it seems to me, and is of some concern to the Senate. We are accustomed here, when a Senator rises on the floor and states to his colleagues that the President desires a certain thing, to take it as a hundred percent correct, and I have never known a United States Senator to make a false statement with respect to what the President wanted. I stand here now to defend the Senator from Mississippi in his statement on the floor of the Senate that the President wanted this new tax program tacked on to the joint resolution extending the nuisance taxes.

No one here doubts that for a moment. No one doubts anything the Senator from Mississippi [Mr. HARRISON] or the Senator from Arkansas [Mr. ROBINSON] says upon this floor. What irritates me is that the President of the United States, because of the loyalty of these two great men, should make them take the blame instead of taking it himself, when he finds that what he proposes is not meeting with the popular appeal which he thought it would receive. That is what I think is important to the country and that is what I think is important to the Senate.

No one in the Senate doubts where the insincerity lies, and if the country has been deceived, no one doubts who it was who deceived the country.

It is impossible to fool the newspapermen. They are doing one job now as well as they ever did it in their lives, that is to point properly to the President of the United States in his proper sphere, and to criticize him where criticism is due. It is a healthy thing for the country when the newspapers get themselves into that particular frame of mind.

The newspapers have shown clearly and distinctly what was intended. It was asked, "Do you mean the President of the United States said what was not true?" Bear this in mind and see how clever his language was. He said, "By Saturday night." He emphasized the fact that there was no agreement that the tax program should be passed by Saturday night. Of course, there could be no agreement there or at any other place on the part of the Senator from Mississippi, the Senator from Arkansas, or the President himself that the program should be put through by Saturday night, because there was upon the floor of the Senate on both sides a determination that no such thing as that should be passed by Saturday night.

The President undertakes to escape this criticism, and undertakes to show that he did not know anything about it, or did not propose it at all, by suggesting that there was no agreement that it should be passed by Saturday night. Of course, the Senator from Arkansas did not say it should be passed by Saturday night, nor did the Senator from Mississippi say it should be passed by Saturday night, but undoubtedly there was agreement that it should be attached to the joint resolution providing for the extension of the nuisance taxes and that it should be passed this week if it were possible to pass it this week.

In order to show the continued interest in this matter, I call attention to an article by John O'Donnell and Doris Fleeson appearing in the Daily News of today. I read:

Headmaster Roosevelt reached for his ruler this morning and gave the gentlemen of the press a smart rap across the knuckles. In tones which indicated the "old Dutch was up", F. D. R. insisted their stories that he wished Congress to rush through his taxation program in 5 days were made out of so much whole cloth.

The reporters gathered about his desk promptly rapped back. Hadn't they been told just that by Chairman of the Senate Finance Committee PAT HARRISON on the White House steps a few seconds after the Mississippian had left Roosevelt's study? They certainly had been so told, they barked.

Cracked back Roosevelt that never had there been a suggestion nor the vaguest intimation from any White House source that the President desired to see his inheritance, income, and corporation tax program spurred through Congress in any 5-day period or any other fixed period, nor had he ever urged that the measure be made a part of the extension of the $1,500,000 a day nuisance-tax legislation which will expire on Monday, end of the fiscal year, unless renewed.

SO PAT HARRISON IS CAPITOL'S CARNERA

Back came the White House correspondents once more and put wheelhorse PAT HARRISON strictly on the spot. He had given the information. And the retort from F. D. R. in that sharp and brittle exchange of questions (there was none of that much publicized press conference banter and wisecracking in this morning's White House meeting) left the absent PAT HARRISON still on the spot—except that the spot was bigger and hotter.

Within a few seconds a report on the press conference had reached Capitol Hill. Leader Senator JOE ROBINSON and his pal PAT HARRISON, both present at the now famous conference, paced the corridors in a daze, beating a retreat when they saw a reporter approaching. Through the press galleries spread the day's Washington wisecrack:

"PAT HARRISON is the Capitol's Carnera—except that Primo knows who hit him. Pat hasn't come to yet."

[Laughter.]

Mr. President, there is no one in this Chamber who is more popular on both sides of it than is the distinguished senior Senator from Mississippi. Not even in those days when he had nothing to do but to criticize President-elect Hoover, and President Hoover when he became President, long before he took upon himself the great responsibility he has assumed as Chairman of the Committee on Finance, notwithstanding all the sharp thrusts he made at those of us on this side, and particularly at the distinguished former Senator from Indiana, Mr. Watson, who was trying to follow the then President, and who proclaimed that the President shifted his position so often that it was difficult for him to follow. With all the Senator from Mississippi said, not once, not at any time did anybody hold anything against him; not once, not at any time did anyone lose his high regard for the Senator and his great love for him.

Today our pity goes out to him; we are sorry for him; and my only effort is to put the blame where it belongs, and to compliment the great Senator from Mississippi in standing up boldly and taking it on the chin in order that he may relieve the great President whom he loves of an embarrassing position. There are not many here who would do it, and I think it is to the great credit of the Senator from Mississippi that he is willing to do it.

I do not know of anyone who is stronger than is the Senator from Mississippi. I do not know of anyone who can take these raps and take them as patiently and with as sweet a smile as can the Senator from Mississippi. But, as I have said, our hearts go out to him, and I should like to do something to make him a little easier, and to make him unafraid to approach the reporters, because he has not any idea now whether he is going to be called upon to put the tax bill across next week or not. He does not know at all whether or not the President will withdraw it. He has not any more idea than I have, he has not any more idea than the President has, and the Lord knows that the President does not know what he is going to do. [Laughter.]

Mr. President, I make these observations in all earnestness, and I make them with the hope that the distinguished Senator from Mississippi may be able to have an easier week-end—unless he happens to be invited to the White House in the meantime. [Laughter.]

Mr. HARRISON. Mr. President, I appreciate the warm compliments the Senator from Delaware in his closing remarks bestowed upon me. I am glad the Senator loves me as much as he says he does, and I am glad he thinks that I can take it on the chin.

Mr. President, this is a very simple matter. I cannot understand how Senators could become so confused, as has the Senator from Delaware, about this matter. I cannot understand how any newspaper correspondent could become confused as to what has happened, and certainly the country will not be misled as to what has happened.

The Senator in opening his remarks in criticism of the President—and, of course, that was the object of his philippic—said that in sending his message of the 19th of June the President was merely making a political gesture intended for the country, and that it was merely to combat another program embodying the "share-the-wealth" idea.

Of course, a Senator—and I am sure that there are none here except my friend from Delaware who would have that kind of an idea—who just proceeds on the assumption that the President of the United States in sending his message on June 19 to Congress was making a political gesture and that his action was not sincere, naturally would reach the conclusions which the Senator from Delaware has reached. But I am sure no other Senator entertains such an idea.

Mr. President, is there anything in the record of the President of the United States upon which to base such an assumption? Has he made political gestures since he first became President of the United States? Was it a political gesture when he suggested taking care of the unemployed of the country and when he requested the authority to enable him to try to give jobs to the great army of the unemployed? That was no mere gesture. The proposal was suggested to the Congress in sincerity, and the President fought for it courageously, even against men of his own political faith, as well as against the Senator from Delaware, and some few who believed as the Senator from Delaware believed.

Was it a political gesture when the President of the United States suggested legislation to control under regulation the stock exchanges and the issuance of securities? Senators will recall—I remember well—how the pages of the newspapers were filled with articles against it and what powerful opposition he had to encounter. Some who then had the same idea as had the Senator from Delaware said that the President was not in earnest, that it was merely a political gesture, that nothing would come of the legislation. But did the President stop? Did he hesitate? Did he halt? No; he drove right on through. Finally the legislation was enacted, and now the same gentlemen who criticized him and found fault with him praise the legislation and say that it has brought forth good fruit.

Did the President merely make a political gesture when he asked for the enactment of the social-security bill which has just been passed by the Congress? No Member on the Finance Committee, of which no one wields a more potent influence than does the Senator from Delaware, fought that legislation quite so hard as he, and none was so persistent in his efforts in opposition to that legislation. In the committee he made a motion to strike out certain features of the bill, including that to give assistance to the States with reference to old-age pensions. He made a motion to strike out the unemployment-insurance feature. He made a motion to strike out the provision for building up the fund for Government assistance to the old.

So when the message on social security came from the President of the United States I presume the Senator from Delaware and those who believe as he does—and there are but few of them—thought it was a mere political gesture; that the President was not in earnest; that he was not sincere about it; that he was merely making an appeal to the old people, to the great laboring class, to the forward-looking masses of the country who desire progressive legislation. But the President did not stop. He just drove right on, and the Congress passed the legislation, and now it is well on its way to final enactment.

I shall not impose upon the patience of the Senate and take its time to recite in detail the record of legislation suggested by the President of the United States, which has been passed by Congress and which would be termed by the Senator from Delaware as merely political gestures. I say to him that he cannot now point to a single suggestion in a single message sent by the President of the United States to the Congress that was a mere political gesture, because no man has been more sincere, no man has had stronger convictions, no man has had a more definite program, which he was willing to carry through in spite of the opposition of those who did not believe in it and who did not believe in his policies, than the present President of the United States.

If the Senator from Delaware now believes, as he expressed himself a few moments ago when the message of the President came to the Congress, suggesting the legislation to which he has referred, was a mere political gesture, I do not believe that there is a single Senator on the other side of the aisle composed of Republicans who believes as he believes, because there is nothing upon which they can base such a belief.

When the President sent that message here he believed in it. He had a conviction about it. It is not the first time that he has given expression to such a thought.

The Senator from Arkansas [Mr. ROBINSON] and others perhaps know that back in the President's mind there has been that thought for some time, not necessarily of sending a message here, but he believed in the expressions contained in the message which he sent to the Congress. So I believe, and I am sure my colleagues here and on the Republican side, with the sole exception of the Senator from Delaware, believe that the President was sincere when he sent his message to Congress on June 19. That message of the President was not a political gesture.

Let us now get down to some of these things about which the Senator has caused laughter with reference to me, and the small and insignificant part which I have played, because of the position which I occupy in this body as Chairman of the Finance Committee. The President made no false statement to any newspaper correspondents in his conference yesterday. There was nothing said there, unless someone may wish to apply a technical construction, that was not true.

Now, let us see about that. The newspapers have said much about it, and a certain impression has been created about it. The President of the United States, so far as I know—and I have been in the various conferences which have been held with reference to this matter—wanted this legislation passed at this session of Congress.

In the first conference I held with the President, together with Chairman DOUGHTON, to which allusion has been made, I did not request the President, when the news first came to me that a message was coming here, not to send the message down that day. I expressed to the President the hope that the message, if he was going to send it, not be sent until we had finished the consideration of the social-security bill, which was to come up for final vote that afternoon, and I expressed the hope that it not be sent until the joint resolution extending the so-called "nuisance" taxes was passed by the Senate of the United States. Why did I do that? Because I knew the ingenious, the adroit, the smart, the able, the crafty Senator from Delaware and others whom he might get to play ball with him would use that message as arguments in opposition to the passage of the social-security bill; that he would cry out, "you are levying a tax here which in the course of a few years will be increased upon the corporations so much", and that that might complicate and delay enactment of the social-security legislation.

Then I realized that the joint resolution passed by the House, and which had been reported out by the Finance

Committee, must pass the Senate by Saturday night or the Government would lose some $1,500,000 to $2,000,000 revenue a day. I did not want the situation complicated. I wanted to see the question considered upon its own merits and accordingly I gave out the statement to the press to which the Senator has alluded.

I concede to no Senator a greater desire to have the Congress act in legislative matters in an orderly way. I have stood here, as I stood as a Member of the House, for revenue legislation being initiated in the House of Representatives. I wanted this matter to be taken up first in the House. I do not now deny the statement I made to the press when I said I hoped that would be done.

Then came the other meeting to which the Senator from Delaware has alluded and out of which he gets such great delight. It was a splendid conference. It lasted a long time. Every angle of the situation from a legislative standpoint was discussed. While I would not for anything state what the President may say in a conference of which I am a member unless I should be permitted to do so, I can say with reference to that conference that I expressed the thought and the hope that the legislation might originate in the House and be passed by the House and then come to the Senate for our consideration.

I am not going beyond the bounds of propriety when I say that the Senator from Arkansas [Mr. ROBINSON] took the same position. The President was not opposed to that plan. The President wanted action at this session of Congress. Unlike the Senator from Delaware, who thinks the President's message a political gesture, the President was driving through as he has driven through before when he suggested things for the Congress to do. He is a man of action and he wanted action.

We in that conference knew that standing outside, or sitting or lounging or there in some other way, were the keen-eyed, quick-brained boys of the press. They knew the conference was lasting 2 or more hours and so something had to be said. What the distinguished Senator from Arkansas said to them was absolutely what happened in that conference—that there would be legislation and that, if possible, the proposals would be in the form of amendments to the joint resolution, which would expire at midnight Saturday night.

The Senator from Delaware finds fault and says that the President was all wrong in making the statement that no one had ever heard of this matter being passed by Saturday night; that nothing had gone from the White House to the effect that the legislation must be passed by Saturday night. As one who sat in the conferences I state that I never heard it intimated from the White House, by anybody in the White House, or anybody connected with the White House, that this legislation had to be enacted by Saturday night. If the Senator from Delaware can get any pleasure out of the situation, and if the press of the country or anybody else can explain how the impression got out, I shall be glad to assume responsibility for it.

I did state to the Senator from Oregon [Mr. MCNARY] that I would not bring up the joint resolution because of developments at the White House the night before and that the Finance Committee would meet that afternoon to begin consideration of the three proposals contained in the President's message. The Senator from Oregon asked me why so much haste and if I thought it was possible to do all this by Saturday night. I have the RECORD before me. I did not state that it could be done by Saturday night, because I have had too much experience in the Senate ever to state definitely what can be done by a certain time. I stated to the Senator from Oregon and I stated to others and I stated to the press and to members of my committee that so far as it was within my power I would try to hasten the legislation through the Senate.

When the authority was delegated to me to try to put the amendments on the joint resolution, in due and proper haste I undertook to do it. I do not believe even the Senator from Delaware or any other member of the Finance Committee will charge me with slowness or dereliction of duty as Chairman of the Finance Committee. When I am charged by this body with the consideration of a matter, I try to expedite it so I can bring our conclusions to the Senate; and upon the floor of the Senate I always try to expedite matters. I followed that course with reference to this matter, so the Senate might have it as soon as the Finance Committee had concluded its consideration of the matter. I was in dead earnest in stating my hope that the legislation might be enacted by Saturday night. I doubted its being done, however. I did not believe I could do it, but I was certainly going to try to hold the Senate here, if a majority of the Senators were with me, and endeavor to put steam behind the Senate and get action upon the legislation by that time.

Mr. HASTINGS. Mr. President——

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

Mr. HARRISON. I yield.

Mr. HASTINGS. I wonder if the Senator, before he sits down, will explain why he abandoned his plan to amend the joint resolution rather than otherwise?

Mr. HARRISON. I was just coming to that. I was anxious to dispose of the other part of the Senator's allusions first. The reason was—and all those in the conference realize it and it is no secret—because the leadership of the House, as represented in that conference by the Speaker of the House of Representatives, Mr. BYRNS, and by the Chairman of the Ways and Means Committee, Mr. DOUGHTON, could not give any assurance that the House would take up the matter for consideration at this session of Congress so that it might be brought before that body for consideration. That was the only reason. If assurance could have been given that night by these leaders that they could take it up over there immediately or as soon as possible, and give it consideration and start it on the way, it would have made me feel very happy. It would have delighted others as well, because I then would have been clothed with authority to come here and get the joint resolution out of the way instead of having a lot of amendments which might be offered, and with the assurance that some action was going to be taken by the Congress during this session.

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

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

Mr. HARRISON. Yes.

Mr. HASTINGS. Does the Senator know what changed the minds of Messrs. DOUGHTON and BYRNS?

Mr. HARRISON. I know something about that.

Mr. HASTINGS. I wish the Senator would tell us about that.

Mr. HARRISON. The Speaker of the House had not consulted those who work with him in the leadership over there, and Chairman DOUGHTON had not consulted the membership of his committee; so they were unwilling to give that assurance, because of those circumstances. So it was that we had to put the matter somewhere. There was a revenue bill before the Senate. Apparently, the only way there was any assurance of having the matter considered by this session of Congress was in the form of amendments to the joint resolution, and so we proceeded in that way.

I realized that we would have to go into the subject carefully. I am not one who is inclined to take precipitate action upon any question. I know that when it comes to the Federal Government putting on inheritance taxes, there are many intricate questions which must be considered. We must consider the question of the length of time in which the taxes may be paid, and many other phases of the subject. So we were going to grant some hearings; but first we were going to listen to the experts, because I know, as other Members know, where the requests first come from whenever public hearings are announced. It was suggested in the Finance Committee, when we were considering this matter, that the requests of two particular individuals to be heard would certainly be made. Their requests were made first, and the very next morning those gentlemen were there, because they are there every time we have a tax matter

before the committee; and they have not very often thrown much light on the particular subject involved.

Answering the Senator from Delaware as to why the change of mind was effected, I do not know, except that the next morning, when the Finance Committee met to hear the experts and obtain their estimates, and they had not finished their work, and the committee adjourned, I immediately got in touch with the leader of the House. I traveled back and forth as the "Capitol Carnera", as the Senator from Delaware has termed me, though I do not much like that compliment. At any rate, back and forth I went. I spent hours over at the other end of the Capitol in conference with Speaker BYRNS, with Chairman DOUGHTON, and with the whole Democratic membership of the Ways and Means Committee. I told them the whole situation. I expressed to them the hope, in order to give us time in which to consider this matter, so that we might not act with seemingly undue haste, that they would pass a joint resolution extending the nuisance taxes for 60 days, and we could then pass that measure and leave before the Senate the joint resolution which they had previously passed, extending the taxes for 2 years. In the meanwhile we could take up the new tax program and write it into law. I asked them if they could give us assurance that they would take up the recommendations of the President. Every member of the majority of the Ways and Means Committee, as well as the Speaker of the House, said, "We assure you and you can assure the President, and you can assure everyone else, that we shall take it up just as speedily as possible, even to the extent of sidetracking the so-called "Guffey coal bill", if necessary, in order to put impetus behind the matter, and consider the President's message, and bring out a bill upon the floor of the House, and let the House consider it."

When I received that assurance, I came back and told the Senate about it, and then we passed the joint resolution extending the so-called "nuisance" taxes.

That is the history of the whole matter. I desire to say to the Senator from Delaware and others, since the Committee on Finance had reported out the joint resolution with but one amendment, that if I had wanted to take unfair advantage—and I do not know that it really would have been unfair advantage—I could have called up that joint resolution for consideration and offered the amendments embodying the new tax program in my individual capacity as a Senator. I have never, however, as Chairman of the Finance Committee, made any move respecting taxes without first having called my colleagues together and taken into consideration their views. That is why I called them together. That is why we met that very day. I desired to have my committee behind our action. I desired to get their reaction to this situation and their cooperation.

Throughout this matter, Mr. President, I have tried to expedite legislation. I am delighted that the matter has passed off as it has, because now the House and the Senate will have time for ample and full consideraion of the whole program. We have passed the joint resolution dealing with the so-called "nuisance" taxes. Whatever wrongdoing has been committed, whatever erroneous impressions may have gone to the country, do not blame the President of the United States. I will take the responsibility upon my back and I will bear it, because all I have done and all he has done and all that has been done by those who sat in conference at the White House has been in accordance with what we thought was our duty as public servants of the country. Let us close this chapter, and let us not talk about the matter any more.

Mr. DICKINSON. Mr. President, in view of the statement of the Senator from Mississippi [Mr. HARRISON]—which is the best so-called "explanation" which does not explain that I have ever heard the Senator make—I ask unanimous consent to have inserted in the RECORD, following his speech, the leading editorial from the Evening Star of today, entitled "Up and Down the Hill", and another editorial appearing on the same page entitled "Back to Earth."

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

The editorials referred to are as follows:

[From the Washington (D. C.) Evening Star of Thursday, June 27, 1935]

UP AND DOWN THE HILL

The King of France and his 20,000 men who marched up the hill and then marched down again had nothing on the administration in the way of quick reversal of strategy. On Monday night at a conference between the President and Democratic Senate leaders the plan was adopted to attach the proposed new high levies on inheritances and incomes to the "nuisance" tax extension resolution, which, to be effective, must be passed before July 1. Plans were made to that effect. The general reaction throughout the country to this maneuver was decidedly unfavorable. At a White House press conference yesterday the program to push the new tax legislation through before July 1 was repudiated. Meanwhile, the Senate rushed through the nuisance-tax extension measure within 15 minutes, with an amendment reducing the new term of taxation from 2 years to 1, and sent it back to the House, where it had originated. Thus was the "rider" plan dropped.

Just what happened to cause this abrupt change of purpose is somewhat of a mystery. There is evidence that the first proposal was to utilize the nuisance-tax extension to serve as a carrier for the "share-the-wealth" schedule of higher taxation on large incomes and inheritances. There is evidence also that the purpose was to secure immediate action, if possible, by this use of a measure which had to be enacted before July 1. And there is evidence that the senatorial group that called at the White House on Monday night had a perfect understanding to that effect. And, finally, there is evidence of a reversal of plan, leaving the Chairman of the Finance Committee of the Senate in the uncomfortable position of having to abandon the 5-day drive for enactment of the new taxes before July 1, which he had undertaken as a result of the Monday night conference.

Just what caused this change of pace must be left chiefly to the imagination, with some collateral circumstances as an aid to understanding. The suggestion is made that the public reaction to the drastic tax plan was too unfavorable to be ignored. It is also hinted that there was a doubt as to the constitutional propriety of in effect "originating" a specific revenue-raising measure in the Senate. The possibility of another adverse Supreme Court decision may have been considered. It is true that clause 1 of section 7 of the Constitution, which provides that "all bills for raising revenue shall originate in the House of Representatives", also provides that "the Senate may propose or concur with amendments, as on other bills." But would this veritably tax-raising proposal have been sufficiently germane to a mere extension bill? Would it not be far enough within the twilight zone of dubiety to give the Supreme Court ground for rejection?

The King of France who reversed his march was probably wise. The present reversal of strategy assuredly is.

BACK TO EARTH

It is possible that Senator PAT HARRISON and some of his administration colleagues in the House and Senate are wondering today whether there was ever any special message on taxes from the White House; whether there was ever a hurried conference of leaders at the White House last Monday evening, or whether these and the other frantic comings and goings of the past week were merely disturbing dreams.

At any rate, there seems to have been a general awakening, an end to the temporary confusion of effort and ideas, a return to the orderly processes traditionally associated with the serious business of raising revenue through imposition of new and heavy tax burdens.

It is well that it is so and it is more important that this is now the case than it is to conjecture on the reasons for the spectacle of haphazardness to which the country has been treated in the past few days.

The business of framing new revenue laws is back where it belongs—in the Ways and Means Committee of the House. While it still seems to be the case that the new tax program is desired for the present session, there has been an end to the unseemly and unreasonable haste which, in the beginning, threatened to mark consideration of these new taxes.

And now, as the House Ways and Means Committee gets down to brass tacks, there may be logical explanation of the full intent of the new revenue measures. Are they planned at this time to produce a part of the sorely needed funds to begin paying for vast recovery expenditures? Are they introducing a new program of taxation designed eventually to bring about some balance in the Nation's budgeting? Will they be accompanied by a lessening of expenditures? Or are they, as widely interpreted, intended as an answer to the "share-the-wealth" shouters and the "soak-the-rich" advocates?

In the process of hearings on the proposed tax measures some answers to such questions may be developed. At the same time there is to be opportunity for studying, not only rates but effects of proposed new levies. And if Congress chooses to stay here all this summer in working out a new program of taxation, the time thus occupied will not be too much.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Haltigan, one of its reading clerks, returned to the Senate,

in compliance with its request, the bill (H. R. 5809) to amend an act entitled "An act to control the manufacture, transportation, possession, and sale of alcoholic beverages in the District of Columbia."

ALCOHOLIC BEVERAGES IN THE DISTRICT OF COLUMBIA

Mr. KING. Mr. President, I ask that the vote on the passage of House bill 5809, relating to alcoholic beverages in the District of Columbia, be reconsidered, together with the vote ordering the engrossment of the amendment and the third reading of the bill; and after this action I shall ask that the bill be taken up, and I will then move the adoption of an amendment and then the passage of the bill.

The PRESIDING OFFICER. Is there objection to the motion to reconsider? The Chair hears none; and the bill is before the Senate and open to amendment.

Mr. McNARY. Mr. President, what is the bill? I do not understand the purpose and nature of the Senator's request.

Mr. KING. I am very happy to explain. The bill as it came from the House inadvertently contained the word "code" instead of the word "each", and was thus made rather unintelligible. The Senate unfortunately failed to discover the error and passed the bill as it came from the House. After it was passed I entered a motion to reconsider the vote by which it had been passed, and also moved that the House be requested to return the bill, which has been done.

Now I move, as an amendment, that the word "code", on line 1, page 2, of the bill, be stricken out and that the word "each" be inserted.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

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 the joint resolution (S. J. Res. 152) to extend for 1 year the temporary plan for deposit insurance provided for by section 12 B of the Federal Reserve Act, as amended, with an amendment, in which it requested the concurrence of the Senate.

AUTHORIZATION TO SIGN BILLS AND RESOLUTIONS DURING RECESS

Mr. ROBINSON. Mr. President, I ask unanimous consent that during the recess or adjournment of the Senate following today's proceedings the Vice President be authorized to sign bills and resolutions.

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

Mr. McNARY. Mr. President, that takes care of the remaining days of this week?

Mr. ROBINSON. It does.

ALASKAN COLONIZATION BY F. E. R. A.

Mr. BONE. Mr. President, I understand that the legislative program for the day is out of the way; and now that senatorial amenities are concluded, and the Senator from Delaware [Mr. HASTINGS] has done his good deed for the day, and the Senator from Mississippi [Mr. HARRISON] has demonstrated that it is not quite so good a deed, I am going to presume to talk to the Senate for a little while about a matter which has been under discussion here on one or two occasions during the past few days, having to do with the recent colonization experiment in Alaska.

I have a very great admiration for the Senator from Michigan [Mr. VANDENBERG], who spoke to us about the effort on the part of the Federal Relief Administration to transplant families to Alaska. For a great many months it was my pleasure and privilege to serve with the able and distinguished Senator from Michigan on the committee investigating the munitions industry, and I have learned to have for him and to cherish a very high regard, a regard which impels me to listen with care and with respectful attention to any of his suggestions. So when a few days ago he spoke on the Alaska venture, I gave to his statements the attention which I thought they deserved.

The State of Washington has a great stake in Alaska, because on Puget Sound in the State of Washington are four or five of the very large and very fine harbors to be found on the Pacific coast, at Seattle, Tacoma, Everett, Dillingham, and Olympia, and through these ocean gateways there pours each year a vast tonnage of food, clothing, lumber, and mechanical equipment bound for the Territory of Alaska. So, my State, having this great interest in the Territory of Alaska and its future, I approach the discussion of this subject with more than ordinary interest.

In 1867 our Government, through the genius of William H. Seward, Secretary of State, purchased this great territory, which is about twice the size of Texas. At the present time, because of a dearth of mining activities, there are in Alaska about 30,000 Caucasians and about 30,000 Indians; so that this great territory has a total population of approximately 60,000 people. There is not much in the way of farming activity in Alaska, and, therefore, the population have to be fed largely with food shipped through the ocean gateways on the Pacific coast, to which I have referred.

When the proposal was first made to take several hundred people from some of the devastated and stricken areas of our country—areas not only devastated financially but devastated physically—and to transport them to one of the naturally rich valleys in Alaska, there was some question about the wisdom and the propriety of so doing.

First, to the average man, and probably the average Member of the Senate, Alaska is a land of ice and snow; but no greater misconception than that could exist in the mind of any Member of this body or of anyone in the United States. The portion of Alaska where these settlers, 897 of them, have gone, the Matanuska Valley, is in about the same latitude as is Christiania, Norway, on the Scandinavian Peninsula, a great body of land in Europe which supports a population of millions.

Southeastern Alaska, or that portion of Alaska known as the "Panhandle", is in about the same latitude as Scotland. Therefore when anyone is tempted, through ignorance of climatic conditions there, to look upon Alaska as a bleak and forbidding place, it were well for him to bear in mind that all the expressions that may be directed at Alaska along that line may be laid at the door of Scotland or at the door of the Scandinavian Peninsula in Europe, which for centuries has supported a vast population.

When it was suggested, as I have indicated, that these people should be taken there, it was thought that a number of things would be accomplished, among them a demonstration through a group of sturdy Americans the feasibility of farming in Alaska.

A governmental experiment station has been successfully conducted in the Matanuska Valley for a great many years, under the aegis of one of our departments, an activity which has demonstrated that the Matanuska Valley is rich and fertile and capable of producing food. That is demonstrated by pictures which I have on my desk, which are part of the exhibit sent in by Mr. Hopkins in answer to Senate Resolution 158, under which he made his report.

As I have said, this valley is rich and fertile. It can produce crops in abundance. It was not thought then, and certainly is not thought now, that this venture would be another great palladium floating down from heaven on the celestial wings of the genius of Harry Hopkins or any other man. It was simply an effort to help people who were unable to help themselves.

These people came from areas in Michigan, in Wisconsin, and in Minnesota. They came from areas which climatically have some relationship to the area to which they went. They were from areas which had been literally struck down by the hand of misfortune. They were on the dole, on relief, as millions of people in this country have been on relief. The Government stepped into the picture and presumed to take out of the millions of unemployed in

this country a small group of people. I desire to have Senators who are concerned about this infinitesimally small group keep in mind the great, somber, sad, and tragic army of millions of people in this country who today, as I stand here, do not know the meaning of economic security. It is this great army which Members of the Senate must think about, and not this little fleck of humanity up there in Alaska.

We took those people to Alaska in an effort to give them an opportunity to demonstrate whether or not Alaska will be our last frontier, the last social safety valve of this country. I know the able Senator from Michigan [Mr. VANDENBERG] well enough to believe that, brilliant and able as he is, he knows full well the direful and deadly significance of the absence of a frontier in America.

There is not a thinker in this country who has presumed to write a book on social and economic conditions in recent years who has not expressed grave concern as to the future of this great Republic, because, forsooth, the frontier had disappeared, and there was no longer any outlet for the pent-up emotions of the people who were under the lash of economic adversity. So here was the opportunity, in a very tiny, infinitesimal way, to demonstrate whether or not America might say to the people under the lash of economic adversity, "Men and women of America, here is one, yet one, avenue of escape. We cannot say, as Horace Greeley did, 'Go west', but at least there is left to you the one hope, if it can be demonstrated to be justified, that you can go to Alaska and there find a haven of refuge."

That is what was done. Not thousands, not hundreds of thousands, not the great tragic army of millions, but a little handful of 897 people, went up there. What were they? Who were they? They were picked by Harry Hopkins from sturdy stock. Out of the 897 only 43, as I remember, are over 40 years of age. In the veins of this group runs and pulsates the hot blood of youth. I have here in this exhibit some pictures, which I wish my friends in the Senate would look at, of these Argonauts who go to what really will be, to them, a land of promise. They are sturdy, clean, fine-looking people—typical Americans, all of them.

I have a very great personal interest in Alaska, because for 4 years my cousin was Governor of that great Territory. I live within a few hours' ride, on fast boats, of Alaska. The people in my section of the country know the meaning of Alaska. They know that it is a land of promise and not a bleak land of ice and snow. In the hundreds of beautiful valleys which dot Alaska is the richest land under the sun. Before I complete my remarks I desire to read a little description of Alaska from some of the material which I have on my desk, because it is very revealing.

Criticism comes trippingly to our lips at times, and I can forgive a man for being critical; but when he is critical I desire him to be critical in the light of all the facts. Let us examine this experiment and see what has happened. The plans for this colonization were suggested only a short time ago, back about March 1 of this year. Measured in time, that is but yesterday.

On March 13 the representatives of the social-service departments and the rural rehabilitation corporations of three States—Minnesota, Wisconsin, and Michigan—came to Washington for a conference. That was about 4 months ago. Let us appraise this venture and see if, with all human weaknesses, men can possibly avoid errors and mistakes of judgment. When I think of these people going to Alaska, riding on the last word in steamship transportation, carried to the very end of their journey on a railroad train, I cannot bring myself to believe that there is any supreme tragedy in this venture.

Mr. President, my grandmother, when she was a young woman, was getting ready to go to the Oregon Territory by ox team. Those pioneers did not ride out to the great golden West in steam trains. They did not go to their destination on twin-screw steamships. That is no challenge to the modern Argonaut who seeks a new home in the far North, or the far West, or the far-flung outposts of our American civilization; but it does suggest that somehow a little of the iron has gone out of our blood when, because somebody does not like somebody else, he says the whole thing is wrong.

How different are the conditions of these Alaskan colonists from those which confronted the iron-blooded pioneers who went west and fought Indians, grubbed out stumps, did not know what it was to have an automobile or a decent stove, or anything else. I have here some pictures showing the last word in tractors, in automobiles, in trucks, going out to the Matanuska colony. Food can be taken in there in abundance, by the tons—hundreds of tons, if need be—by modern transportation methods. Yet, because there have been some errors made, and probably there has been lack of judgment, there comes a criticism which, in my judgment, Mr. President, is not serious enough to challenge us in the Senate at this time.

If a man were being burned alive at the stake, he would not stop to brush off mosquitoes which were biting him. At this very moment, when 11,000,000 homes in this country are catalogued by the P. W. A. as slum dwellings, it ill becomes us to tear our nether garments over what is happening in Alaska, where beautiful log homes of a kind which upstanding Americans in this country cannot have are being provided for the colonists.

Let me read an editorial from the Scripps chain of newspapers, out in the West:

> America's boast of its high standard of living is dealt a terrific blow in the P. W. A. report that lists 11,000,000 of the Nation's homes as definitely in the slum class.

Slums! I would rather be independent and go out West, where I went as a little boy, than live my life in an eastern slum. I have traversed the streets of Philadelphia and New York and other big eastern cities, and there I have seen life in the raw, and I wondered how in God's name people could live and have their being in that sort of an environment and bring up little kiddies. Yet these people who go out into the great open spaces of Alaska can at least be men. There game is plentiful, and there they can have all the thrill and all the excitement that Daniel Boone and his pioneers had as they traversed the great Cumberland Trace into Kentucky, and they can have all the thrill that went with pioneering, of which men whose hair is silvered with gray in this body probably know, either from their own experience in the West or from what their parents told them. These new pioneers can have all that without any of the dangers which went with life in the West, dangers from the Indians and incident to the long separation from centers of civilization and population. These people in Alaska are at the end of a standard-gage, modern railroad and the end of a modern steamship line. When we contrast what they have and can have with what is in the hell holes in the great cities, where people live like rabbits in warrens, where little children are surrounded by an environment that inbreeds crime, I wish to say that the time is at hand to indulge in a little frank discussion of the question whether anybody has been mistreated.

I have indicated that there is a Government experiment station at Matanuska, and I wish Senators would take the pains to know the possibilities of agriculture in that section.

I am going to take the trouble to read a brief statement about Matanuska Valley from the Alaska Agricultural Experiment Station bulletin which was first issued in 1923. Let us not come to the conclusion that decision about Matanuska Valley was reached yesterday or reached by Harry Hopkins. It was reached by the United States Government 12 years ago. I read:

> Under the modifying influence of the surface features and the warm coastal waters, the region—

That is to say, the Matanuska Valley—

> the region has temperate summers, moderately cold winters, and a moderate rainfall. The climate is lacking in extremes of temperature and the light precipitation that characterizes the great interior valleys of the Yukon and its tributaries. The mountain ranges also protect the region against the fierce blizzards of the Arctic region. Because of the protection afforded this region by the mountains on all sides except for a narrow strip on the southwest occupied by Cook Inlet long journeys may

be taken at any time in the Matanuska Valley, a condition that does not prevail on the open continental plains in the United States, much farther south. The region is free from tornados and severe electrical storms. In fact, thunder and lightning occur so rarely as to be almost unknown in the Matanuska Valley.

I am paying particular attention to that, because it is typical of so many spots in Alaska. One of the things I suspect has influenced Senators in the discussion, if they were influenced at all, is the thought that Alaska is merely a cold, forbidding place, whereas as a matter of fact it is not.

I ask, not as a favor to me but simply as elemental justice to themselves, to have Senators take the set of exhibits sent here by Mr. Hopkins and go through them and examine them. I urge upon my colleagues that they examine the exhibits sent here by Mr. Hopkins. I am at the moment looking at page K-5 of the exhibit, which shows a view of the school and gymnasium to be erected under the plans now definitely being executed. I say to my colleagues that this schoolhouse and gymnasium would do justice to any small modern American city. It not only has artistic beauty but the plans indicate that it will be of great practical use.

On page K-6 is indicated a group of buildings known as the "teachers' group", which comprises three buildings which will be devoted to educational activities. Again I say to my colleagues that the small American city of the most modern type would be very happy to possess this kind of educational facilities.

I have before me, too, a picture of the manager's home, the man who is to guide and direct some of the activities of the colony.

A trading center is shown on page K-8, which is of typical small-town type.

On page K-9 is shown a warehouse, cannery, and creamery.

In other words, these settlers are having placed at their disposal all those things which the pioneers of old, as we know them, never dreamed of having. This will in fact be a modern small American city in which the produce of the farmers may be canned, in which the produce of the dairy herds may be preserved and handled and warehoused.

On the other pages of the exhibit are shown illustrations of the type of homes which are to be provided for the settlers.

On page F of this exhibit are shown some pictures of the typical homes left by these pioneers who went to Alaska. I ask my colleagues to examine these pictures. One of them is a picture of a rye and oat crop, in which the land was seeded first to rye and then reseeded to oats, and of all sad pictures anyone ever gazed upon this one probably will indicate to any Senator's sound judgment a condition which is simply terrible.

There is another picture of a typical abandoned town in Michigan. There is shown a Michigan farm, an abandoned farm, and homes abandoned by miners, as well as a picture of a deserted village. These people were taken or rather urged to come away from those particular areas where the degree of financial suffering was most acute and was the worst.

From Alaska and from elsewhere have come some statements. The Senator from Michigan the other day read a statement from someone in Alaska, which went into the RECORD. I am going to call the attention of the Senate to one or two statements which have recently appeared in the press, and one or two telegrams from Alaska.

Here is a statement from the Evening Star, of Washington, D. C., bearing date Tuesday, June 25. This article is from the pen of Mrs. Lloyd Bell, one of the colonists. In order to illustrate the nature of this controversy and to indicate that is something of a tempest in a teapot, and certainly not worthy of the 42-centimeter intellect of the Senator from Michigan, whose ability has excited my admiration, I desire to read this article:

ALASKA COLONISTS HELD SATISFIED—WOMAN PIONEER DECLARES REPORTS ON CONDITIONS HAVE BEEN EXAGGERATED

(The following description of life and the situation in the Matanuska colony project in Alaska was written for the Associated Press by Mrs. Lloyd Bell, one of the colonists who formerly lived in Minnesota)

PALMER, ALASKA, June 25.—The weather in the Matanuska Valley is wonderful, with the days quite hot at times but the nights cool. The days are long, with only a few hours of twilight for "darkness" this time of the year.

With plenty of rain, the vegetation grows rapidly and the native blue joint grass is already shoulder high in places. The woods are a mass of flowers, but the mosquitoes are very bad in the timber. They are no menace in the open and we are told with the settlement of the land they will be eliminated.

MOST OF COLONISTS PLEASED

Most of the colonists are well pleased with the country.

Lloyd Bell, of Mora, Minn., says it would take a squad of soldiers to get him out of the valley. Gilford Lemon, of Koochaching County, Minn., says he intends to stay "until hell freezes over." Many other colonists express similar opinions.

The colonists are highly pleased with the agricultural possibilities here but are disappointed with the progress being made under corporation control.

Most of the colonists are still in their tents, but they are fixed very comfortable with board floors, doors, and screen windows. A library has been opened in the community hall, with a few books and lots of magazines.

A bus line makes two complete tours of the different camp centers twice daily, and baseball games are played almost every Sunday. The children are having a glorious time, with large playground swings, teeter-totters and games of kitten ball, horseshoes, and marbles. Church and Sunday school are held every Sunday.

CHILDREN'S DISEASES PREVALENT

There is much sickness, but it is mostly measles, mumps, chicken pox and pink eye, and no serious diseases.

Let me digress long enough to say that there were a number of cases of measles, and some other troubles of childhood, among these settlers before they left the States.

To resume the article:

Many should never have come here because of poor health. There are two doctors and one Red Cross nurse with the transient workers, and they are aiding the colonists, too. There are at least five registered nurses among the colonists.

A big complaint is that the doctor has no car of his own, and the colonists are scattered all over the valley.

Provisions are being made for about 15 teachers to come here for approximately 375 to 380 pupils in the fall. The school land is being cleared and more materials are arriving daily.

Several agitators in the colony are keeping things continually boiling. We would like to have them deported. There is cause for complaint here, but report of conditions have been exaggerated.

The construction work is slow, as wrong equipment and materials have been shipped. Mr. Irwin [Don Irwin, project manager] ordered wagons and received school furniture and gasoline tanks.

The colonists want United States control continued, with Mr. Irwin in complete charge. He is well liked by all the colonists.

That is a typical statement from one of the colonists.

Here speaks the mayor of Seward, Alaska, one of the enterprising towns nearby. I happen to be a friend of Mayor Brownell. Bear in mind, this is not a far-flung wilderness. This colony is within 40 miles by railroad, and soon by a good wagon road, of a flourishing Alaskan city, Anchorage, which, like Seward—which is a little farther away—will soon, I believe, be supplied with vegetables, milk, and the like, from this colony.

This is what the mayor of Seward, Mr. Brownell, has to say, and he is close by this colony:

Brownell cannot see anything but success for the Government's colonizing project at Matanuska.

"Matanuska will emerge a prosperous and contented rural community that will be but the start of the rapid growth of Alaska", Brownell said.

"In our own neighborhood of Kenai Peninsula, there are a thousand square miles of the most beautiful farming land that could be desired. It needs only roads to open it to rapid settlement. We plan to open this section next year."

Brownell's optimism radiated in other fields also:

"The new breakwater authorized for Seward will give us a sheltered harbor second to none and will soon bring back the fishing fleet where it belongs. And our aviation field improvements will put it in the front rank.

There, within a comparatively few miles of this colony, is a great aviation field; and Alaska is opening up as is probably no other part of this country. As a matter of fact, as I stand here, Members of the Senate, I am wondering how many poor devils who are literally chained to the dole in this country, and especially the young boys and girls dwelling in some of the slums, who have nothing to turn to, would experience a great and wonderful thrill if they could go to Alaska. Some of them would give their heart's blood to go up there, where there are doctors, nurses, a railroad line, game to be had with a shotgun and rifle, and the opportunity to own a home up in that great

country which is coming to the front. It does not behoove us to speak ill of Alaska.

Says the Associated Press of June 25:

Practically all the settlers are content with their lot, Anchorage residents said, adding the chief anxiety was over construction of adequate houses before winter comes.

Of course, they are going to be anxious to have roofs over their heads—the beautiful log houses that are being built there. I ask any Member of the Senate to look at these pictures. A log house in Alaska, properly prepared, can be a virtual little palace for a man who desires a good home up there, warm and snug. For $3,500 the Government is going to furnish these homes, supply furniture, proper equipment for the farm, livestock, 40 acres of good valley land, and give these people 30 years in which to pay for it at the average rate of about $190 a year.

I ask the millions of Americans who have no hope in their hearts today whether they would not like an opportunity to become the owner of a home and be free in the last frontier of America for $190 a year, and that payment not to be made for several years yet. Economic freedom, food, economic security—that is closer to the great heart of the mass of the American people than anything else, because I agree with the statement of the Senator from Idaho [Mr. BORAH] the other day, when he said that political freedom without economic freedom was "as sounding brass or a tinkling cymbal." We cannot offer any more hellish insult to the average citizen who has the faintest adumbration of intelligence than to suggest to him that political freedom will solve his problems when he knows, and every other man worthy of the toga of American citizenship knows, that political freedom without economic freedom is a noisome thing and a stench. These people have offered to them economic freedom. Read their complaint. We may give it the worst cast we can, and there is not anything in the complaint that is really worthy of the Senate's attention.

In my own home State, right in my own city tonight, troops are patrolling the streets, using gas on men who are involved in a strike. Those men have a great stake—all of them. The business men there say they have a great stake. The workers have a stake. This whole question revolves around the question of economic security; and yet when Harry Hopkins picks out a little handful of people and sends them to Alaska and tries to give them some degree of economic security, because Hopkins makes one little mistake we presume to sit in judgment on him.

Here is a statement from Joseph R. Crimont, S. J., D. D. I think he is the Catholic bishop of Alaska. My friend Delegate DIMOND assures me that he is. This is what he said on the 25th of May. He has been 40 years in Alaska, I am told, and is a good "sourdough" up there. He is ministering to the spiritual needs of Alaskans. There are not many preachers and priests up there, and this man is doing his work in his spiritual field. He says this word of welcome to the Matanuska colonists:

WELCOME

As Alaskans, duly fired with the love of our great northland, we hailed with great applause the news of the colonization plan devised at Washington to promote the healthy growth of our Territory, while lending a helping hand to a number of American citizens the most severely hit by the ruination of agricultural areas in the States.

We watched with keen interest the development of the project until we now rejoice with you over its auspicious accomplishment, and ask God to give it the most complete and abiding success.

We welcome you with a warm heart as our brothers and sisters into our Alaskan family, for we are still imbued with the spirit which animated the pioneers of long ago, when every man or woman was greeted and treated as a true brother or sister because of the need that each felt, in the then vast wilderness, of close, helpful fellowship for the realization of social and economic welfare.

We bid you welcome to the land of promise which a benevolent Government has prepared for you. A land of promise, indeed it is, as you will not be slow to learn and experience. Every natural means you may wish for to achieve your ambition for a happy existence is yours by the good will of Washington. If to that ample measure of material aid you add your quota of loyalty to conscience, and duty to God and to man, success and happiness cannot fail to bless your efforts.

You will love your new country as we do, even its climate and its hardships as they may be.

You will love your toil to bring out the fruits of the soil because of your ambition to do your part in the upbuilding of the future sovereign State of the Union, to which honor and dignity Alaska is aspiring, and for which she only needs population. You are the vanguard of the builders who are to follow you. We salute you with pride.

Your church welcomes you, whatever the name of your religious affiliation. You need her, because you need religion for the fullness of your human life and for constructive influence on the life of the Territory.

If you are a Catholic, you will see your church come into the midst of you, the grand old church that stretches out to you her loving arms, those arms large enough to embrace all the children of men and press them to her maternal heart.

You will feel at home, as you have felt elsewhere, with her liturgical services of holy mass and benediction of the blessed sacrament; at home with her sacraments, her devotions, her doctrinal instructions, the same always and everywhere, to encourage you, guide you, and comfort you, for she is the God-made instrument to provide for every need of your soul and aspiration of your heart as a religious human being.

Welcome, then, not only once or twice but a thousand times!

JOSEPH R. CRIMONT, S. J., D. D.,
Bp. Vic. Ap. of Alaska.

So speaks the old Alaskan "sourdough", who probably went to the Territory as a young priest and became the bishop of Alaska. There speaks a man who knows from experience what Alaska holds out to the boy or the girl who wants to go into that great Territory.

I call attention to a telegram bearing date June 24, sent to Col. Lawrence Westbrook, of Mr. Hopkins' staff. It reads as follows:

PALMER, ALASKA, *June 24, 1935.*

Col. LAWRENCE WESTBROOK,
F. E. R. A., Washington, D. C.:

Doctor reports no serious illness in colony or transient camp. Three cases chicken pox, 2 mumps, 9 measles, all colonists' children. Have adequate medical supplies or can get same from Anchorage. Some cases cannot treat locally sent to Anchorage hospital.

Let me digress for a moment to point out that within 40 miles of this frontier outpost is a modern American hospital in a modern city.

Beginning work on creamery, cannery warehouse, and commissary. Well for community center down about 20 feet. Responsibility construction work delegated to Bliss as suggested your wire. Expect 125 men for Bliss on *North Star*.

Let me say that those are probably the transient workers who are coming up there to expedite this work.

Requested Alaska A. R. R. C. furnish 100 or more skilled men help construction work same basis transients, to be housed separate camp. Troast left valley for Juneau on boat last Saturday.

Mr. President, that is a rather illuminating telegram from a man right on the job.

I am not going to burden the Senate by reading all of the material which I have here. What I have just read is typical of the reactions coming from those in charge up there.

I want to hurry this statement along, as I do not desire to take much more time, but I do wish to comment on one or two things especially. One is the contract. Criticism has been made of the contract, and really I was astonished when my able friend the Senator from Michigan referred to this as a sort of a commune, or communistic venture.

I wish to say, after 25 years of law practice, in which I have drawn hundreds and hundreds of conditional sales contracts involving the transfer of land, that this contract made with the settler in the Matanuska Valley is a very, very generous contract.

Mr. President, I say to my colleagues in the Senate that they can search this country with a fine-tooth comb from one end to the other and cannot find and exhibit to me a contract of a bank or a private seller of land that gets within a million miles of the generous gesture this contract makes to the prospective purchaser of lands in Alaska.

The average land contract is cold and hard, and the man who holds the contract can clamp down on the buyer, and if the buyer objects and insists that there is something in it to protect him, the seller can say, "It is not so nominated in the bond. I want my pound of flesh"; and he can get it in the

courts. There are in such contracts clauses which really amount to handcuffs on the wrists of the buyer.

I ask the Members of the Senate to look over this contract. It has been suggested, however, that the contract is bad because, forsooth, it provides that—

The colonist further agrees that he and the members of his family will abide by all Corporation administrative directions and supervision in connection with control of crop production, processing, marketing, distribution, crop rotation, soil management, sanitation, and other measures for the welfare of the community.

Let me say, first, that with the market conditions of Alaska as they are, there must be some intelligent control of crops and rotation of crops. Suppose every colonist up there grew potatoes; they would destroy themselves economically by that sort of practice. The man who is handling this settlement, and concerning whom there has been no criticism, the man whose judgment as a skilled agriculturist is to guide these people, is there to give them the benefit not only of his own judgment, but the judgment of the agriculturalists of Alaska, as to market conditions. That is necessary if the colonists who are not familiar with market conditions in Alaska are to have the type of help to which they are entitled.

Mr. President, one of my colleagues has very kindly called my attention to the fact that many land contracts under which ownership is vested in individuals right here in the East—by "the East" I mean the Eastern States—are filled with restrictive features of all kinds; and if we are going to lay a challenge against this contract, we might very successfully lay a challenge at the door of many real-estate operations. However, I desire to say that, in my judgment, this contract is very generous. The colonists have 30 years in which to pay for their homes. What have they left? They left a home land so somber that perhaps I could not attempt to describe it here. Back home they were on the dole, perhaps getting $25 a month. What hope was there for those people in Michigan and Wisconsin and Minnesota, where they were facing the dire, stark tragedy which confronted them?

There are people in my State who probably are in the same position. Those who went to Alaska were selected from certain particular sections of three States, because, first, the degree of dependency was very acute in those sections and the welfare workers there could not see any hope of a future for those people; and, second, because they lived in climates which probably fitted them physically, easily and gracefully, to adapt themselves to the climatic conditions of Alaska.

I look at my good friend, the Senator from Wisconsin [Mr. LA FOLLETTE], and I feel sorry for him, because the region from which he comes is so cold. I live in the State of Washington, where it does not get so cold. The Senator cannot help it because it gets so cold in his State. He probably was born in Wisconsin, and loves the State; and, if he does, he probably loves good old Wisconsin for the same reason that the good old sourdoughs love Alaska; and they do not like to hear Senators rise and make unkind remarks about Alaska.

Here sits at my elbow my good friend ANTHONY DIMOND, Delegate from Alaska, who was all burned up because of the implication that Alaska was a bad place. If anyone goes out in my country and makes critical remarks about Alaska to the old sourdoughs they do not like it; and, after a fashion, I do not either.

It has been said on the floor, and I think our very able friend the Senator from Michigan suggested, that the colonists in the Matanuska Valley were dissatisfied because things were not going fast enough for them, that houses were not going up with sufficient rapidity; and all the time Harry Hopkins down here is tearing up his nether garments in the endeavor to rush men to Alaska so that the log houses may be constructed. Poor Hopkins, with 5,000 people on his neck all the time! Senators who try to get homes for people in their States should not think he is remiss in his duty because he stops to comb his Hyperion curls every few days. The job of getting help for these people is with him a labor of love. Here is a man lashed from every quarter with demands for assistance, for help, for speed, being criticized here because, forsooth, he does not show greater speed in connection with this project in Alaska when several hundred transient workers have been sent there to help the venture along!

Of course, there are bound to be errors of judgment, and men probably will become a little lazy and not do as much work as they should. Perhaps some of the transient workers do not like the work. The fact remains, however, that our challenge should go only to a man's honesty of purpose, because we are all weak, and we all err.

My friend the Delegate from Alaska [Mr. DIMOND] has named for me some of the crops which can be grown in the Matanuska Valley in Alaska. He lives near there. Potatoes are grown there very readily, 200 bushels to the acre; oats, 50 to 80 bushels to the acre; wheat, 22 bushels to the acre. Rye is grown very easily and readily there. Barley, hay, and other forage crops are grown there, as well as carrots, artichokes, strawberries, raspberries, and other kinds of berries. It is rather astonishing, is it not, to the Members of the Senate, that strawberries and raspberries are grown in that valley? To hear all the jeremiads and doleful wails here, one would think those things would not grow there. One would never associate strawberries with the Matanuska Valley.

After listening to some of the direful, doleful stories here, I wondered if I should not go out and beat my breast, but I finally concluded that perhaps it was enough to make the decision never to smile again, and let folks know that my cup of misery was full to overflowing.

Dissatisfaction in this colony! I wonder if the people at home in the devastated areas of Wisconsin, Minnesota, and Michigan are happy. I wonder if the poor in Wisconsin, in the areas from which the Alaskan colonists came, are any happier than are the poor in my State. I wonder how any man whose kiddies are likely to be hungry can be happy. I marvel at the infinite patience of the poor. I once heard a great philosopher say that the outstanding fact in all history was the infinite patience of the poor. I am glad the poor do not feel as I do, or there would be a housecleaning in this country, which would do some folks good.

Dissatisfaction! Again I ask Members of the Senate whether the poor in their sections of the country are satisfied. At this moment millions in this country are dissatisfied and are trying to find a way out of the rat trap. I stand here in the United States Senate and ask the millions in this country who are on the dole if they are satisfied. I should like to have my friend, the Senator from Michigan, ask the millions of people who are desolated with poverty if they are happy and satisfied. I ask that brilliant man from Michigan, whom I admire greatly—I have learned to admire him much more since he has served on the Munitions Committee, and revealed much strength of purpose and determination in certain directions, which excited my admiration—I ask him if he thinks it is worthy of his genius and his skill and his talents to challenge Harry Hopkins on this little thing, when millions and millions of homes in this country are desolated with poverty. In God's name, let us try to find someway out for all the people, and not pick out one little group!

I yield to no man in my sincere and heart-felt desire to help the small man. If there is any one thing I hope to do while in this body, it is to voice the aspirations and needs of the poor, especially those who cannot be heard; and I will do it if it is the last thing on earth I do, even if I never again see this body. I wish to be sure, however, that whatever energy God has vouchsafed to me shall be devoted, not to helping just one little group of poor, one segment of the great, sad army of the poor, but the whole army of the poor.

I am not going to waste the precious energy which the Almighty has given me, whatever little reservoir of it is left, trying to protect one little, tiny, infinitesimal segment of the people. I want to try to apply remedies, so far as I can do so here, to lift a great army of people out of the slough of despond.

I wonder that anyone should think this colony could come into existence without dissatisfaction; that suddenly, within a few weeks, we could translate a locality where no one lived into a flourishing American community and somebody not be dissatisfied.

Does my good friend the Senator from Michigan or any other Senator think that project, with every technique and every mechanism complete, could be made to spring into existence from the brow of Harry Hopkins as Minerva sprang from the brow of Olympian Jove, full panoplied and ready to do battle? Certainly it is not to be believed that any able Member of the Senate could believe anything like this could be consummated without someone uttering a wail of woe.

It is so easy to criticize—oh, so easy to criticize! My good friend the Senator from Michigan served on the Munitions Committee, and there he saw how easy it was to pin the label of adverse criticism on someone. We had a gentleman by the name of Shearer before the committee. It is a wonder some of those on the other side of the aisle, opponents of what the committee has attempted to do, have not quoted Mr. Shearer in their remarks about my good friend Steve Raushenbush, secretary of the committee.

Mr. Shearer, in referring to some well-known gentlemen in this country, such gentlemen as Newton D. Baker, Dr. Harry A. Garfield, Franklin D. Roosevelt, Henry Taft, George Wickersham, and the like, described them as "knaves or fools." We have seen how the power companies pin the Bolshevik label on men who have the temerity to propose public ownership of a power plant. Now, the Senator from Michigan, my good friend, will have the Bolshevik label pinned upon him because, forsooth, the Munitions Committee hired a man that somebody said knew something about the Socialist movement. We ought to know nothing about anything and then we would be happy. We happened to hire a man who was a university graduate and that, in the opinion of some, cast him into the outer darkness.

Returning to Alaska, the farms up there, including household goods, stock, implements, and so forth, will cost the colonists about $3,500, and this amount will be amortized over 30 years with payments deferred from 3 to 5 years.

I want Senators to look at some of the pictures which I have here. Talk about what is going into this colony. Here is a picture of the last word in big trucks—going where? Going over the Old Cumberland Trail into Kentucky with Daniel Boone? Oh, no. They are riding on well-graded roads—on what? The finest trucks in the country. A steam railroad runs into the place.

Here is another picture showing a vast amount of supplies in San Francisco a few weeks back. Here is a picture of the same material being loaded on a vessel to go up there, hundreds and hundreds of stacks of foodstuffs.

Here is another photograph of mattresses, great stacks of them, going to that colony. Here is a big tractor being loaded on a ship to go to the colony. Here is a picture of a Red Cross nurse, a registered nurse, full panoplied, going to the colony to help. Here is a photograph of several flat cars being loaded with the latest type of tractors going to the colony. These tractors are shown in another picture upon a scow ready to be loaded on a ship going to this settlement.

The suggestion was made the other day that there are about a thousand people up there and that they are sick. I cite that as an example of the atrocious blunders which can be made by critics. Only 897 people went to this colony. The transient workers, who went up there to do the work and then to be taken out, would probably bring the total number to 2,000, but the transient workers are going to be taken out as soon as the buildings are completed. The transient workers were selected because of their ability to construct the type of buildings which are to be erected there. They were taken from the relief rolls for that purpose.

The 201 families who are the colonists were drawn from the relief rolls in the States. These families were definitely stranded where they were and were totally dependent upon the Government for their living. Can one imagine anything worse than that? Can Senators imagine anything more degrading than that a man should be dependent upon the Government for the food that goes into his stomach, and has to accept it, nolens volens, whether he wants to or not, as he cannot eat unless the Government gives it to him?

That is the type of people who have been taken to this colony—splendid people who have suffered the misfortune of tripping on life's pathway through no fault of their own. There was no hope of their employment, and they might easily have degenerated into hopeless reliance upon the Government for their continual support. I ask Senators if they want to do anything that will stimulate a placid acceptance of a peasantry of that kind in this country? If that is to be the end of agricultural America, we had better start house cleaning right now.

Mr. President, I have taken this much time because I did not want to have spread abroad the wrong idea about what is being done. I did not want anyone to take this tiny group of people and indict Harry Hopkins for doing that which, in his judgment, is sound, and which I believe to be sound. I am glad Harry Hopkins sent these people to Alaska.

In the matter of subsistence, such diverse commodities as milk, flour, cereals, potatoes, tomatoes, leafy green and yellow vegetables, dried fruits and vegetables, dried beans, peas, nuts, butter, sugar, meat, and eggs are available, and the cost of these commodities furnished to the colonists is charged to them with other items of cost. In some cases the costs are probably higher than in the States, but that is due to the fact that traffic conditions there cause higher prices, but the colonists are getting more money for their labor.

The school equipment which will be furnished will be equal to that supplied in the average up-to-date American city.

The last and final consideration: This colony will cost around $1,000,000. I say to my friends in the Senate that if the Government, at an expenditure of around $1,000,000, can bring not only happiness to these people, nearly a thousand of them, but can plant definitely in their hearts hope, and can establish a new type of colonization in Alaska where a great future awaits, it is money well spent.

A million dollars? Money has been poured out like water on many projects that are not worth while. We know of instances where not one million, but millions and millions have been given away to an outfit for hauling a little handful of mail. Let us not stand here in conflict splitting hairs over an adventure of this kind. What is more important is the fact that future relations in the great Pacific are going to center around Alaska. We have voted here to establish airports in Alaska, and it were just as well, although I do not particularly emphasize that aspect. I think my brethren should understand that it was the part of wisdom for this country to make this last great frontier, this last haven of refuge for people who want to know economic freedom for themselves, their sons and daughters. I am glad to see this experiment, because it is a revival of the old days when pioneers rolled across the plains with their rifles on their shoulders; but, thank God, by the gift of modern science these people can have all the thrills of pioneer days and the boys and girls, in this way, can have all the thrills of the pioneer boys and girls.

They can have all those things, and along with them they can have economic security. They can know what that means. I thank God that Harry Hopkins had the foresight and the vision to undertake this project.

Many people said the Louisiana Purchase was stupid; many very able, smart people—smarter than a lot of us in this body—said it was a very asinine, stupid performance for the Thirteen Colonies to cut loose from the mother country, because they would never make a go of it; many people in this world have been so timid that they have finally slipped down over the edge into nameless and forgotten graves.

Mr. President, I ask to have printed at the conclusion of my remarks the statement of the Federal Emergency Relief Administration dated March 25, 1935, which is one of the first public references to the Matanuska development. Attached to it is Document No. 4906, which has some general

information about Alaska. I am presenting these documents because they give a very frank and realistic discussion of Alaska. The statements made are very revealing. No human being could have been misled. Harry Hopkins was very frank in telling the colonists the exact conditions in Alaska, and there is not any room for the statement that any human being could have been misled. I am very anxious that the country should have this information.

I also ask permission to have Administrator Hopkins' answer to Senate Joint Resolution 158 published as a part of my remarks.

The PRESIDING OFFICER (Mr. BURKE in the chair). Without objection, the documents presented by the Senator from Washington will be printed in the RECORD.

The matter referred to is as follows:

TWO HUNDRED RELIEF FAMILIES TO BE REMOVED TO FERTILE ALASKA VALLEY FOR REHABILITATION

FEDERAL EMERGENCY RELIEF ADMINISTRATION,
Washington.

Two hundred families, representing approximately 1,000 persons, now on the relief rolls of northern Michigan, Minnesota, and Wisconsin will soon be given the opportunity to rehabilitate themselves as homesteaders in the fertile Matanuska Valley of Alaska, it was announced today by Harry L. Hopkins, Federal Emergency Relief Administrator. The Matanuska project is to be developed by the Rural Rehabilitation Division of F. E. R. A., of which Col. Lawrence Westbrook is administrator, in cooperation with the Department of the Interior.

In addition to the settlers, 400 men from transient camps are to be selected to aid in locating the former on the development. The first contingent of transients, able-bodied woodsmen and mechanics from wooded areas of the west coast, will sail from Seattle on April 20. A second contingent will sail on May 1 and the last contingent on May 15. The transients are to be paid the same as C. C. C. workers, but will be given a cash allowance of only $2 a week while they are in Alaska. When returned to Seattle in October they will be given their accumulated earnings which, it is expected, will enable them to make a new start in life.

The 200 families which are to be transplanted have been tentatively selected from those who from experience and habits are best fitted to lead the rigorous life of pioneers in a northern climate. Final selection will be made on April 5, and those selected will be moved in small groups to nearby concentration points, after which they will leave for Seattle, there to take ship for Alaska in two groups, one on May 1 and the other on May 15.

Both the transients and the settlers will live in tent cities during the summer months when log houses are being built and woods cleared. The houses will contain from one to three bedrooms, indoor chemical toilets, and will be supplied with running water. For the present there will be no baths installed, and wood-burning stoves will provide the heating and cooking needs of the household. Kerosene or gasoline lamps will supply light. The settlers will take with them all their household belongings and tractors and other essential farming equipment, together with livestock, will be transported to the site of the rehabilitation project.

The Alaska Rural Rehabilitation Corporation, soon to be chartered, will handle the project. Each settler will be provided a tract of 40 acres of improved land with house fully equipped and necessary farming accessories. The cost will be approximately $3,000 for each farm, and the settler will be given 30 years in which to discharge the debt. It is expected that families will begin repaying their loans in the fifth year. Interest will be charged but not collected during the first 4 years, and it will be prorated with the rest of the debt over the amortization period. It is planned to charge 3-percent interest. The title to all property will be in the Rural Rehabilitation Corporation until the debt is completely discharged.

The site of the settlement is 125 miles north of the port of Seward, on the Alaska Railroad and the main road from Anchorage. The valley contains approximately 128,000 acres, of which 34,040 are public domain. Some 42,760 acres are homesteaded, with occupied land aggregating 23,000 acres. There are 117 families in the valley now. It is estimated that, on a basis of 40-acre tracts, the valley will accommodate 850 additional families. The land is fertile, and although the winters are long and the summers short, it is good dairy country and most of the hardier crops can be grown. The United States Government maintains an agricultural experiment station there, and the settlers will have the assistance of the station experts in the selection of crops.

It is planned to establish a community center at Palmer, a small village in the valley, and to build there a school to accommodate 400 children, a nondenominational church, a creamery and cannery, and such stores as may be needed. Directors of the project will also reside at Palmer in houses to be constructed this summer.

While the temperature in the Matanuska Valley is milder than in some sections of the States, the mercury at times drops as low as 40 below. There is a great variation in the length of the day between winter and summer. Beginning April 15 there are 14 hours of sunshine, and this increases until June 15, when the sun shines for 20 hours and there is no darkness. From this date on the hours of sunshine shorten at the same ratio as they increase in the spring. The region is free from tornadoes and severe electrical storms, but from July until September there is generally a heavy rainfall. One of the pests which the settlers will have to combat is the mosquito, which is present in great numbers throughout the summer. As the woods are cleared, however, it is expected annoyance from this pest will be eliminated.

The first manager of the new settlement will be Don Irwin, who has been loaned by the Alaska Agricultural College to inaugurate the project. The Bureau of Indian Affairs has granted a leave of absence to N. Lester Troast, of Juneau, who will direct construction activities. Both men are now in Washington completing arrangements for the project.

(Added detail may be obtained from Bulletin No. 4906, attached.)

ALASKA

I. GENERAL INFORMATION

A. History and climatic conditions: Alaska, our largest Territory, was purchased from Russia in 1867 at a cost of $7,200,000. Prior to this purchase it had been dominated by the Russian-American Co., which exercised absolute dominion over Alaska for the preceding 67 years.

The coast line is 26,000 miles long. This Territory is one-fifth the size of the United States, or over twice the size of the State of Texas. Contrary to the general opinion, Alaska is not a land of ice and snow. The southern point of the panhandle is only 500 miles north of Seattle. Three-fourths of Alaska is in the North Temperate Zone, only one-fourth being in the Arctic Circle. It is in approximately the same latitude as Norway and Sweden, the panhandle being in the same latitude as Scotland and Denmark. The climate is comparable to that of Scotland, Norway, and Sweden, although somewhat warmer, as it is tempered by the Japanese current. Actually, the climate is milder than that of many sections of the United States, although near the coast the interior valleys are much colder.

B. Industries: Alaska is famous for gold and other minerals, but her most important industry is her fisheries, the principal business being salmon fishing and packing. Other successful enterprises are fur farms, agriculture, livestock raising, lumber, and the raising of reindeer for commercial markets. The annual tourist business is an important item and prior to the present depression was flourishing.

II. AMERICAN OCCUPATION

The early influx into Alaska was caused by the gold rush. While gold was known to exist as early as 1850 the mining of it for many years was considered impractical. The first rush occurred during the late seventies and early eighties when thousands of men from the United States and Canada rushed to Alaska in hopes of sudden and fabulous wealth. There was a second rush in 1897 after the famous Klondike discovery and again an influx for this elusive metal in 1902. Gold mining is still an important industry but the production is largely stabilized.

Building of the railroads was responsible for the importation of additional men. There is a preponderance of men among the white settlers of this Territory, the ratio being approximately 2½ white men to each white woman. Each summer hundreds of laborers are imported for the season for employment in the canneries, mines, and on the highways and railroads.

III. GOVERNMENT

The organic act under which Alaska became a Territory is to Alaska what a State constitution is to a State. It was approved in August 1912 and two amendments have been since added. Alaska is represented in the Congress of the United States by a Delegate who is in the House of Representatives. The Governor of Alaska is chief executive officer of the Territory, and is appointed by the President of the United States by and with the consent of the Senate for a term of 4 years and until his successor is appointed and qualified. District judges are appointed by the President, by and with the advice of the Senate, to preside over the district court in each of the four judicial divisions into which Alaska is divided. The local legislature meets every 2 years.

IV. MATANUSKA VALLEY (SITE OF PROPOSED RURAL REHABILITATION SETTLEMENT)

A. Location: The Matanuska Valley is bound on the north by the Talkeetna Mountains, on the east and south by the Chugach Mountains, and on the west by the vast level plain of the Susitna River. It is about 125 miles in a direct line from the southern coast of Alaska.

B. Climate: The winters are long and the summers short. There is a great variation in the length of the day between winter and summer. There are 14 hours of sunshine per day beginning April 15, and they increase in length until, on June 15, there is 20 hours of sunshine and no darkness. Following this, they shorten at the same ratio as they increase. This valley is comparatively mild, being influenced by the relatively warm waters of the Pacific on the south, the Alaska range on the west, the Talkeetna Mountains on the north, and the Chugach Mountains on the east. The moisture-laden winds from the Pacific through the Cook Inlet sweep against the high mountains and this causes a precipitation of rain and snow over the entire region. This region is free from tornadoes and severe electrical storms. The spring and early summer have the lowest average precipitation. July, August, and September have the heaviest rainfall. Notwithstanding droughts of some severity have occurred in this region since farming was

begun, the weather is sometimes unfavorable for curing hay because of these conditions, and at such times hay is placed on racks or piled in cocks supported by thin vertical poles through the center to permit drainage and air.

C. Topography and soil: The Matanuska Valley consists mostly of benches and lowlands with occasional irregular ridges. A variety of soil is embraced ranging in composition from fine silt loam through fine sand to peat, and in drainage, from well-drained bench land to water-soaked marsh. To be put in readiness for cultivation much of this land requires only to be cleared of timber, undergrowth, moss, and other covering of vegetation.

Exclusive of muskeg and muck, there are two broad divisions of soil in the Matanuska Valley: (1) The bench-land soils, and (2) the stream-bottom soils.

Chemical analysis shows that all the soils have a good lime content, higher, in fact, than the average soil in the humid portions of the United States.

The plain rises through successively higher benches, steplike, from a few feet above high tide to a maximum elevation averaging probably 1,200 feet above sea level, where it merges with the flanking mountain slopes. The greater part of the bench land is about 25 to 200 feet above sea level.

D. Drainage: Owing to the sandy and gravelly nature of the soils and subsoils, the bottom lands drain quickly. Strips of deep sand and soils are included which are underlain at shallow depths by gravel and have excessive drainage. On these soils crops suffer from lack of moisture in dry seasons.

E. Water: There is an adequate supply of good water obtainable throughout this valley. Water can be secured either from creeks or wells, the depths of the well ranging from 15 to 60 feet.

F. Present population and existing conditions: The Matanuska Valley embraces 128,000 acres or 200 square miles. It is estimated that of this total 76,800 acres are tillable, of which approximately 1,000 acres are now under cultivation; 42,760 acres are homesteaded; the homestead land that is occupied is estimated at 23,000 acres, while 19,760 acres are owned by nonresident landowners who are either in other parts of Alaska or in the United States. The population of the valley comprises 117 families. Thirty-four thousand and forty acres are public domain. It is estimated on the basis of 40-acre tracts that the 850 additional families could be cared for.

G. Transportation: There are 170 miles of graded unsurfaced roads in the valley. A highway is now in the course of construction from Anchorage to the Matanuska Valley, a distance of about 45 miles. The Alaska railroad passes along the western side of the valley. A branch of the Alaska railroad leaves the main line at the town of Matanuska and follows the west bank of the Matanuska River through the undeveloped town of Palmer, extending as far as the Jonesville coal mines. The Matanuska River runs diagonally through the valley from the northeast to southwest. It is estimated that there are only 3,000 acres of cleared land in the valley.

H. Experiment station: There are two agricultural experiment stations now in operation in Alaska under the jurisdiction of the United States Government, one of which is located in the Matanuska Valley. This station owns 290 acres of land, a little less than one-third of which can be considered as suitable for cultivation. Two hundred and fifty acres have been cleared and brought under cultivation. The greater part of the land is made up of rocky ravines with small lakes and a growth of spruce and some birch and cottonwood trees. Many varieties of spring wheat, barley, oats, potatoes, peas, vetch, and roots have been seeded on this farm. Winter rye is the only fall seeded crop that has succeeded at Matanuska. Experiments are being continued for the purpose of disseminating information to the residents of this section of Alaska.

V. THE ALASKA RURAL REHABILITATION CORPORATION

The organization of the Rural Rehabilitation Corporation in the Territory of Alaska is not completed but is in the process of organization at the present time, and will be completed within the very near future.

VI. INFORMATION CONCERNING PROPOSED RESETTLEMENT IN THE MATANUSKA VALLEY

A. Location from which families will be selected: It is believed advisable to begin with approximately 200 families in the Matanuska Valley settlement project, these families to be placed on 40-acre tracts. This first group of families will be selected from Michigan, Wisconsin, and Minnesota, as it is felt that residents in these States should readily adjust themselves to the Matanuska Valley as climatic conditions are comparatively similar.

B. Acquisition of land: Of the total 128,000 acres in Matanuska Valley, approximately 42,769 acres are privately owned by residents and nonresidents. It is estimated that 23,000 acres are accupied at the present time by the 117 families. Nineteen thousand seven hundred and sixty acres are owned by the nonresident landowners, who are either in other parts of Alaska or in the United States. Thirty-four thousand and forty acres are public domain. A plan is being worked out at the present time by which the 34,040 acres will be secured from the United States Government and made available to the Rural Rehabilitation Corporation of Alaska for these new settlers. It is believed that options can be secured on the 19,760 acres now owned by nonresident landowners. The options on these lands will be secured by the duly authorized agent of the Alaska Rural Rehabilitation Corporation.

C. Type of settlement: The village of Palmer, at the present consisting of a post office and railroad station, is located in approximately the heart of the proposed resettlement area. It is about three-fourths of a mile from the Matanuska River. In addition to the railroad station of the Alaska Railroad, the highway from Anchorage into the Matanuska Valley goes through the village. It is planned to develop the village of Palmer. The schoolhouse for the 400 children will be built; the community center will be located there, with its workshops, recreational and religious facilities, its creamery, cannery, and warehouse. The homes of the teachers and the project manager will be built at Palmer and it is expected that several stores will be located there. The present residents now living in the vicinity of Palmer and elsewhere in the Matanuska Valley are much interested in this project. It is expected that they will participate in the program, and undoubtedly there will be a merger of the interests of the group now there with the new group coming in, the combination forming one harmonious unit.

D. Costs: The preliminary estimated budget would indicate a per unit cost of approximately $3,000 per family if the clearing is effected through a source other than residents themselves. There are two reasons why additional assistance will have to be given in the development of this project: (1) The cost to settlers, and (2) the shortness of the warm season necessitates rapid building of homes to enable the families to be comfortable through next winter. It is proposed to secure approximately 400 men from the transient camps of the Northwest and transport them to Matanuska Valley for the period from May through October of 1935, or establish a C. C. C. camp, these men to live in a tent city and to receive their complete maintenance and a cash allowance. If transients are used, it is suggested they be granted same cash allowance as is now given to the C. C. C. An allowance not in excess of $2 a week to be given in cash during the time they are working on the project. The remainder to be used as a stake, to readjust themselves in the industrial field upon their return to Seattle. The preliminary estimated cost if 400 transients are used from May through October is $156,300, or approximately $65.11 per man per month. This would include both maintenance and cash allowance.

It is expected that the families will begin repaying their loan at the beginning of the fifth year. Interest will be charged but not collected during these 4 yours, and it will be prorated with the rest of the debt over the amortization period. It is planned to charge 3-percent interest, the loan to be amortized over a period of 30 years. The title to all property will be held by the Corporation until the debt is completely paid off.

E. Families: The 200 families will be transported to this project in May 1935, the plan being that they will leave in two shipments—the first on May 1 and the second shipment on May 15. The families will live in tents while available cleared land is being seeded and additional land is cleared and the homes built.

F. Homes: It is planned to have the houses of log construction comprising a kitchen, living room, and varying from 1 to 3 bedrooms depending upon the size of the family. There will be indoor chemical toilets, but at the present time it is not planned to install bathrooms. All houses will have water piped indoors. Heat will be supplied by wood stoves, and the accepted method of lighting is by gasoline or kerosene lamps. Telephone communication is available from Palmer.

G. Transportation: Additional roads are being built and the automobile is becoming more valuable each year. As described in the early part of the report, railroad facilities are available, contact with the United States is by steamship.

H. Economic security: Food now shipped into this section of Alaska from the United States, which embraces the cities of Seward, Anchorage, and Fairbanks, and other points served by the Alaska Railroad alone total approximately $1,000,000 annually. A large proportion of this potential market can be supplied by farmers in the Matanuska Valley as soon as there is sufficient land cleared and under cultivation to assure a steady supply of quality products. A creamery and cannery are being planned as soon as there is a sufficient quantity of butterfat and vegetables to justify these industries. Controlled cropping and marketing is contemplated to insure a year around supply of products at a fair margin of profit. It is believed possible to develop dairying with its by-products, and to raise potatoes, vegetables, hay, grain, berries, and other produce. Cattle thrive in this valley, which will assure available meat. There will be considerable grazing land available. Vegetables thrive, especially the more hearty crops such as potatoes, cabbage, etc. It should be possible to supplement the income through the raising of hogs, poultry, and fur-bearing animals.

The social, religious, and educational life will center around Palmer. The community center will have space for work shops, religious services, moving pictures, and other recreational features. The church services should be interdenominational in character. Numerous lakes and the river assure additional recreational facilities for fishing, boating, and swimming. Hunting is an extremely popular sport, and moose, mountain sheep, goats, grizzly bear, rabbits, and various other wildlife abound. Geese and ducks provide excellent sport and the best of food.

CONCLUSION

This project has every indication of success, bringing to Alaska additional settlers, who are needed, and to these families an economic and social security. Care must be taken not to paint the picture to the families in colors that are too rosy. They should be informed as accurately as possible of existing conditions. Hardships will have to be faced, especially for the first couple of years, and many adjustments made. They will be separated from their relatives and lifelong friends. Distance and heavy transportation costs will make visits to their former homes prohibitive

for some years. These people should be selected because of their pioneer interests.

Homesteading in Alaska could not be considered an outstanding success. Many lone men going to Alaska for the purpose of working in the canneries, on the railroads, and in the gold mines, applied for and proved a homestead. They made no attempt to develop this homestead for the purpose of subsistence, but held it as an investment. The reason for this is psychological rather than existing conditions in Alaska. The proving of homesteads as an investment, the misinformation released from the Territory painting this country in too glowing colors, the lack of sufficient capital to last through that early period of land clearance and establishing of economic security, are important contributing factors which forced individuals and families to desert their homesteads and return to their former homes. During the war many men left Alaska for the purpose of enlistment and never returned. These lands reverted to the Territory.

Mosquitoes are an additional difficulty. From June through September they are present in large quantities. Within the clearing of the land mosquitoes frequently disappear, but they are a force to be reckoned with, especially for the first few years.

Dairying, trucking, and commercial distribution of meat products should be more than sufficiently successful to allow these families to amortize their debts over a reasonable period of time, supplying them during this interim with a comfortable living and guaranteeing future security for them and their children.

JUNE 24, 1935.

Hon. JOHN N. GARNER,
President of the Senate.

DEAR MR. PRESIDENT: Pursuant to Senate Resolution 158, adopted on Friday, June 21, I have the honor to present herewith the following report respecting the Alaskan colonization project being carried out under the direction of this administration.

1. Present status of the colonization, including numbers and descriptions of persons transported to Alaska, and from what States.

(a) Present status of colonization: The decision to undertake this project was made on March 1, 1935. A chronological statement of the progress of the project is set forth in exhibit A which is attached to this letter. Since March 1 all plans for the project have been made and approved. All workmen and colonists have been selected and have been transported to the site of the project. In addition, tools, equipment, livestock, groceries, household supplies, etc., have been transported to the project.

It should be noted that all materials and supplies required for subsistence and maintenance, as well as for construction, had to be procured in the United States and transported to Alaska.

All plans for the project have been executed according to predetermined schedule with the exception of the actual construction work. Construction activities, as a whole, are approximately 3 weeks behind schedule. This delay has been caused by abnormally rainy weather, some delay in the arrival of materials, and of administrative difficulties which were encountered on the job. Materials are now arriving satisfactorily. Action has been taken to correct administrative difficulties, and a sufficient number of additional workers have been engaged to make up for the time lost to date.

The very nature of the project, its distance from sources of supply, the short working season, and the hazards of weather make it impossible to give positive assurance that all construction will be completed according to schedule.

It is possible, however, to give full assurance that facilities providing safe and reasonably comfortable living conditions will be completed before winter.

Photographs marked "exhibit B" will give some idea of initial construction activities. The latest of these photographs are dated June 5, only 2 or 3 weeks after the arrival of the majority of the colonists. Considerable progress has been made since that date.

(b) Number and description of persons transported to Alaska: A total of 1,336 persons have been transported to Alaska in connection with this project, divided as follows: Transient workers, 425; colonists, including members of families, 897; administrative and supervisory workers, 14.

The transient workers were selected from approximately 10,000 transients on relief in California. They were chosen for their skill in construction. While a few of these persons have become dissatisfied and have left, they have as a body rendered excellent service, working without regard for hours and maintaining a high morale. Their relief pay is $1 per day and board.

The colonists, 201 families in all, were drawn from relief rolls of the stranded lumbering and mining areas of Michigan, Wisconsin, and Minnesota. Sixty-seven came from Michigan, 68 from Wisconsin, and 66 from Minnesota. From 30 to 50 percent of the entire population in these areas are on relief; and because the lumbering and mining industries, which formerly supplied work in these areas, have definitely abandoned them, there is little prospect for general reemployment in them. (See exhibit C showing relief conditions in these areas.)

The families were selected by experienced case workers on the basis of vigor, self-reliance, familiarity with hardships and hard work, and their adaptability to climatic conditions. Less than 5 percent of all colonists are more than 40 years old. (See classification by age marked "exhibit D", and see also various photographs of colonists themselves, marked "exhibit E." The detailed description of the Minnesota families given in exhibit D may be taken as typical of those selected from the other States.)

It should be borne in mind that these families were definitely stranded where they were and totally dependent upon the Government for their living. They had almost no hope of employment and were degenerating into a complacent acceptance of definitely subnormal social and economic standards. Photographs indicating their former environment are marked "exhibit F."

2. Nature and extent of accommodations provided for colonists.

(a) Existing accommodations.

(1) Living quarters: Pending completion of their permanent homes, colonists are living in floored tents, boarded on the sides and equipped with stoves, beds, cooking utensils, mosquito netting, and gasoline lamps. Tents are divided into nine separate groups so that colonists may have access to their individual tracts of land on which they are working. (See photographs of living quarters marked "exhibit B.")

(2) Sanitation: Pit toilets of the type used generally in transient camps of the United States have been constructed under the direction of the community doctor. Garbage cans and disposal pits are strictly required to be used by the colonists. Water was provided at first through shipment in tank cars from Anchorage, but wells are being rapidly developed and most of the water, which is pure and wholesome, is now coming from these wells. (See photographs marked "exhibits G and H.")

(3) Medical facilities: An emergency hospital is maintained in 4 tents with 1 doctor, 4 hospital orderlies, 1 public-health nurse, and 3 visiting nurses on duty. Hospitalization for serious cases and any supplementary medical attention which might be needed are available at Anchorage, 40 miles away, and directly connected by rail. The American Red Cross is cooperating in the provision of medical facilities. (See exhibit I.)

(4) Subsistence: Groceries and meat and other supplies are available in a central commissary and in the six branch commissaries, one for each group of tents. Food supplies were prescribed by experienced dieticians, and while there may not be the variety afforded in shops in the average city of the United States proper, there is full confidence that dietary needs are adequately met. For instance, such diverse commodities as milk, flour, cereals, potatoes, tomatoes, leafy green and yellow vegetables, dried fruits, other vegetables and fruits, dried beans, peas, and nuts, butter, etc., sugar, meat, and eggs are available. The costs of the food furnished the colonists are charged to them along with the other items of cost. In some cases the cost of the food may be high, but if so it is because of the high cost of transportation. Because of this fact, in connection with work which the colonists do on community projects, wages commensurate with such high costs are paid.

(5) Transportation: There are few good roads available. New roads are under construction as a part of the project. There is direct rail connection with Anchorage, 40 miles away, and with Seward, the port, 125 miles distant.

(6) Community life: A community house accommodating 200 people has been built, and community entertainment and recreation are being developed. Religious services are held regularly. See photograph marked "Exhibit J."

(b) Proposed accommodations:

(1) Plans for homes and community buildings to be constructed for the colonists are shown in exhibit K. The homes will be completed first, in order that living quarters for the winter be assured. Other construction will be given priority in the order of its importance to the safety and comfort of the colonists.

(2) Land: Each family will receive 40 acres of land, most of which the family will have to clear itself. This is Government land, formerly open for homesteading and withdrawn by the President to permit its use in connection with this project. See exhibit L.

(3) Schools: Plans for school buildings are indicated in the subjoined exhibits. The teaching staff will be provided by the Territory, and educational authorities have indicated that they will be ready to operate this coming term. (See exhibit M.)

(4) Farming equipment and livestock: The project is being managed by the former director of the Alaska Experiment Station, and the livestock and farming equipment provided the colonists were prescribed by him. Stock and equipment have already been delivered, and farming operations on a small scale, particularly gardening, have already begun. (See exhibit N.)

3. Any information available respecting lack of facilities and supplies necessary to protection and life.

Radio reports are received by the Federal Emergency Relief Administration every 2 or 3 days from the administrator of the project in Alaska. Some sickness has been reported among the children, such as measles and mumps. There have been numerous colds among the adults, but no cases of serious illness have been reported. As stated above, careful provision has been made for sanitation and medical attention.

The only complaint which has been received directly by this Administration has been a telegram signed by Patrick J. Hemmer and Mrs. I. M. Sandivick, who are colonists. This telegram is attached as exhibit O. The principal complaint contained in this telegram is that the construction of houses, wells, and roads has not progressed satisfactorily and that local political influences are interfering with the project. As stated above, it is true that there have been delays in construction and local administrative interferences. Corrective measures have been taken in both instances.

The telegram further complains that Government food has not been delivered. Information received in Washington indicates that there is now a supply of food on hand adequate to furnish a diet of the character indicated above. It should be noted that the telegram makes no criticism of the administrator, Irwin, or Washington officials, both of whom are described as being "O. K."

The great publicity which has been given to this undertaking has made news and headlines out of the very ordinary difficulties of construction and administration which would normally be expected in an enterprise of similar nature, even if undertaken in a well-settled part of the United States. Certain newspaper reports are clearly without foundation. Thus an article purports to quote one of the colonists as saying that 2,000 persons are ill. This is the only evidence, official or otherwise, of any unusual sickness. There are only 1,336 persons in the colony all told. Radio reports received from the administrator of the project have not mentioned any unusual sickness or lack of medical supplies or facilities. It is therefore believed that no credence can be given to this report. Nevertheless, a radio request for specific information on this point has been sent to the administrator, and his reply will be transmitted to you as soon as received.

The administrative difficulties hereinbefore referred to have unquestionably caused the majority of the complaints appearing in the press and transmitted to Members of the Senate. As has already been stated, appropriate and effective measures have been taken to remove these difficulties. The last radio report from Administrator Irwin, under date of June 21, attached and marked "Exhibit P", indicates satisfactory progress and conditions.

4. Nature and extent of the present and prospective expenditures in this connection.

The total estimated cost of the Alaskan colonization project is $1,093,365.

Nine hundred and thirty-two thousand dollars has already been granted by the Federal Emergency Relief Administration, leaving a balance of $161,365 to be made available for the completion of this project. There is a complete summary of the estimated costs of this project set forth in exhibit Q.

Of the total estimated cost of $1,093,365, it is calculated that approximately $700,000 will be charged to the individual colonists under a contract to make repayment in 30 years. The form of contract used in this connection is attached as exhibit R. The remainder of the estimated cost will be amortized through service charges or will simply represent an increase in the value of the property belonging to the Territory of Alaska.

5. The Alaskan colonization project was undertaken only after very serious and mature consideration of the economic and other problems involved. On the basis of the figures indicated above, the cost to each family would be approximately $190 per year, the full payment being made at the end of 25 years. During such time each family will have been cultivating its homestead, developing such diverse crops as hay, pea vines, garden vegetables, barley, oats, and the raising of pigs, cattle, and other livestock.

The commercial value of the crops, commodities, and livestock to be developed by each family will probably yield an annual income at the end of the fifth year of approximately $500, which would be in addition to the gardening crops and dairy products available for each family, which could be said to be worth over $600 at the end of such fifth year. Thus, in addition to being able to pay off its current indebtedness, each family at the end of the fifth year will have a credit balance of about $300.

Of course, after full payment has been made, the colonists will be able to retain the full benefits of the value of the crops developed on the homestead. This economic situation should be compared with the fact that if the families, which have been moved to the Matanuska Valley, had been left in the regions from which they have come, their sole outlook would have been to have received from emergency relief aid approximately $25 per month for each family. Because of economic conditions in the areas from which they have come, there was no hope of any economic recovery as compared to the opportunities which are now afforded to them by virtue of the Alaskan colonization project.

Attention is invited to the F. E. R. A. Bulletin 4906, attached as exhibit S, describing the project for the information of the prospective colonists and to a pamphlet issued by the Department of the Interior, attached as exhibit T-1, outlining colonization possibilities and to a speech given by the Honorable ANTHONY J. DIMOND in the House of Representatives on May 14, 1935, in connection with the Matanuska Valley colonization project in Alaska attached as exhibit T-2.

The Alaska colonization project, when completed and in successful operation, will offer a new frontier of vast extent in Alaska available to citizens of the United States. Many millions of dollars will thus be added to the national wealth and for many persons who should be rehabilitated, there may be made available a basis for economic recovery and new faith.

Additional information desired in connection with this undertaking will be gladly furnished by this Administration.

Respectfully submitted.

HARRY L. HOPKINS, *Administrator.*

EXTENSION OF TEMPORARY DEPOSIT-INSURANCE PLAN

The PRESIDING OFFICER laid before the Senate the amendment of the House of Representatives to the joint resolution (S. J. Res. 152) to extend for 1 year the temporary plan for deposit insurance provided for by section 12B of the Federal Reserve Act, as amended, which was to strike out all after the resolving clause and insert:

That section 12B of the Federal Reserve Act, as amended, is amended (1) by striking out "July 1, 1935", wherever it appears in subsections (e), (l), and (y), and inserting in lieu thereof "August 31, 1935"; and (2) by striking out "June 30, 1935", where it appears in the first sentence of the eighth paragraph of subsection (y), and inserting in lieu thereof "August 31, 1935"; and (3) by adding to subsection (y) the following additional paragraph, "The deposits in banks which are on June 30, 1935, members of the fund or the fund for mutuals shall continue to be insured during such extended period to August 31, 1935, without liability on the part of such banks to further calls or assessment."

Mr. GLASS. Mr. President, when Senate Joint Resolution 152, to extend for 1 year the temporary plan for deposit insurance provided for by section 12B of the Federal Reserve Act, as amended, was passed, the Committee on Banking and Currency did not know and could not know when consideration of the bank bill would be completed, if at all. I am happy to announce that the subcommittee having the proposed legislation in charge has practically agreed on all the main points of the bill and the chairman of the full committee has been notified that the subcommittee would report to the full committee on Monday. Within a few days we hope to report the completed bill to the Senate.

That being so, there is no material reason why the provisions of the law covered by Senate Joint Resolution 152 should be extended beyond the 60-day period proposed by the House, and therefore I move that the Senate concur in the amendment of the House.

The motion was agreed to.

Mr. MCKELLAR. Mr. President, at the request of the Senator from Virginia [Mr. GLASS], I submit a concurrent resolution merely to correct the title of a joint resolution that was passed earlier in the afternoon. I ask unanimous consent for its immediate consideration.

The PRESIDING OFFICER. The concurrent resolution will be read.

The concurrent resolution (S. Con. Res. 19) was read, considered by unanimous consent, 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 joint resolution (S. J. Res. 152) to extend for 1 year the temporary plan for deposit insurance provided for by section 12B of the Federal Reserve Act, as amended, to amend the title thereof by striking out the words "for 1 year" and inserting in lieu thereof "to August 31, 1935."

PERSONAL EXPLANATION

Mr. MCKELLAR. Mr. President, I rise to a question of personal privilege. I think it is the first time I have ever availed myself of this privilege since I have been in the Senate. I hope it will be the last time.

On June 5, in their night editions, the Washington Herald and the Washington Post, with flaming headlines on the first page, carried articles about my being in a boat accident on the Potomac River in company with two ladies, and that all the parties refused to give their names.

This was a falsehood out of the whole cloth so far as I am concerned. I was on no boat on the Potomac with anybody. I have had the matter examined by the superintendent of police, Major Brown, and he has reported to me, with full evidence of the facts, that it was Representative KENT KELLER, of Illinois, who was on the boat. I gave Representative KELLER himself the opportunity to make the correction. He declined to do so, saying he was not on the boat. I am, therefore, forced to make the correction and declare the absolute untruth of the two articles, and similar ones in other newspapers.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Haltigan, one of its reading clerks, announced that the House had agreed to the amendments of the Senate to the bill (H. R. 5809) to amend an act entitled "An act to control the manufacture, transportation, possession, and sale of alcoholic beverages in the District of Columbia."

The message also announced that the House had agreed to the amendment of the Senate to the bill (H. R. 6464)

to provide means by which certain Filipinos can emigrate from the United States.

The message further announced that the House had disagreed to the amendments of the Senate to the bill (H. R. 5917) to provide for the appointment of 2 additional judges of the District Court of the United States for the Southern District of California, 1 additional judge for the circuit court, ninth judicial circuit, and an additional district judge for the eastern district of Virginia, and for other purposes, agreed to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. MONTAGUE, Mr. LLOYD, and Mr. GUYER were appointed managers on the part of the House at the conference.

ENROLLED BILLS AND JOINT RESOLUTION

The message also announced that the Speaker had affixed his signature to the following enrolled bills and joint resolution:

S. 2738. An act to authorize the use of park property in the District of Columbia and its environs by the Boy Scouts of America at their national jamboree;

S. 2917. An act authorizing an appropriation to effect a settlement of the remainder due on Pershing Hall, a memorial already erected in Paris, France, to the commander in chief, officers, and men of the expeditionary forces, and for other purposes;

H. R. 5809. An act to amend an act entitled "An act to control the manufacture, transportation, possession, and sale of alcoholic beverages in the District of Columbia";

H. R. 7160. 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; and

H. J. Res. 324. Joint resolution to provide revenue, and for other purposes.

EXECUTIVE SESSION

Mr. McKELLAR. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE MESSAGES REFERRED

The PRESIDING OFFICER (Mr. BURKE in the chair) laid before the Senate messages from the President of the United States submitting several nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

EXECUTIVE REPORTS OF COMMITTEES

Mr. TYDINGS, from the Committee on Territories and Insular Affairs, reported favorably the nomination of Frank Murphy, of Michigan, to be United States High Commissioner to the Philippine Islands (pursuant to law), to take office upon the inauguration of the government of the Commonwealth of the Philippine Islands.

Mr. PITTMAN, from the Committee on Foreign Relations, reported favorably Executive L, Seventy-fourth Congress, first session, being an agreement to refrain from invoking the obligations of the most-favored-nation clause in respect of certain multilateral economic conventions, which was opened for signature at the Pan American Union on July 15, 1934, and signed on behalf of the United States on September 20, 1934, and submitted a report (Ex. Rept. No. 12) thereon.

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, reported favorably the nominations of sundry postmasters.

The PRESIDING OFFICER. The reports will be placed on the Executive Calendar. If there be no further reports of committees, the calendar is in order.

NOMINATION PASSED OVER—POSTMASTER

The legislative clerk read the nomination of Alice L. Woolman to be postmaster at Coweta, Okla.

Mr. McKELLAR. Let that nomination be passed over on behalf of the junior Senator from Oklahoma [Mr. GORE].

The PRESIDING OFFICER. Without objection, the nomination will be passed over.

POSTMASTERS

The legislative clerk read the nomination of Margaret E. Williams to be postmaster at Round Mountain, Nev.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of Robert F. Buchanan to be postmaster at Fayetteville, Tenn.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

RECESS TO MONDAY

Mr. McKELLAR. I move that the Senate take a recess until Monday next at 12 o'clock noon.

The motion was agreed to; and (at 5 o'clock and 35 minutes p. m.) the Senate, in legislative session, took a recess until Monday, July 1, 1935, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate June 27 (legislative day of May 13), 1935

COLLECTOR OF CUSTOMS

Leo E. Trombly, of Altona, N. Y., to be collector of customs for customs collection district no. 7, with headquarters at Odgensburg, N. Y. in place of John C. Tulloch.

SPECIAL COUNSEL

John W. Preston, of Oakland, Calif., to be special counsel (vice William C. Morrow, deceased), employed to prosecute proceedings to assert and establish the title of the United States to sections 16 and 36, township 30 south, range 23 east, Mount Diablo meridian, within the exterior limits of naval reserve no. 1 in the State of California, and to prosecute any suit or suits ancillary thereto or necessary or desirable, under the provisions of Public Resolution No. 6, approved February 21, 1924.

APPOINTMENTS AND PROMOTIONS IN THE NAVY

MARINE CORPS

Second Lt. Samuel D. Puller to be a first lieutenant in the Marine Corps from the 9th day of March 1935.

Second Lt. Robert L. Denig, Jr., to be a first lieutenant in the Marine Corps from the 2d day of June 1935.

The following-named citizens to be second lieutenants in the Marine Corps, revocable for 2 years, from the 1st day of July 1935:

Herbert R. Amey, Jr., a citizen of Pennsylvania.
Kenneth D. Bailey, a citizen of Illinois.
Elmer E. Brackett, Jr., a citizen of Nebraska.
Dwight M. Cheever, a citizen of Michigan.
Richard H. Crockett, a citizen of Tennessee.
Marvin H. Floom, a citizen of Ohio.
James G. Frazer, a citizen of Washington.
Gould P. Groves, a citizen of Arkansas.
Donn C. Hart, a citizen of North Dakota.
Ralph L. Houser, a citizen of Iowa.
Kenneth A. Jorgensen, a citizen of Illinois.
Mortimer A. Marks, a citizen of Illinois.
William S. McCormick, a citizen of Mississippi.
Kenneth F. McLeod, a citizen of Michigan.
Floyd R. Moore, a citizen of Indiana.
Richard E. Thompson, a citizen of Indiana.
Stanley W. Trachta, a citizen of Montana.
William J. Van Ryzin, a citizen of Wisconsin.

CONFIRMATIONS

Executive nominations confirmed by the Senate June 27 (legislative day of May 13), 1935

POSTMASTERS

NEVADA

Margaret E. Williams, Round Mountain.

TENNESSEE

Robert F. Buchanan, Fayetteville.

HOUSE OF REPRESENTATIVES

THURSDAY, JUNE 27, 1935

The House met at 11 o'clock a. m.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Merciful and ever-living God, from whom all blessings flow, abandon none of us; love us, help us, and trust us. We are here to work, perform a mission, and to be servants of the people. We do not pray for an easy way nor for a lighter burden, but for strength and courage to meet our tasks. We beseech Thee for an increase of knowledge, for widening horizons, for deepening thought, and for the culture of conscience. Heavenly Father, make our whole land to arise and go forward, and may its music and splendor fall upon our delighted senses. Enable us to see that our hearts are free from all jealousy, all selfishness, and all bitterness. O let the divine spirit emerge and help us to constantly seek the good of our generation, soften sorrow, lighten the heavy loads of human experience, and hasten on the better days. Through Christ our Redeemer. Amen.

The Journal of the proceedings of yesterday was read and approved.

Mr. DIES. Mr. Speaker, I suggest the absence of a quorum.

The SPEAKER. Will the gentleman withhold his point of order for a moment?

Mr. DIES. Mr. Speaker, I withhold the point of order.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Horne, its enrolling clerk, announced that the Senate had passed with amendments, in which the concurrence of the House is requested, a joint resolution of the House of the following title:

H. J. Res. 324. Joint resolution to provide revenue, and for other purposes.

The message also announced that the Senate had passed a bill of the following title, in which the concurrence of the House is requested:

S. 3038. An act to authorize the transfer of certain lands in Rapides Parish, La., to the State of Louisiana for the purpose of a State highway across a portion of the Federal property occupied by the Veterans' Administration facility, Alexandria, La.

The message also announced that the Senate requests the House to return to the Senate the bill (H. R. 5809) to amend an act entitled "An act to control the manufacture, transportation, possession, and sale of alcoholic beverages in the District of Columbia."

Mr. BLANTON. Mr. Speaker, I renew the point of order that there is not a quorum present.

Mr. DOUGHTON. Mr. Speaker, will the gentleman withhold his point of order?

Mr. BLANTON. Mr. Speaker, I withhold my point of order.

REVENUE ACT

Mr. DOUGHTON. Mr. Speaker, I ask unanimous consent to take from the Speaker's table House Joint Resolution 324, to provide revenue, and for other purposes, with Senate amendment, disagree to the Senate amendment, and ask for a conference.

Mr. YOUNG. Mr. Speaker, reserving the right to object, I desire to ask the chairman a question as to the differences between the House and the Senate on this bill.

Mr. DOUGHTON. The difference between the two Houses is that the Senate added an amendment reducing the time from 2 years to 1 year. That is the only change that was made.

Mr. YOUNG. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. YOUNG. Mr. Speaker, am I in order to move to recede and concur in the Senate amendment?

The SPEAKER. That is not in order at this stage of the bill.

Is there objection to the request of the gentleman from North Carolina? [After a pause.] The Chair hears none, and appoints the following conferees: Messrs. DOUGHTON, SAMUEL B. HILL, CULLEN, TREADWAY, and BACHARACH.

CALL OF THE HOUSE

The SPEAKER. Does the gentleman from Texas insist upon his point of no quorum?

Mr. DIES. Mr. Speaker, I make the point of order there is not a quorum present.

The SPEAKER. Evidently there is not a quorum present.

Mr. TAYLOR of Colorado. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 106]

Bacon	Dingell	Kennedy, Md.	Peyser
Bankhead	Ditter	Kopplemann	Polk
Brooks	Dondero	Lambertson	Quinn
Buckley, N. Y.	Doutrich	Lamneck, Ohio	Ryan
Bulwinkle	Duffey, Ohio	Lee, Okla.	Sanders, La
Cannon, Wis.	Englebright	Lemke	Sears
Carter	Fenerty	Lucas	Shannon
Casey	Flannagan	Lundeen	Smith, Conn.
Clark, N. C.	Frey	McGroarty	Smith, Va.
Cochran	Gambrill	McLean	Taylor, S. C.
Cole, N. Y.	Gasque	Murdock	Tinkham
Dear	Greenwood	Nichols	Underwood
Dickstein	Hennings	Oliver	Wolverton

The SPEAKER. Three hundred and seventy-seven Members have answered to their names, a quorum.

On motion of Mr. TAYLOR of Colorado, further proceedings under the call were dispensed with.

MERCHANT MARINE ACT OF 1935

The SPEAKER. The question before the House is the reading of the engrossed copy of the bill (H. R. 8555) to develop a strong merchant marine to promote the commerce of the United States, to aid national defense, and for other purposes, which was under consideration on yesterday.

The bill was read the third time.

Mr. TAYLOR of Colorado (interrupting the reading of the bill). Mr. Speaker, I ask unanimous consent that further reading of the bill be dispensed with.

Mr. MARCANTONIO. Mr. Speaker, I object.

Mr. MICHENER (interrupting the reading of the bill). Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. MICHENER. Mr. Speaker, if the further reading of the bill is dispensed with, that will in no matter affect a roll call on the bill, will it?

The SPEAKER. Not if the House wishes a roll call.

Mr. McFARLANE. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. McFARLANE. Inasmuch as it is quite apparent there will be no effort whatever made to get a roll call——

The SPEAKER. That is not a parliamentary inquiry, the Chair states to the gentleman from Texas.

Mr. McFARLANE. We want one.

Mr. MICHENER. Mr. Speaker, in view of that status, I ask unanimous consent that further reading of the bill be dispensed with; we can get a roll call on the bill.

The SPEAKER. Is there objection to the request of the gentleman from Michigan.

Mr. McFARLANE and Mr. O'MALLEY objected.

The SPEAKER. The question is on the passage of the bill.

The question was taken; and on a division (demanded by Mr. McFARLANE and Mr. O'MALLEY) there were—ayes 145, noes 131.

Mr. McFARLANE. Mr. Speaker, I demand the yeas and nays.

The yeas and nays were ordered.

The Clerk proceeded to call the roll.

Mr. BREWSTER. Mr. Speaker——

The SPEAKER. For what purpose does the gentleman from Maine rise?

Mr. BREWSTER. To propound a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. BREWSTER. Mr. Speaker, it was my intention to offer a motion to recommit.

Mr. BLANTON. Mr. Speaker, I rise to a point of order. The Clerk had already begun the calling of the roll and had called the first name, "ALLEN." I make the point of order the gentleman from Maine cannot interrupt the roll call.

The SPEAKER. The Chair overrules the point of order. The gentleman from Maine is entitled to propound a legitimate parliamentary inquiry, and the Chair presumes that the inquiry propounded is a proper one. The gentleman from Maine will state his parliamentary inquiry.

Mr. BREWSTER. Mr. Speaker, do I understand that a motion to recommit cannot be submitted at this stage?

The SPEAKER. Such a motion is not in order at this time.

The question was taken; and there were—yeas 194, nays 186, not voting 49, as follows:

[Roll No. 107]

YEAS—194

Andrew, Mass.	Ditter	Kelly	Ransley
Andrews, N. Y.	Dockweiler	Kennedy, N. Y.	Rayburn
Bacharach	Dorsey	Kenney	Reece
Bacon	Doughton	Kerr	Reed, Ill.
Beam	Drewry	Kinzer	Reilly
Beiter	Driscoll	Kleberg	Rich
Berlin	Eagle	Kloeb	Richardson
Bland	Eaton	Knutson	Robertson
Bloom	Eckert	Kocialkowski	Rogers, Mass.
Boland	Edmiston	Kopplemann	Rogers, N. H.
Bolton	Ekwall	Kramer	Rudd
Boylan	Evans	Lanham	Russell
Brooks	Faddis	Lea, Calif.	Sabath
Brown, Mich.	Fenerty	Lehlbach	Sadowski
Brunner	Fiesinger	Lesinski	Sanders, Tex.
Buchanan	Fish	Lloyd	Sandlin
Buck	Fitzpatrick	McAndrews	Seger
Buckbee	Ford, Calif.	McCormack	Shanley
Burch	Gambrill	McGrath	Sirovich
Burnham	Gearhart	McKeough	Smith, W. Va.
Caldwell	Gifford	McLean	Snell
Carmichael	Gildea	McLeod	Snyder
Cavicchia	Goldsboro	McMillan	Stack
Celler	Goodwin	McSwain	Starnes
Church	Granfield	Maloney	Steagall
Citron	Gray, Pa.	Mansfield	Stewart
Claiborne	Green	Marshall	Sutphin
Clark, N. C.	Greenway	Martin, Mass.	Taylor, Colo.
Colden	Hamlin	May	Thomas
Cole, Md.	Hancock, N. Y.	Mead	Tolan
Collins	Hancock, N. C.	Merritt, Conn.	Tonry
Connery	Harlan	Merritt, N. Y.	Treadway
Cooley	Hart	Millard	Turpin
Cooper, Ohio	Harter	Mitchell, Ill.	Vinson, Ga.
Corning	Hartley	Montague	Wadsworth
Costello	Healey	Montet	Walter
Crosby	Hess	Norton	Warren
Cross, Tex.	Higgins, Conn.	O'Connell	Weaver
Crowe	Higgins, Mass.	O'Connor	Welch
Crowther	Hill, Ala.	O'Day	West
Culkin	Hobbs	O'Leary	Whelchel
Cullen	Hoeppel	Palmisano	Wigglesworth
Daly	Hollister	Patton	Wilcox
Darden	Holmes	Peterson, Fla.	Wilson, La.
Darrow	Hook	Plumley	Wilson, Pa.
Delaney	Imhoff	Powers	Wolfenden
Dempsey	Jenckes, Ind.	Rabaut	Woodrum
Dickstein	Kahn	Ramspeck	
Dies	Kee	Randolph	

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Adair	Chapman	Ford, Miss.	Jones
Allen	Christianson	Fulmer	Keller
Amlie	Clark, Idaho	Gasque	Kimball
Andresen	Coffee	Gassaway	Kniffin
Arends	Cole, N. Y.	Gehrmann	Kvale
Arnold	Colmer	Gilchrist	Lambertson
Ashbrook	Cooper, Tenn.	Gillette	Lambeth
Ayers	Cox	Gingery	Lewis, Colo.
Barden	Crawford	Gray, Ind.	Lewis, Md.
Bell	Crosser, Ohio	Greever	Lord
Biermann	Cummings	Gregory	Luckey
Binderup	Deen	Griswold	Ludlow
Blackney	Dirksen	Guyer	Lundeen
Blanton	Disney	Gwynne	McClellan
Boehne	Dobbins	Haines	McFarlane
Boileau	Dondero	Halleck	McGehee
Brennan	Doxey	Hildebrandt	McLaughlin
Brewster	Duffy, N. Y.	Hill, Knute	McReynolds
Brown, Ga.	Duncan	Hill, Samuel B.	Maas
Buckler, Minn.	Dunn, Miss.	Hoffman	Mahon
Burdick	Dunn, Pa.	Hope	Mapes
Cannon, Mo.	Eicher	Houston	Marcantonio
Cannon, Wis.	Ellenbogen	Huddleston	Martin, Colo.
Carlson	Engel	Hull	Mason
Carpenter	Farley	Jacobsen	Massingale
Cartwright	Ferguson	Jenkins, Ohio	Maverick
Cary	Fernandez	Johnson, Okla.	Meeks
Castellow	Fletcher	Johnson, Tex.	Michener
Chandler	Focht	Johnson, W. Va.	Miller
Mitchell, Tenn.	Pierce	Sisson	Umstead
Monaghan	Pittenger	Smith, Wash.	Utterback
Moran	Rankin	South	Vinson, Ky.
Moritz	Reed, N. Y.	Spence	Wallgren
Mott	Richards	Stefan	Wearin
Murdock	Robinson, Utah	Stubbs	Werner
Nelson	Robsion, Ky.	Sweeney	White
Nichols	Rogers, Okla.	Taber	Whittington
O'Brien	Romjue	Tarver	Williams
O'Malley	Sauthoff	Taylor, Tenn.	Withrow
O'Neal	Schaefer	Terry	Wolcott
Owen	Schneider	Thom	Wood
Parsons	Schuetz	Thomason	Woodruff
Patman	Schulte	Thompson	Young
Patterson	Scott	Thurston	Zimmerman
Pearson	Scrugham	Tobey	Zioncheck
Peterson, Ga.	Secrest	Truax	
Pettengill	Short	Turner	

NOT VOTING—49

Bankhead	Duffey, Ohio	Lucas	Shannon
Buckley, N. Y.	Englebright	McGroarty	Smith, Conn.
Bulwinkle	Flannagan	Oliver	Smith, Va.
Carter	Frey	Parks	Somers, N. Y.
Casey	Fuller	Perkins	Sullivan
Cochran	Gavagan	Peyser	Sumners, Tex.
Cravens	Greenwood	Pfeifer	Taylor, S. C.
Dear	Hennings	Polk	Tinkham
DeRouen	Kennedy, Md.	Quinn	Underwood
Dietrich	Lamneck	Ramsay	Wolverton
Dingell	Larrabee	Ryan	
Doutrich	Lee, Okla.	Sanders, La.	
Driver	Lemke	Sears	

So the bill was passed.

The Clerk announced the following pairs:

Mr. Wolverton (for) with Mr. Taylor of South Carolina (against).
Mr. Carter (for) with Mr. Lemke (against).

General pairs:

Mr. Cochran with Mr. Perkins.
Mr. Sullivan with Mr. Doutrich.
Mr. Driver with Mr. Tinkham.
Mr. Sumners of Texas with Mr. Englebright.
Mr. Bankhead with Mr. Pfeifer.
Mr. Oliver with Mr. Quinn.
Mr. Parks with Mr. Polk.
Mr. Gavagan with Mr. Casey.
Mr. Flannagan with Mr. Dietrich.
Mr. Cravens with Mr. Frey.
Mr. Sears with Mr. Hennings.
Mr. Smith of Virgina with Mr. Lee of Oklahoma.
Mr. Underwood with Mr. Lucas.
Mr. Fuller with Mr. McGroarty.
Mr. Bulwinkle with Mr. Buckley of New York.
Mr. DeRouen with Mr. Ryan.
Mr. Somers of New York with Mr. Sanders of Louisiana.
Mr. Kennedy of Maryland with Mr. Ramsay.
Mr. Greenwood with Mr. Dear.
Mr. Dingell with Mr. Smith of Connecticut.
Mr. Duffey of Ohio with Mr. Larrabee.

Mr. KNUTSON changed his vote from "nay" to "yea."

Mr. BARDEN changed his vote from "yea" to "nay."

The result of the vote was announced as above recorded.

Mr. McFARLANE. Mr. Speaker, I demand a recapitulation.

The SPEAKER. A recapitulation of a vote is within the discretion of the Chair, and the Chair does not think that is necessary on this vote.

Mr. McFARLANE. There was so many votes changed back and forth that I think it would be well to have a recapitulation.

On motion of Mr. BLAND, a motion to reconsider was laid on the table.

EXTENSION OF REMARKS—MERCHANT MARINE

Mr. CROWE. Mr. Speaker and Members of the House, I trust this Nation will always remember the indignities it suffered prior to our entrance into the World War because of the defenseless position we were in because of the lack of national defense.

I heartily endorse the Bland bill—H. R. 8555—reported by the Committee on Merchant Marine and Fisheries, of which I have the honor to be a member. In my opinion, the bill is meritorious, it is forward looking, and when enacted into law it will prove of much benefit to the United States in the future.

Why is it necessary to subsidize a merchant marine and why do we need a merchant marine? In the first place, if we do not subsidize a merchant marine our Nation will either be without merchant ships or they will be built in other countries because of the differential in cost price. It is known to cost approximately one-half more to build a

ship in America than it does overseas because of better living conditions in the United States and higher wages here paid, which is as it should be. By building ships in the United States we thereby use, for the most part, materials produced in the United States and with American labor. Ninety percent of the cost goes to labor in some form or another, either in the mine, mill, or shipyard, and 10 percent goes back to the original raw material. It is far better that all of this be employed and used in the United States and in our shipyards than abroad.

If we do not subsidize American shipping we will soon again find ourselves in the condition that existed prior to and during the World War when we only carried 8 to 10 percent of American products in ships of the United States. When the war enveloped us those ships were withdrawn from our service and for months our products wasted and rotted in the fields; and merchandise that was shipped was forced to pay tremendous increases amounting to as high as 1,000 percent, and all in all cost the United States and its citizens many hundreds of millions of dollars. That condition can obtain again just as easily as it did in 1914 to 1918. Using a homely illustration, there is just as much reason for a farmer to hire and rent his machinery, equipment, horses, mules, tractors, combines, and so forth, as it is for the United States to hire ships from other nations.

The above reasons I consider alone of sufficient interest to warrant our building a merchant marine. I want to cite another reason, however, that in itself I consider alone as abundant justification for an adequate and sizable merchant marine owned by the people of the United States and one that can be had and used in case of war or other emergency by the Federal Government. An adequate merchant marine is a positive necessity for national defense and for the protection of our country in case of war. The opposition to this bill, which developed in the House, it would appear, veiled or otherwise, is from two sources: First, those who want to again experiment with Government ownership of our merchant marine. This has been found and proven expensive and did not work for the good of our country and had to be abandoned and the ships were sold. The other line of thought seems to be pacifist ideas. I decry both pacifist and militarist ideas. I am just as far removed from one as I am from the other. We do not need either militarist or pacifist thought in this country, but what we do need is adequate and abundant national defense and in building for national defense and national security we not only need a sizable, modern, up-to-date Navy and air defense, but for auxiliaries in event of war or in event of attack a sufficient merchant marine.

In opposing militarist ideas I do it for the reason that they would drag us into conflicts which usually are unnecessary and would take us away from our shores or away from our possessions to fight, to which I am bitterly opposed. I am opposed to pacifists' foolish ideas for the reason that they would leave us, if they had their way, totally unarmed, totally unprepared to defend ourselves in case of attack. With the world seething as it is at this time and with all Europe apparently ready to go at each other's throats, why should this Nation be so foolish as to again allow itself to become and be found in the position it was at the beginning of the World War. Will we sit or supinely rest on our oars and hug and cherish the delusive, fantastic ideas that because we are peaceful and peace loving we would be free from attack and free from invasion by other nations if they found and saw our defenseless position. We will not allow ourselves to continue thus.

It will be impossible to have any measure or for any proposed bill to have any more careful, unbiased, and open consideration with fairness to all witnesses and to all members of the committee than was shown by Mr. BLAND, chairman of this committee, and by Mr. LEHLBACH, ranking minority member. Any statements to the contrary notwithstanding, I brand as either willful or ignorant misstatements of fact. I speak with knowledge, having sat in on almost all sessions, both the public hearings, which continued for many weeks, and also the executive sessions when the final draft of the bill was made.

FURTHER MESSAGE FROM THE SENATE

A further message from the Senate, by Mr. Horne, its enrolling clerk, announced that the Senate insists upon its amendments to the joint resolution (H. J. Res. 324) entitled "Joint resolution to provide revenue, and for other purposes", disagreed to by the House; agrees to the conference asked by the House on the disagreeing votes of the two Houses thereon, and appoints Mr. HARRISON, Mr. KING, Mr. GEORGE, Mr. KEYES, and Mr. LA FOLLETTE to be the conferees on the part of the Senate.

The message also announced that the Senate insists upon its amendment to the bill (H. R. 6511) entitled "An act to amend the air mail laws and to authorize the extension of the air mail service", 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. MCKELLAR, Mr. HAYDEN, and Mr. SCHALL to be the conferees on the part of the Senate.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Latta, one of his secretaries, who also informed the House that on the following dates the President approved and signed bills and joint resolutions of the House of the following titles:

On June 7, 1935:

H. R. 5213. An act to provide funds for cooperation with school district no. 27, Big Horn County, Mont., for extension of public-school buildings to be available to Indian children; and

H. R. 5216. An act to provide funds for cooperation with Harlem School District No. 12, Blaine County, Mont., for extension of public-school buildings and equipment to be available for Indian children.

On June 11, 1935:

H. R. 2015. An act for a Coast Guard station at the eastern entrance to Cape Cod Canal, Mass.;

H. R. 5210. An act to provide funds for cooperation with school district no. 17-H, Big Horn County, Mont., for extension of public-school buildings to be available to Indian children; and

H. R. 6315. An act to provide funds for cooperation with the school board at Medicine Lake, Mont., in construction of a public-school building to be available to Indian children of the village of Medicine Lake, Sheridan County, Mont.

On June 13, 1935:

H. R. 65. An act to provide for the establishment of a Coast Guard station on the coast of Virginia at or near the north end of Hog Island, Northampton County;

H. R. 1492. An act for the relief of Harbor Springs, Mich.; and

H. R. 5564. An act for the relief of Capt. Russell Willson, United States Navy.

On June 14, 1935:

H. R. 2204. An act for the relief of Robert M. Kenton;

H. R. 2553. An act for the relief of Eva S. Brown;

H. R. 2683. An act for the relief of Henry Harrison Griffith;

H. R. 3973. An act making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of such District for the fiscal year ending June 30, 1936, and for other purposes;

H. R. 6371. An act to authorize an increase in the annual appropriation for books for the adult blind;

H. R. 6987. 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. 7 meets Texas Highway No. 87;

H. R. 7081. An act to extend the times for commencing and completing the construction of a bridge across the Missouri River at or near Brownville, Nebr.; and

H. J. Res. 320. Joint resolution to extend from June 16, 1935, to June 16, 1938, the period within which loans made prior to June 16, 1933, to executive officers of member banks of the Federal Reserve System may be renewed or extended.

On June 15, 1935:

H. R. 67. An act to repeal certain laws providing that certain aliens who have filed declarations of intention to become citizens of the United States shall be considered citizens for the purposes of service and protection on American vessels;

H. R. 240. An act for the relief of Capt. Alexander C. Doyle;

H. R. 4448. An act to provide funds for acquisition of a site, erection of buildings, and the furnishing thereof for the use of the diplomatic and consular establishments of the United States at Helsingfors, Finland;

H. R. 5456. An act relating to the powers and duties of United States marshals;

H. R. 7781. An act to define the election procedure under the act of June 18, 1934, and for other purposes;

H. R. 7982. An act to amend the Migratory Bird Hunting Stamp Act of March 16, 1934, and certain other acts relating to game and other wildlife, administered by the Department of Agriculture, and for other purposes;

On June 17, 1935:

H. R. 2466. An act for the relief of John E. Click;

H. R. 4798. An act to authorize the settlement of individual claims of military personnel for damages to and loss of private property incident to the training, practice, operation, or maintenance of the Army;

H. R. 6437. An act to amend Private Act No. 5, Seventy-third Congress, entitled "An act to convey certain land in the county of Los Angeles, State of California";

H. R. 6836. An act to provide for the printing and distribution of Government publications to the National Archives;

H. J. Res. 27. Joint resolution providing for extension of cooperative work of the Geological Survey to Puerto Rico;

H. J. Res. 204. Joint resolution authorizing the erection of a memorial to the late Jean Jules Jusserand;

H. J. Res. 285. Joint resolution to permit the temporary entry into the United States under certain conditions of alien participants and officials of the national Boy Scout jamboree to be held in the United States in 1935; and

H. J. Res. 288. Joint resolution authorizing the Secretary of Agriculture to pay necessary expenses of assemblages of the 4-H clubs, and for other purposes.

On June 19, 1935:

H. R. 2422. An act for the relief of James O. Greene and Mrs. Hollis S. Hogan;

H. R. 2756. An act authorizing the Tlingit and Haida Indians of Alaska to bring suit in the United States Court of Claims and conferring jurisdiction upon said court to hear, examine, adjudicate, and enter judgment upon any and all claims which said Indians may have, or claim to have, against the United States, and for other purposes;

H. R. 5720. An act to amend the National Defense Act of June 3, 1916, as amended; and

H. J. Res. 26. Joint resolution requesting the President to proclaim October 9 as Leif Erikson Day.

On June 24, 1935:

H. R. 2739. An act to extend further time for naturalization to alien veterans of the World War under the act approved May 25, 1932 (47 Stat. 165), to extend the same privileges to certain veterans of countries allied with the United States during the World War, and for other purposes; and

H. R. 7672. An act making appropriations for the Navy Department and the naval service for the fiscal year ending June 30, 1936, and for other purposes.

On June 26, 1935:

H. R. 59. An act to create a national memorial military park at and in the vicinity of Kennesaw Mountain in the State of Georgia, and for other purposes; and

H. J. Res. 147. Joint resolution authorizing the erection of a monument to Grover Cleveland in Washington, D. C.

ADDITIONAL CIRCUIT JUDGE FOR THE NINTH JUDICIAL DISTRICT

Mr. LLOYD. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 5917) to provide for the appointment of 2 additional judges of the District Court of the United States for the Southern District of California, 1 additional judge for the circuit court, ninth judicial circuit, and an additional district judge for the eastern district of Virginia, and for other purposes, with a Senate amendment, disagree to the Senate amendment, and agree to the conference asked by the Senate.

The SPEAKER. Is there objection to the request of the gentleman from Washington?

Mr. TRUAX. Mr. Speaker, I object.

COMMITTEE ON BANKING AND CURRENCY

Mr. STEAGALL. Mr. Speaker, I ask unanimous consent that the Committee on Banking and Currency may sit during the session of the House today.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

There was no objection.

DINNER OF THE CHEMUNG COUNTY, N. Y., DEMOCRATIC COMMITTEE

Mr. MERRITT of New York. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include therein a speech made by the Postmaster General.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. MERRITT of New York. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following address on Hon. James A. Farley, chairman of the Democratic national committee, at a dinner of the Chemung County Democratic committee, at Elmira, N. Y., Monday evening, June 24, 1935:

It is always a pleasure to talk to the people of my own State. They know me, and I know them. They are aware of the political principles that I maintain, and I am no less aware of the reactions and the forces, both for and against those principles that move the Empire State in its political decisions. I think I am justified in claiming that New York is intrinsically a Democratic State. I think I am correct in stating that more New York Governors have been chosen to represent their party in Presidential races than any other State, which simply means that we have had a great number of Governors whose qualifications so impressed the country that both the big parties have been glad to put them up for the highest office in the land. Another factor that must impress the readers of history is that New York has never given the country a President whose administration has not been successful.

That's a pretty good record, and I think you will all agree with me that the present tenant of the White House is carrying on this splendid tradition.

These reflections naturally may lead us to the consideration of the contemporary political situation. It goes without saying that Franklin Delano Roosevelt will be renominated and reelected.

The reasons for this statement are twofold. In the first place, he has accomplished an almost superhuman task in reviving the languishing and near moribund industries he found on his advent to the White House into the greatly improved and sound condition in which they find themselves today. He has done this by the exercise of an intelligent plan, and we have come through the crisis without riots or other social disturbances, without the imposition of any dictatorial measures. He has done it all right out in the open, taking the public into his confidence as he went along. He has minimized unemployment. In fact, you can use whatever yardstick you please and learn that the country is immensely better off because of our President's courage and resourcefulness.

That's the economic side of it. The political side of it is that despite all the criticism and clamor raised by the opposition, the Republicans have not advanced anything approaching a program to take the place of the program President Roosevelt devised and has been carrying out. Moreover, though they have combed the ranks of the G. O. P. they have not developed a possible contender for the Presidency as against our leader. I don't think that any of us has heard a single name advanced as an acceptable recipient of the G. O. P. nomination in 1936. The opposition party is hopelessly divided. There is the standpat crowd, who would like to see the country go back to the policies or lack of policies prevailing before March 4, 1933, and which consequently has in mind some reactionary of the old school to whom every progressive act and progressive name is accursed.

They have the so-called "Progressive wing", typified by the La Follettes, who insist that the hoary, hidebound organization shall change its habits of thought and action and offer to the country something approaching the Roosevelt new deal. I suppose I ought to include among the Republican factions a shadowy third element that calls itself Progressive but shies away from La Follette. This element doesn't like the new deal; doesn't like the President; doesn't like the Hoover wing. It is always vehement in

its objections to the G. O. P. policies until election time, when it supports the G. O. P. presidential candidate.

Recently some of the Midwest Republican leaders organized and held what they described as a "grass roots" convention. It was to me one of the most interesting, not to say amusing, political gatherings that we have ever had. Dominated by the standpatters, with the Hoover hand over everything, it did not dare even to mention the ex-President's name in its proceedings. Held in a section of the country most vehement in its demand that the reactionary element show some consideration for the progressive sentiment, it could not voice the policies of the Republican national chairman, of the Hoover cabinet members who were conspicuous, or of Mr. Frank Smith, whose Insull contributions and affiliations were so rank that a Republican Senate refused him a seat to which he was elected.

It had to compromise on a fierce attack on President Roosevelt and a declaration of principles which closely parallel the new-deal policies inaugurated and put into effect by President Roosevelt.

I note by the newspapers that our old friend W. Kingsland Macy, former chairman of the New York Republican State Committee, has been to Washington to consult with the progressive members of his party, campaigning for some sort of a gathering to take the curse off the "grass roots" convention. Mr. Macy was suggesting a Progressive Republican convention, free of the Hoover influence. I think that all good Democrats should cheer him on his way, because the new movement reveals the lack of Republican harmony and emphasizes the irreconcilable family differences to the public in a manner which no Democratic propaganda could hope to match. I venture to say that the platform of the "anti-grass-roots" convention—if it ever assembles—will be fit to frame alongside of the Springfield efforts. Each will be just as vague, just as dishonest, as the other.

Republicans of every shade, from the pink Progressives to the dark blue of the reactionaries, derive a great deal of comfort, and whatever hope they have, from the recent Supreme Court decision against the National Recovery Act. Naturally, every person who has followed the progress of the recovery movement was disappointed at the Court's ruling. But the Supreme Court is the Supreme Court and there is nothing to be done but to follow the course outlined by the President and do what we can under the restrictions laid down by that tribunal.

Just the same, there is a certain amount of satisfaction in the circumstance that the N. R. A. functioned for 2 years and in that time was able to give an impetus to business, the momentum of which will carry us through to the goal to which the Democratic Party directed itself when it came into Federal power. We cannot hope that the recovery will be as rapid as it would have been had the constitutionality of the N. R. A. not been determined adversely. But the seed the N. R. A. has planted has obtained such a growth that public sentiment will not permit all the good to be lost.

Not long ago in a similar situation, the President told a story to the Washington correspondents at one of the regular White House press conferences. It concerned a New York town. On the edge of that town there was a bad grade crossing that had caused a considerable number of collisions and casualties. So the town authorities appointed a constable to mount guard at the crossing. After 2 years a court decided that the wrong civil authority had made the appointment and that, therefore, the presence of the constable was unconstitutional—otherwise, invalid. Nevertheless, the man had watched the crossing for 2 years and had been the means of saving a number of lives.

So it is with the N. R. A. The Supreme Court ruled that the Congress had exceeded its authority in enacting the measure, but for the 2 years the N. R. A. had functioned it had put a lot of men to work, had abolished child labor, had cleared industry of the disgrace of sweatshops, and had established a code of ethics in business and rules of fair competition that really lifted us out of the depths of depression and started us on the way to the high ground of prosperity. The principle may have been wrong, judicially considered, but it was eminently right from the humanitarian and utilitarian points of view.

That suggests a look at some of the things the President's recovery program has accomplished. For example, in the 12 years prior to 1933 there was an average of 15,000 bank suspensions, with deposits in excess of $5,000,000,000. Since the act creating the Federal Deposit Insurance Corporation 2 years ago, under which more than 50,000,000 depositors are insured up to $5,000, only 17 banks—2 of them national—have closed their doors. Ninety-five percent of the deposits were fully insured, and the depositors were paid as rapidly as they presented their claims. For the year 1934 the insurance fund, after paying all the depositors and the expenses of operation, had a surplus of $2,000,000. This is one example of what the new deal has accomplished.

Now let's look into the unemployment question. According to the report of the Bureau of Labor Statistics, "in 1932, 39 out of each 100 workers employed in manufacturing industries had been displaced and by January of 1933, 43 out of each 100. Many then employed were working part time. By January 1934, 13 of the 43 had been reemployed, and by January 1935, 18. The comparisons must be qualified by the fact that more persons were of working age and therefore a larger proportion needed jobs in 1935 than in 1929."

The report puts the same situation into dollars. Each $100 wage payment made by employers in 1929 was reduced to $42 in 1932 and to $36 in January 1933. The next January found that the ratio had increased to $50, and by the first of the current year to $59. And in this figuring remember the emergency employment and pay rolls furnished by public funds are not included.

In other words, N. R. A. had lifted the earning capacity of employees from $36 to $59 on every hundred and had brought reemployment to nearly 60 percent of those out of work.

All of this may have been unconstitutional, but there are about 7,000,000 people and their dependents to whom it meant salvation, and I do not think that any of them is worrying over the constitutionality of it.

Now let's take a few figures on the employers' side and see how they fared under the codes, which the enemies of the administration have described as horrible examples of regimentation of industry and the shackling of trade. We have recently had the reports to the stockholders from the three major steel companies. The United States Steel Corporation for the past 3 months showed sharp gains in both income and employment over a year ago. In continuing its quarterly dividend, United States Steel reported that its deficit for the first quarter of 1935 was $3,975,206, as compared with a deficit of $8,791,370 for the corresponding quarter last year. National Steel's net earnings were $3,367,632 for the 3 months, which is more than double what they were in the like period last year. And Inland Steel, which earned a net $1,104,000 in January–February–March of 1934, announces that this year those earnings amounted to $2,465,000.

Labor shared in this increase in income, for the average weekly earnings of workers in the steel industry was 22 percent higher than in the first 3 months of last year.

Not so bad for the N. R. A., even if it was all deplorably unconstitutional.

The automobile business is another example. They are selling more machines than at any time in their history. Their pay rolls have increased 131 percent over 1932 and are now being paid at the 1929 rate, when we were in the midst of the boom that preceded the giant collapse.

You have heard a lot from the assailants of the administration and the national-recovery movement about the doleful fate of small business. Well, our old friend, Dun & Bradstreet, gives us the answer. That firm recently announced that retail sales in cities of 30,000 and less increased 21 percent during the first year of N. R. A., while the larger distributors, such as department stores and mail-order firms, showed increases of 13 percent during the same period.

The Department of Commerce reports and those of the National Retail Drygoods Association both point out that in spite of the tremendous number of failures between 1929 and 1933 there are more retail establishments doing business in the United States than there were during the peak of the boom. Moreover, Dun & Bradstreet show that there have been fewer business failures during the N. R. A. regime throughout the United States than at any time since 1920.

It is perfectly obvious from these figures that the story of the sacrifice of small business for big business is an absolute myth. There are more small businesses than ever and the percentage of failures among them is less than it has been for 15 years.

Let us take the situation from another point of view. The most unfailing index to the country's prosperity is furnished by the tax returns. Well, up to the 1st of June 1935 the income-tax receipts exceeded those of last year by more than $200,000,000. Now if you will figure what proportion of your income you paid in income taxes you will get an approximation of the enormous increase that has come to the Nation's business to account for $200,000,000 more taxes paid than last year. Miscellaneous internal revenues also show an increase of nearly $200,000,000, which gives you a line on the revenue of those industries subject to these special taxes.

The Department of the Government with which I am connected reflects the same state of affairs. Our postal receipts for the first 10 months of the present fiscal year were 10⅓ percent up in the smaller post offices of the country and 6 percent up in the larger offices. Our April record showed the best postal increases in 5 years.

When sales go down, business houses that furnish the bulk of the postal activities send out fewer letters, fewer packages, fewer bills, fewer circulars. When business goes up, the mail records show a sympathetic and simultaneous reflection of the improvement. Incidentally, it is largely this circumstance of the growth of the postal business that explains why that Department is now producing a surplus instead of a deficit, which in past years has gone as high as $150,000,000. By a surplus I mean the excess of income over expenditure, of course, not including the payment of such subsidies as go to ships for the encouragement of the merchant marine or to aircraft for the encouragement of aviation, or for the free service to every branch of the Government over which the Department has no control. The subsidies are voted by Congress, and the post office merely happens to be the disbursing agent of those appropriations.

According to those who seek to pick flaws in the Roosevelt administration, it has done something terrible to our credit and to our finances. Well, the American dollar is at a premium in terms of nearly every other national currency. As to our credit, let the Standard Statistics Co. of New York tell the story. According to them the yearly averages of Government bond prices have increased from 100.1 in 1929 to 106.3 in 1935. This, of course, represents the average of all Government bonds.

So you see we got along pretty well under the N. R. A. The purpose and the courage and the definiteness of view all contributed to the advancement of our country and to its recovery from the swamp of depression in which the Roosevelt administration

found it when it came to Washington. It is regrettable that in the emergency and need for extraordinary remedies we proceeded outside of the strict legal interpretation of the powers of Congress.

However, I cannot find that this departure injured anybody, either materially or by an affront to his personal liberty. In fact, every newspaper you pick up nowadays contains in its columns some sort of lament from business and from labor that the helpful codes under which they functioned so well have been placed outside the law. Thousands of industries have indicated that they will try to make code observance a matter of mutual agreement, so that the good work can go on as steadily as possible in the new situation.

Do any of you think that in the histories to be written in the future Franklin D. Roosevelt will be remembered because the Supreme Court declared unconstitutional the program he adopted to meet the depression or because through his valiant, prompt, and effective plan he gave the country a 2-year breathing spell—gave it a chance to catch its breath so that it could go on toward the height on which dwell prosperity and contentment?

DEATH OF EDWARD J. ROCHE

Mr. BOYLAN. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. BOYLAN. Mr. Speaker, I have asked for this time in order that we might pause a moment to pay a tribute of respect to one of our oldest employees who has just passed on—Edward J. Roche, of New York. Fifty years ago we had a distinguished Congressman from the city of New York named Timothy John Campbell. He was a unique character, and it was he who appointed Edward Roche as a page boy at that time.

I may say in passing that the same Congressman Campbell was the author of the celebrated expression we hear so often repeated when he said to President Grover Cleveland, "What is the Constitution between friends?"

Edward Roche served in various official capacities, including service with the Government Printing Office for 30 years. He was one of the secretaries to the former Secretary of the Treasury Ogden L. Mills when that gentleman was a Member of this House. He was a splendid character, and he took a leading part in all organized-labor activities and was a delegate to many of their national conventions. He worked hard for the passage of the Saturday half holiday and the present retirement bills. Loyalty and faithfulness to his friends characterized his entire life, and I know the Membership of the House will join with me in wishing peace to his soul and rest to his ashes.

GOLD-CLAUSE BONDS OF THE GOVERNMENT—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES (H. DOC. NO. 232)

The SPEAKER laid before the House the following message from the President of the United States, which was read, and, with the accompanying papers, referred to the Committee of the Whole House on the state of the Union and ordered printed:

To the Congress of the United States:

Before the termination of this session of the Congress I believe that it is important that definite action be taken to eliminate any uncertainty with respect to the right of holders of gold-clause bonds of the Government to sue for payment either in gold or else in legal tender with an additional sum of 69 cents on every dollar.

To this end I urge the withdrawal by the United States of its consent to be sued upon its currency or securities. The question of the effect of the so-called "gold clause", in the light of the monetary legislation of the Seventy-third Congress, came before the Supreme Court at the term just closed. A suit for additional payment under existing circumstances, the Court said, would "constitute not a recoupment of loss in any proper sense but an unjustified enrichment." Bonds of the United States containing gold clauses—all of them issued, sold, and payable wholly within the United States—have been continuously quoted on the exchanges at no higher prices than bonds not containing such clauses. But the continuing possibility of actions by litigious persons leaves open the continuing possibility of speculation. There is no public interest, under these conditions, in permitting a handful of private litigants to exploit the general public in the hope of a wholly speculative private profit.

This conclusion will hold so long as the Congress adheres to its declared policy, now more than a third of a century old, to maintain the equal value of every dollar in the market.

I recommend, therefore, the enactment of legislation which will make clear that it is our fixed policy to continue to treat the bondholders of all our securities equally and uniformly, to afford any holder of any gold-clause security who thinks he could by any possibility sustain any loss in the future an opportunity to put himself immediately in a position to avoid such future loss, and to remove all possibility of any suits designed to hamper the Government in administering the public debt and in financing its ordinary and emergency expenditures.

More specifically, I recommend the immediate enactment of legislation (1) that will authorize and direct the Secretary of the Treasury, at the request of the holders of gold-clause securities of the United States, to make payment therefor in cash, dollar for dollar, with accrued interest, or, at the holder's election, to exchange such securities for non-gold-clause securities with the same interest rate and maturity; (2) that will terminate any consent which the United States may have voluntarily given to be sued on its securities, coins, or currencies; and (3) that will reaffirm the fixed policy of the United States to make payment to all holders of its securities, coins, and currencies on an equal and uniform dollar-for-dollar basis and will make appropriations available for payments on this basis and on this basis only.

There is no constitutional or inherent right to sue the Government; on the contrary, the immunity of the sovereign from suit is a principle of universal acceptance, and permission to bring such suits is an act of grace, which with us may be granted or withheld by the Congress. The courts, it is hardly necessary for me to add, will always be open to those who seek justice, but they were not established for use by a few to enrich themselves at the expense of the many, nor to enable a few to harass and embarrass sovereign action by the Government when taken for the benefit of all.

Not only justice to the holders of our currency and of our securities who support and rely on our policy of equal and uniform treatment to all but also the interests of our entire people require that the Government of the United States make it clear that it cannot and will not consent to the use of its courts in aid of efforts to sabotage the operations of Government or in aid of private speculation.

This proposal reasserts and makes definite the control of the Congress over the securities and money issued by the United States of America.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *June 27, 1935.*

LEGISLATIVE APPROPRIATION BILL, 1936

Mr. LUDLOW. Mr. Speaker, I call up the conference report on the bill (H. R. 8021) making appropriations for the legislative branch of the Government for the fiscal year ending June 30, 1936, and for other purposes, and ask unanimous consent that the statement may be read in lieu of the report.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

The Clerk read the statement.

The conference report and statement are as follows:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 8021) making appropriations for the legislative branch of the Government for the fiscal year ending June 30, 1936, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 43, 44, 45, 51, and 54.

That the House recede from its disagreement to the amendments of the Senate numbered 11, 33, 34, 36, 37, 38, 40, 41, 42, 46, 47, 49, 50, 52, 53, and 55, and agree to the same.

Amendment numbered 48: That the House recede from its disagreement to the amendment of the Senate numbered 48, and agree to the same with an amendment as follows: In line 8 of the matter inserted by said amendment strike out the word "new" and insert in lieu thereof the word "permanent"; and the Senate agree to the same.

The committee of conference report in disagreement amendments numbered 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 35, and 39.

LOUIS LUDLOW,
J. BUELL SNYDER,
M. A. ZIONCHECK,
JOHN F. DOCKWEILER,
EDWARD C. MORAN, Jr.,
J. P. BUCHANAN,
D. LANE POWERS,
Managers on the part of the House.

MILLARD E. TYDINGS,
JAMES F. BYRNES,
CARL HAYDEN,
FREDERICK HALE,
JOHN G. TOWNSEND, Jr.,
Managers on the part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 8021) making appropriations for the legislative branch of the Government for the fiscal year ending June 30, 1936, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon and recommended as to each of such amendments in the accompanying conference report, namely:

Senate

On amendment no. 11: Inserts the correct name of the Committee on Territories and Insular Affairs, as proposed by the Senate.

On amendment no. 33: Appropriates $61,094 and makes $754 of that sum immediately available, as proposed by the Senate, instead of $57,323, as proposed by the House.

On amendment no. 34: Appropriates $150,000 for inquiries and investigations, as proposed by the Senate, instead of $120,000, as proposed by the House.

On amendment no. 36: Appropriates $200,000 for miscellaneous items, as proposed by the Senate, instead of $100,000, as proposed by the House.

On amendment no. 37: Appropriates $10,000 for furniture, as proposed by the Senate, instead of $5,000, as proposed by the House.

On amendment no. 38: Makes a technical correction in the appropriation for stationery for Senators.

House of Representatives

On amendment no. 40: Confines the limitation on appropriations in the bill relating to operation of restaurants to the "House" restaurant, as proposed by the Senate, instead of to "any" restaurant, as proposed by the House.

On amendments nos. 41 and 42: Makes textual changes of form in a limitation on the contingent fund of the House.

Capitol Police

On amendments nos. 43, 44, and 45: Strikes out the increases inserted by the Senate providing for 24 additional privates at $1,620 each and $3,638 additional for their uniforms and equipment.

Architect of the Capitol

On amendment no. 46: Appropriates $316,599, as proposed by the Senate, instead of $311,709, as proposed by the House, for maintenance of the Capitol Building, the increase of $4,800 to provide for four elevator operators.

On amendment no. 47: Appropriates $36,850, as proposed by the Senate, for furnishing and alterations to make certain space vacated by the Supreme Court offices available for use of the office of the financial clerk of the Senate.

On amendment no. 48: Appropriates $8,000, as proposed by the Senate, for enlargement of accommodations for the press in the Senate wing of the Capitol.

On amendment no. 49: Appropriates $1,400 for procurement of four marble busts of Vice Presidents of the United States.

On amendments nos. 50, 51, and 52: Appropriates $266,569 in the manner proposed by the Senate instead of $230,315, as proposed by the House, for maintenance of the Senate Office Building and restores the language, stricken out by the Senate, requiring the Architect of the Capitol to be the executive agent of the Committee on Rules in connection with such building.

On amendment no. 53: Appropriates $572,560, as proposed by the Senate, instead of $528,660, as proposed by the House, for operation of the Capitol power plant.

On amendment no. 54: Strikes out the authority inserted by the Senate making the appropriation for maintenance of the Library Building available for repairs and replacements in the cafe and kitchen of that building; the language is eliminated because prohibitions against such expenditures carried elsewhere in the House bill have been removed and the building maintenance fund becomes available automatically for such purposes in the same manner as it was prior to the imposition of such limitations.

Library of Congress

On amendment no. 55: Appropriates $90,000, as proposed by the Senate, instead of $50,000, as proposed by the House, for the purchase of books for the law library.

Amendments in disagreement

The committee of conference report in disagreement the following amendments, all relating to the Senate:

On amendments nos. 1 and 2: Providing mileage for the President of the Senate (Vice President of the United States) at the same rate and in the same manner as provided for Senators and Representatives.

On amendments nos. 3 to 7, inclusive, relating to the Secretary's office: Changing the title of Minute and Journal Clerk to Parliamentarian and Journal Clerk; providing one new clerk at $2,880; changing the title and increasing the compensation of one employee in the library from $1,380 to $1,740.

On amendments nos. 8, 9, 10, 12, and 13, relating to committee employees: Providing for a law clerk to the Committee on Indian Affairs at $3,600 and assistant clerks, one each, at $2,220, to the Committees on Commerce, Post Offices and Post Roads, and Territories and Insular Affairs.

On amendments nos. 14 to 29, inclusive, relating to the office of Sergeant at Arms and doorkeeper: Increasing the pay of 1 clerk from $1,800 to $2,100, 1 messenger from 1,740 to 2,640, and 1 messenger from $2,400 to $2,640, and providing for the following additional employees: 1 clerk at $1,800, 1 messenger at $2,400, 2 telephone operators at $1,560 each, 2 messengers at $1,440 each, 4 laborers at $1,260 each, 3 laborers at $480 each, 1 special employee at $1,000, and 1 lieutenant of police (Senate Office Building) at $1,740.

On amendments nos. 30, 31, and 32, relating to the post office: Increasing the pay of the postmaster from $3,060 to $3,600 and providing for six additional mail carriers at $1,620 each.

On amendment no. 35, relating to Senate restaurants: Striking out the House limitation on expenditures for restaurants, appropriating $35,000 for restaurants of the Senate, and inserting a requirement for increased prices on all orders served in and from such restaurants.

On amendment no. 39: Providing as proposed by the Senate that payments for materials and supplies furnished by the Procurement Division shall be made by check upon approval of the Committee to Audit and Control the Contingent Expenses of the Senate instead of by transfer and counter warrant prepared by the Procurement Division.

LOUIS LUDLOW,
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M. A. ZIONCHECK,
JOHN F. DOCKWEILER,
EDWARD C. MORAN, Jr.,
J. P. BUCHANAN,
D. LANE POWERS,
Managers on the part of the House.

The SPEAKER. The question is on the adoption of the conference report.

Mr. TABER. Mr. Speaker, will the gentleman yield for a question?

Mr. LUDLOW. Certainly.

Mr. TABER. I wish the gentleman would explain the effect of the amendment with reference to the restaurants.

Mr. LUDLOW. The effect of it is that the legislation that has been carried so long in our appropriation bill is made applicable hereafter only to the House restaurant and as the gentleman will note, there is a separate new provision on page 11 for the Senate restaurant.

Mr. TABER. Does that provide that the same provision shall apply to the Senate restaurant that applies to the House restaurant?

Mr. LUDLOW. It does not; and if the gentleman will read the language on page 11 he will see the difference. There is an appropriation provided for the Senate restaurant and they also insert a provision for an extra charge of 10 percent on each order in excess of 10 cents served in the restaurant and 20 percent on all orders served outside of the restaurant in order to recoup the expenses of the Senate restaurant. This is a different provision and puts the Senate restaurant on a different basis from the House restaurant.

Mr. TABER. It is rumored that there are tremendous credits allowed to the Senators in the Senate restaurant and that they are not paid. Does the gentleman know anything about that situation?

Mr. LUDLOW. I will say to the gentleman that that could in no way come under the cognizance of the conferees. I have heard the rumors that the gentleman refers to, but that is a matter that in no way could come under the juris-

diction of the conferees, the Senate restaurant being under the Senate Committee on Rules and distinctly a Senate matter.

Mr. TABER. It seems to me that practice ought not to exist.

Mr. LUDLOW. I think the gentleman quite right, if it does exist.

Mr. TABER. And if we could, we should do something to stop it.

Mr. LUDLOW. I am unable to understand what we could do in this bill, especially on a conference report, with respect to that particular matter. The gentleman is an older legislator than I am, and I defer to his judgment on it. I deplore the situation, if it does exist, just as much as the gentleman does, but I see nothing we can do about it in connection with this report.

Mr. TABER. There is no such situation in our restaurant, as I understand it.

Mr. LUDLOW. That is absolutely true. The House restaurant is conducted aboveboard in every way. Representative LINDSAY WARREN, Chairman of the Committee of Accounts, has made a splendid success in the management of the House restaurant. After a long past of failures and vicissitudes, it is now running "in the black" under Mr. WARREN's able management, which is quite an achievement, I would say.

The conference report was agreed to.

The SPEAKER. The Clerk will report the first amendment in disagreement.

Mr. LUDLOW. Mr. Speaker, I ask unanimous consent that amendments numbered 1 and 2 may be considered together, as they have reference to the same subject matter.

The SPEAKER. Without objection, it is so ordered, and the Clerk will report the amendments.

The Clerk read as follows:

Page 1, line 10, after the word "mileage", insert "of the President of the Senate and."

Amendment no. 2: Page 1, line 11, after "$51,000" insert "and hereafter the President of the Senate shall be paid mileage at the same rate and in the same manner as now allowed by law to Senators, Members of the House of Representatives, and Delegates in Congress."

Mr. LUDLOW. Mr. Speaker, I move to recede and concur in the two Senate amendments.

Mr. TABER. Mr. Speaker, will the gentleman yield?

Mr. LUDLOW. Certainly.

Mr. TABER. I wish the gentleman would explain this amendment.

Mr. LUDLOW. I shall be pleased to explain it. Every other person associated with the Membership of either House of Congress under the statute receives an allowance for mileage. The only person associated with the Membership who does not receive such an allowance is the President of the Senate. This provision, which was adopted by the Senate and retained by the conferees, puts him in the same status as any other Member, including the Speaker of the House, who receives mileage.

Mr. TABER. This has never been done before?

Mr. LUDLOW. I understand it has not.

Mr. TABER. And the Vice President receives a salary along the line of a Cabinet officer?

Mr. LUDLOW. He receives exactly the same salary as the Speaker receives, and the Speaker, as a Member of the House, receives mileage. The Senate contended, and the conferees agreed, with the contention, that the President of the Senate is rightfully in the same status as any Member of the House or the Senate and in the same status as the Speaker, and therefore it was agreed that he should have mileage along with the others.

Mr. TABER. Mr. Speaker, while I have the greatest respect for the Vice President, it seems to me we ought not at this time to add further burdens on the Government, and I think when it comes to a vote on these amendments I shall ask for a division and a roll call.

Mr. LUDLOW. Does not the gentleman think that inasmuch as the Vice President is the presiding officer of the Senate he should have mileage just the same as the Speaker of the House?

Mr. TABER. He is elected Vice President and given the same status and salary as a Cabinet officer. It seems to me that we ought not to upset that.

Mr. LUDLOW. In answer to what the gentleman from New York says, the President of the Senate is in the same situation as Members of the House and Senate—he lives a long distance away, has to pay his expenses going and coming. He lives much farther away from the seat of government than the Speaker, and no one disputes that the Speaker is rightfully entitled to mileage. It does seem to me that in all justice he is entitled to the same mileage that any Member of the House or Senate is. The gentleman from New York is a true economist, and I hope I am one. We stand together and fight shoulder to shoulder for economy in government. I have the greatest respect for him, but I submit that in our zeal for economy we should be careful not to do an injustice.

The SPEAKER. The question is on the motion of the gentleman from Indiana to recede and concur.

The question was taken; and the Speaker announced that there were 90 ayes and 46 noes.

Mr. TABER. Mr. Speaker, I object to the vote and make the point that no quorum is present.

The SPEAKER. Evidently there is no quorum present. The Doorkeeper will close the doors, and the Clerk will call the roll.

The question was taken; and there were—yeas 284, nays 74, not voting 71, as follows:

[Roll No. 108]

YEAS—284

Adair	Dempsey	Hook	Montet
Andrew, Mass.	Dickstein	Houston	Moran
Arnold	Dies	Huddleston	Moritz
Ashbrook	Disney	Imhoff	Nelson
Ayers	Ditter	Jacobsen	Nichols
Barden	Dobbins	Jenckes, Ind.	Norton
Beam	Dockweiler	Johnson, Okla.	O'Brien
Beiter	Dorsey	Johnson, Tex.	O'Connell
Bell	Doughton	Johnson, W. Va.	O'Connor
Berlin	Doxey	Jones	O'Day
Biermann	Drewry	Kee	O'Leary
Binderup	Driscoll	Keller	O'Malley
Bland	Duffy, N. Y.	Kelly	O'Neal
Blanton	Duncan	Kennedy, N. Y.	Owen
Bloom	Dunn, Miss.	Kenney	Palmisano
Boehne	Dunn, Pa.	Kerr	Parsons
Boileau	Eagle	Kinzer	Patman
Boland	Eckert	Kleberg	Patterson
Boylan	Edmiston	Kloeb	Patton
Brennan	Eicher	Kniffin	Pearson
Brown, Ga.	Ellenbogen	Kocialkowski	Peterson, Fla.
Brown, Mich.	Evans	Kramer	Peterson, Ga.
Brunner	Faddis	Kvale	Pettengill
Buchanan	Farley	Lambeth	Pfeifer
Buckbee	Fenerty	Lanham	Pierce
Buckler, Minn.	Ferguson	Larrabee	Pittenger
Burch	Fernandez	Lea, Calif.	Rabaut
Cannon, Mo.	Fiesinger	Lewis, Colo.	Ramspeck
Carmichael	Fitzpatrick	Lewis, Md.	Randolph
Cary	Fletcher	Lloyd	Rankin
Castellow	Focht	Luckey	Ransley
Celler	Ford, Miss.	Ludlow	Rayburn
Chandler	Fulmer	Lundeen	Reed, Ill.
Chapman	Gambrill	McAndrews	Reilly
Citron	Gasque	McClellan	Rich
Claiborne	Gassaway	McCormack	Richards
Clark, N. C.	Gavagan	McFarlane	Richardson
Coffee	Gildea	McGehee	Robertson
Colden	Gillette	McGrath	Robinson, Utah
Cole, Md.	Gingery	McGroarty	Robsion, Ky.
Colmer	Granfield	McKeough	Rogers, Mass.
Connery	Gray, Ind.	McLaughlin	Rogers, N. H.
Cooley	Gray, Pa.	McLeod	Rogers, Okla.
Cooper, Tenn.	Green	McMillan	Romjue
Corning	Greenway	McReynolds	Rudd
Costello	Greever	Mahon	Russell
Cox	Gregory	Maloney	Sadowski
Cravens	Griswold	Mansfield	Sanders, Tex.
Crosby	Haines	Martin, Colo.	Sandlin
Cross, Tex.	Hancock, N. C.	Mason	Sauthoff
Crosser, Ohio	Harlan	Massingale	Schaefer
Crowe	Hart	Maverick	Schneider
Crowther	Harter	May	Schuetz
Cullen	Healey	Mead	Schulte
Cummings	Higgins, Mass.	Meeks	Scott
Daly	Hildebrandt	Merritt, N. Y.	Scrugham
Darden	Hill, Ala.	Miller	Secrest
Darrow	Hill, Knute	Mitchell, Ill.	Sirovich
Deen	Hill, Samuel B.	Monaghan	Smith, Wash.
Delaney	Hobbs	Montague	Smith, W. Va.

Snyder	Tarver	Utterback	White
Somers, N. Y.	Taylor, Colo.	Vinson, Ga.	Whittington
South	Terry	Vinson, Ky.	Wilcox
Spence	Thomason	Wallgren	Williams
Stack	Thompson	Warren	Wilson, La.
Starnes	Tolan	Wearin	Withrow
Stewart	Tonry	Weaver	Wolfenden
Stubbs	Truax	Welch	Wood
Sullivan	Turner	Werner	Woodrum
Sutphin	Turpin	West	Zimmerman
Sweeney	Umstead	Whelchel	Zioncheck

NAYS—74

Allen	Dondero	Jenkins, Ohio	Reece
Andresen	Eaton	Kahn	Reed, N. Y.
Andrews, N. Y.	Ekwall	Kimball	Seger
Arends	Engel	Lambertson	Short
Bacharach	Fish	Lemke	Snell
Bacon	Gearhart	Lord	Stefan
Blackney	Gehrmann	McLean	Taber
Bolton	Gilchrist	Maas	Taylor, Tenn.
Brewster	Goodwin	Mapes	Thom
Burdick	Gwynne	Marcantonio	Thomas
Burnham	Halleck	Marshall	Tobey
Carlson	Hancock, N. Y.	Martin, Mass.	Wadsworth
Carpenter	Hess	Merritt, Conn.	Wigglesworth
Cartwright	Higgins, Conn.	Michener	Wilson, Pa.
Christianson	Hoeppel	Millard	Wolcott
Church	Hoffman	Mitchell, Tenn.	Woodruff
Collins	Hollister	Mott	Young
Crawford	Holmes	Plumley	
Culkin	Hull	Powers	

NOT VOTING—71

Amlie	Dingell	Kennedy, Md.	Sabath
Bankhead	Dirksen	Knutson	Sanders, La.
Brooks	Doutrich	Kopplemann	Sears
Buck	Driver	Lamneck	Shanley
Buckley, N. Y.	Duffey, Ohio	Lee, Okla.	Shannon
Bulwinkle	Englebright	Lehlbach	Sisson
Caldwell	Flannagan	Lesinski	Smith, Conn.
Cannon, Wis.	Ford, Calif.	Lucas	Smith, Va.
Carter	Frey	McSwain	Steagall
Casey	Fuller	Murdock	Sumners, Tex.
Cavicchia	Gifford	Oliver	Taylor, S. C.
Clark, Idaho	Goldsborough	Parks	Thurston
Cochran	Greenwood	Perkins	Tinkham
Cole, N. Y.	Guyer	Peyser	Treadway
Cooper, Ohio	Hamlin	Polk	Underwood
Dear	Hartley	Quinn	Walter
DeRouen	Hennings	Ramsay	Wolverton
Dietrich	Hope	Ryan	

So the motion to recede and concur was agreed to.

The following pairs were announced:

On the vote:

Mr. Sumners of Texas (for) with Mr. Cole of New York (against).

Until further notice:

Mr. Greenwood with Mr. Treadway.
Mr. Fuller with Mr. Hope.
Mr. Steagall with Mr. Cooper of Ohio.
Mr. Oliver with Mr. Dirksen.
Mr. Sears with Mr. Carter.
Mr. Flannagan with Mr. Guyer.
Mr. Driver with Mr. Lehlbach.
Mr. Parks with Mr. Ransley.
Mr. Bankhead with Mr. Wolverton.
Mr. McSwain with Mr. Amlie.
Mr. Kennedy of Maryland with Mr. Hartley.
Mr. Goldsborough with Mr. Michener.
Mr. Cochran with Mr. Perkins.
Mr. Underwood with Mr. Thurston.
Mr. Sisson with Mr. Knutson.
Mr. Dear with Mr. Tinkham.
Mr. Bulwinkle with Mr. Gifford.
Mr. Taylor of South Carolina with Mr. Cavicchia.
Mr. DeRouen with Mr. Englebright.
Mr. Hennings with Mr. Hamlin.
Mr. Walter with Mr. Smith of Connecticut.
Mr. Dingell with Mr. Frey.
Mr. Ramsay with Mr. Sanders of Louisiana.
Mr. Duffey of Ohio with Mr. Ford of California.
Mr. Brooks with Mr. Lamneck.
Mr. Lucas with Mr. Buck.
Mr. Caldwell with Mr. Lee of Oklahoma.
Mr. Casey with Mr. Buckley of New York.
Mr. Murdock with Mr. Clark of Idaho.
Mr. Dietrich with Mr. Ryan.
Mr. Polk with Mr. Quinn.

The result of the vote was announced as above recorded.

The SPEAKER. The Clerk will report the next amendment in disagreement.

Mr. LUDLOW. Mr. Speaker, I ask that amendments 3 to 10, inclusive, and 12 to 32, inclusive, be considered together, as they refer to the same subject matter, that the reading be omitted, and that they be printed in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

The amendments are as follows:

Amendment no. 3: Page 2, line 20, strike out "minute and Journal clerk" and insert "Parliamentarian and Journal clerk."

Amendment no. 4: Page 3, line 8, strike out "three" and insert "four."

Amendment no. 5: Page 3, line 10, strike out "messenger in library, $1,880."

Amendment no. 6: Page 3, line 11, strike out "assistant in library, $1,740" and insert "two assistants in the library at $1,740 each."

Amendment no. 7: Page 3, line 14, strike out the sum "$120,120" and insert "$123,360."

Amendment no. 8: Page 4, line 14, strike out "assistant clerk, $2,220" and insert "two assistant clerks at $2,220 each."

Amendment no. 9: Page 5, line 13, insert after the sum "$3,900" "law clerk, $3,600."

Amendment no. 10: Page 6, line 14, strike out "three" and insert "four."

Amendment no. 12: Page 7, line 6, strike out "assistant clerk, $2,220", and insert "two assistant clerks at $2,220 each."

Amendment no. 13: Page 7, line 8, strike out "$493,200" and insert "$503,460."

Amendment no. 14: Page 8, line 1, after the figures "$2,640", insert "one, $2,100."

Amendment no. 15: Page 8, line 1, strike out "four" and insert "three."

Amendment no. 16: Page 8, line 2, insert after the word "each", "one, to the secretary for the majority, $1,800."

Amendment no. 17: Page 8, line 3, after the word "messengers", insert "one, $2,640."

Amendment no. 18: Page 8, line 3, strike out "three" and insert "four."

Amendment no. 19: Page 8, line 5, strike out "thirty" and insert "twenty-nine."

Amendment no. 20: Page 8, line 7, insert "and $240 additional so long as the position is held by the present incumbent."

Amendment no. 21: Page 8, line 18, strike out the word "eleven" and insert the word "thirteen."

Amendment no. 22: Page 8, line 22, strike out "one, $1,440" and insert "three at $1,440 each."

Amendment no. 23: Page 8, line 23, strike out "twenty-five" and insert "twenty-nine."

Amendment no. 24: Page 8, line 24, after the word "each", insert "three, at $480 each."

Amendment no. 25: Page 9, line 1, strike out "six" and insert "seven."

Amendment no. 26: Page 9, line 3, strike out the sum of "$235,748" and insert "$254,868."

Amendment no. 27: Page 9, line 6, insert after "Arms" "Lieutenant, $1,740."

Amendment no. 28: Page 9, line 6, strike out the word "Special with a capital S" and insert "special with a lower case s."

Amendment no. 29: Page 9, line 8, strike out the sum of "$51,960" and insert "$53,700."

Amendment no. 30: Page 9, line 10, strike out the sum of "$3,060" and insert "$3,600."

Amendment no. 31: Page 9, line 12, strike out the word "twenty" and insert "twenty-six."

Amendment no. 32: Page 9, line 13, strike out the sum of "$42,840" and insert "$53,100."

Mr. LUDLOW. Mr. Speaker, I move that the House further insist on its disagreement to all these amendments, and I yield 5 minutes to the gentleman from New York [Mr. TABER].

Mr. TABER. Mr. Speaker, these amendments provide for 27 new jobs and 5 increases of salary, running into quite a lot of money. It is only 3 or 4 months ago that we created a lot of new jobs. I do not believe that it is becoming to Congress to create new jobs and increase salaries at the present time. I think the motion of the gentleman from Indiana should prevail, and the House should insist on its disagreement to the Senate amendments. [Applause.] I hope the vote in the House will be unanimous.

Mr. WHITTINGTON. What are these jobs?

Mr. TABER. Clerks, law clerks, messengers, and one messenger's salary is increased.

Mr. LUDLOW. Our subcommittee is in entire harmony with the remarks of the gentleman from New York, and I hope the motion will be adopted unanimously.

The SPEAKER. The question is on the motion of the gentleman from Indiana.

The question was taken; and on a division (demanded by Mr. TABER) there were—ayes 176, noes 0.

So the motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Amendment no. 35: At the top of the page, strike out lines 1 to 5, inclusive, which reads: "No part of any appropriation contained

in this act, except the appropriations available for heated and lighted space and janitor service and for equipment for restaurants and kitchens, shall be used for the operation of any restaurant."

And insert in lieu thereof the following:

For repairs, improvements, equipment, and supplies for Senate kitchens and restaurants, Capitol Building and Senate Office Building, including personal and other services, to be expended from the contingent fund of the Senate under the supervision of the Committee on Rules, United States Senate, $35,000: *Provided*, That said Committee on Rules is hereby authorized and directed hereafter to add a minimum of 10 percent to each order in excess of 10 cents served in the said restaurants and 20 percent to all orders served outside of said restaurants, and the proceeds accruing therefrom shall be placed in a fund to be used in the payment of any deficit incurred in the management of such kitchens and restaurants.

Mr. LUDLOW. Mr. Speaker, I move to recede and concur in the Senate amendment.

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Amendment no. 39: After line 14, on page 12, insert: "Payments from the contingent fund of the Senate for materials and supplies (including fuel) hereafter purchased through the Procurement Division of the Treasury Department shall be made by check upon vouchers approved by the Committee to Audit and Control the Contingent Expenses of the Senate."

Mr. LUDLOW. Mr. Speaker, I move to recede and concur in the Senate amendment.

The motion was agreed to.

Mr. LUDLOW. Mr. Speaker, I move that the House further insist on its disagreement to the Senate amendments and ask for a conference.

The motion was agreed to.

The Chair appointed the following conferees:

Messrs. LUDLOW, SNYDER, ZIONCHECK, DOCKWEILER, MORAN, BUCHANAN, and POWERS.

NATIONAL PARK TRUST FUND BOARD

Mr. MAVERICK. Mr. Speaker, I ask unanimous consent for the present consideration of S. 2074, to create a National Park Trust Fund Board, and for other purposes, which has already been passed by the Senate, a similar House bill, H. R. 6734, having been passed by the House.

The SPEAKER. The gentleman from Texas asks unanimous consent for the present consideration of the bill S. 2074, which the Clerk will report.

The Clerk read as follows:

Be it enacted, etc., That a board is hereby created and established, to be known as the National Park Trust Fund Board (hereinafter referred to as the Board) which shall consist of the Secretary of the Treasury, the Secretary of the Interior, the Director of the National Park Service, and two persons appointed by the President for a term of 5 years each (the first appointments being for 3 and 5 years respectively). Three members of the Board shall constitute a quorum for the transaction of business, and the Board shall have an official seal, which shall be judicially noticed. The Board may adopt rules and regulations in regard to its procedure and the conduct of its business.

No compensation shall be paid to the members of the Board for their services as such members, but they shall be reimbursed for the expenses necessarily incurred by them, out of the income from the fund or funds in connection with which such expenses are incurred.

SEC. 2. The Board is hereby authorized to accept, receive, hold, and administer such gifts or bequests of personal property for the benefit of, or in connection with, the National Park Service, its activities, or its service, as may be approved by the Board, but no such gift or bequest which entails any expenditure not to be met out of the gift, bequest or the income thereof shall be accepted without the consent of Congress.

The moneys or securities composing the trust funds given or bequeathed to the Board shall be receipted for by the Secretary of Treasury, who shall invest, reinvest, or retain investments as the Board may from time to time determine. The income, as and when collected, shall be covered into the Treasury of the United States in a trust fund account to be known as the "National Park Trust Fund" subject to disbursement by the Division of Disbursement, Treasury Department, for the purposes in each case specified: *Provided, however*, That the Board is not authorized to engage in any business, nor shall the Secretary of the Treasury make any investment for account of the Board that may not lawfully be made by a trust company in the District of Columbia, except that the Secretary may make any investments directly authorized by the instrument of gift, and may retain any investments accepted by the Board.

SEC. 3. The Board shall have perpetual succession, with all the usual powers and obligations of a trustee, including the power to sell, except as herein limited, in respect of all property, moneys, or securities which shall be conveyed, transferred, assigned, bequeathed, delivered, or paid over to it for the purposes above specified. The Board may be sued in the Supreme Court of the District of Columbia, which is hereby given jurisdiction of such suits, for the purpose of enforcing the provisions of any trust accepted by it.

SEC. 4. Nothing in this act shall be construed as prohibiting or restricting the Secretary of the Interior from accepting, in the name of the United States, gifts or bequests of money for immediate disbursement or other property in the interest of the National Park Service, its activities, or its service, as heretofore authorized by law.

SEC. 5. Gifts or bequests to or for the benefit of the National Park Service, including those to the Board, and the income therefrom, shall be exempt from all Federal taxes.

SEC. 6. The Board shall submit to the Congress an annual report of the moneys or securities received and held by it and of its operations.

The SPEAKER. Is there objection?

There was no objection.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider laid on the table.

A similar House bill (H. R. 6734) was laid on the table.

PERSHING HALL

The SPEAKER. Without objection, the bill H. R. 8443 will be laid on the table, a similar Senate bill, 2917, authorizing an appropriation to effect a settlement of the remainder due on Pershing Hall, a memorial already erected in Paris, France, to the commander in chief, officers and men of the expeditionary forces, and for other purposes, having been passed yesterday.

There was no objection.

CALL OF THE HOUSE

Mr. CONNERY. Mr. Speaker, I make the point of order that there is no quorum present.

The SPEAKER. The gentleman from Massachusetts makes the point of order that there is no quorum present. Evidently there is not.

Mr. TAYLOR of Colorado. Mr. Speaker, I move a call of the House.

The motion was agreed to.

The doors were closed.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 109]

Andrews, N. Y.	Duffey, Ohio	Hope	Quinn
Bankhead	Englebright	Kennedy, Md.	Ramsay
Bland	Farley	Kleberg	Reilly
Buck	Ferguson	Lamneck	Richards
Buckley, N. Y.	Fish	Lee, Okla.	Russell
Bulwinkle	Flannagan	Lehlbach	Ryan
Cannon, Mo.	Ford, Calif.	Lemke	Sears
Carter	Frey	Lesinski	Shannon
Casey	Fuller	McClellan	Sisson
Clark, Idaho	Gassaway	Mahon	Smith, Conn.
Cochran	Gifford	Maloney	Smith, Va.
Cole, N. Y.	Goldsborough	Meeks	Spence
Corning	Gray, Pa.	Miller	Steagall
Cox	Greenway	Montague	Sumners, Tex.
Cross, Tex.	Greenwood	Montet	Taylor, S. C.
Crowther	Guyer	Murdock	Thurston
Dear	Haines	Nichols	Tinkham
Dempsey	Hamlin	Oliver	Treadway
DeRouen	Hancock, N. C.	Parks	Underwood
Dietrich	Hart	Patton	Walter
Dingell	Harter	Perkins	Wolverton
Dirksen	Hartley	Pettengill	Wood
Doutrich	Hennings	Peyser	
Driscoll	Hollister	Polk	

The SPEAKER. Three hundred and thirty-four Members have answered to their names, a quorum.

Mr. TAYLOR of Colorado. Mr. Speaker, I move to dispense with further proceedings under the call.

The motion was agreed to.

The doors were opened.

NATIONAL LABOR RELATIONS BOARD

Mr. CONNERY. Mr. Speaker, I call up the conference report upon the bill (S. 1958) to diminish the causes of labor

disputes burdening or obstructing interstate and foreign commerce, to create a National Labor Relations Board, and for other purposes, and ask unanimous consent that the statement be read in lieu of the report.

The SPEAKER. Is there objection?

There was no objection.

Mr. TABER. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. TABER. In the copy of the bill that is available at the Doorkeeper's desk, it appears that the Ramspeck amendment, which was adopted on page 9728 of the RECORD, has not been printed. Does this appear in the engrossed copy of the bill?

Mr. RAMSPECK. It does. That was an error on the part of the printing clerk in the Senate.

The SPEAKER. It appears in the engrossed copy of the bill, House amendment no. 11, page 4.

The Clerk will read the statement.

The Clerk read the statement.

The conference report and statement are as follows:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendments of the House 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, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its amendments numbered 9, 23, 24, and 25.

That the Senate recede from its disagreement to the amendments of the House numbered 1, 3, 4, 5, 6, 7, 8, 10, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, and 22, and agree to the same.

Amendment numbered 2: That the Senate recede from its disagreement to the amendment of the House numbered 2 and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the House amendment insert the following:

"SECTION 1. The denial by employers of the right of employees to organize and the refusal by employers to accept the procedure of collective bargaining lead to strikes and other forms of industrial strife or unrest, which have the intent or the necessary effect of burdening or obstructing commerce by (a) impairing the efficiency, safety, or operation of the instrumentalities of commerce; (b) occurring in the current of commerce; (c) materially affecting, restraining, or controlling the flow of raw materials or manufactured or processed goods from or into the channels of commerce, or the prices of such materials or goods in commerce; or (d) causing diminution of employment and wages in such volume as substantially to impair or disrupt the market for goods flowing from or into the channels of commerce.

"The inequality of bargaining power between employees who do not possess full freedom of association or actual liberty of contract, and employers who are organized in the corporate or other forms of ownership association substantially burdens and affects the flow of commerce, and tends to aggravate recurrent business depressions, by depressing wage rates and the purchasing power of wage earners in industry and by preventing the stabilization of competitive wage rates and working conditions within and between industries.

"Experience has proved that protection by law of the right of employees to organize and bargain collectively safeguards commerce from injury, impairment, or interruption, and promotes the flow of commerce by removing certain recognized sources of industrial strife and unrest, by encouraging practices fundamental to the friendly adjustment of industrial disputes arising out of differences as to wages, hours, or other working conditions, and by restoring equality of bargaining power between employers and employees.

"It is hereby declared to be the policy of the United States to eliminate the causes of certain substantial obstructions to the free flow of commerce and to mitigate and eliminate these obstructions when they have occurred by encouraging the practice and procedure of collective bargaining and by protecting the exercise by workers of full freedom of association, self-organization, and designation of representatives of their own choosing, for the purpose of negotiating the terms and conditions of their employment or other mutual aid or protection."

And the House agree to the same.

Amendment numbered 11: That the Senate recede from its disagreement to the amendment of the House numbered 11, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the House amendment insert the following:

"(b) The Board shall decide in each case whether, in order to insure to employees the full benefit of their right to self-organization and to collective bargaining, and otherwise to effectuate the policies of this act, the unit appropriate for the purposes of collective bargaining shall be the employer unit, craft unit, plant unit or subdivision thereof."

And the House agree to the same.

WILLIAM P. CONNERY, Jr.,
ROBERT RAMSPECK,
GLENN GRISWOLD,
RICHARD J. WELCH,
W. P. LAMBERTSON,
Managers on the part of the House.

DAVID I. WALSH,
ROBERT M. LA FOLLETTE, Jr.,
JAMES E. MURRAY,
WM. E. BORAH,
LOUIS MURPHY,
Managers on the part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the bill (S. 1958) to create a National Labor Relations Board, and for other purposes, submit the following statement of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

The conference agreement accepts the first House amendment, striking out from the caption to section 1 the words "declaration of", so that the caption now reads "findings and policy." The omitted words were superfluous.

The Senate receded from its disagreement to House amendment no. 2, and the conferees agreed upon the same with minor amendments. The House redrafting of section 1 was thought by the conferees to contain a better statement of the jurisdictional basis of the bill. The conference struck out the words "interstate and foreign" modifying the word "commerce", appearing at four places in the section. The word "commerce" is defined in subsection 6 of section 2 as meaning interstate and foreign commerce. It is therefore confusing to use the adjectives "interstate and foreign" in various places in section 1, especially when these adjectives are not consistently used each time the word "commerce" appears in the section. The slight verbal change at the end of section 1 simply uses the plural to conform to the use in the preceding paragraphs of the section and in conformity with the general statement of rights in section 7.

The conference agreement accepted House amendment no. 3 as constituting a more accurate definition of the term "commerce." As originally defined in subsection 6 of section 2 the term included "any transportation or communication relating thereto." This was thought to be too broad a statement.

House amendment no. 4 effects a minor change in subsection 7 of section 2 by removing a tautological phrase. The idea is preserved in the phrase "tending to lead to a labor dispute", etc. The conference agreement accepts this amendment.

When the Senate passed S. 1958 it was assumed that the bill would become a law before June 16, 1935, on which date the National Labor Relations Board created pursuant to Public Resolution 44, Seventy-third Congress, expired. Meanwhile, the President by a new Executive order of June 15, 1935, reestablished and continued the Board in existence pursuant to his authority under title I of the National Industrial Recovery Act as amended. House amendment no. 5 makes it clear that the term "old Board" as defined in subsection 11 of section 2, describes the Board which is at present in existence. This amendment is important in view of the provision at the end of section 4 (b) transferring to the Board to be created by S. 1958 the unexpended funds and appropriations of the old Board. The conference agreement accepts this amendment.

Section 3 (a) of the Senate bill provided: "There is hereby created as an independent agency in the executive branch of the Government a board, to be known as the 'National Labor Relations Board'." House amendment no. 6 strikes out the phrase "as an independent agency in the executive branch of the Government." The Board as contemplated in the bill is in no sense to be an agency of the executive branch of the Government. It is to have a status similar to that of the Federal Trade Commission, which as the Supreme Court pointed out in the Schechter case, is a quasi-judicial and quasi-legislative body. The conference agreement accepts this amendment.

The conference agreement accepts House amendment no. 7, stating specifically the circumstances under which a member of the Board may be removed. This amendment is desirable in the light of the decision of the Supreme Court in *Rathbun v. United States*, decided May 27, 1935, involving the removal by the President of Commissioner Humphreys of the Federal Trade Commission. If Congress in creating the Board vests the appointing power in the President, it might be implied that it is intended to vest also in the President a general power of removal as an incident to the power to appoint. This inference is negatived by an express provision stating the conditions under which a member of the Board may be removed. Similar provisions are found in the Railway Labor Act of 1934 and in the Federal Trade Commission Act.

House amendment no. 8 strikes out from section 4 (b) the provision continuing the court proceedings and orders of the old Board. The conference agreement accepts this amendment. All cases of the old Board pending in the courts have already been

dropped, at the direction of the Attorney General, in view of the Schechter case, which invalidated the codes of fair competition as having been founded upon an improper delegation of legislative power to the President. Section 7 (a), which was the basis of the old Board's activity, became inoperative, because section 7 (a) was effective only insofar as its provisions were inserted in the codes.

Section 4 (b) of the Senate bill provided that all employees of the old Board should be transferred to and become employees of the Board "without acquiring by such transfer a permanent civil-service status." House amendment numbered 9 proposed to strike out this quoted phrase. The conference agreement rejects the House amendment and reinstates the language of the Senate bill. The result is that all employees of the old Board will be carried over as provided in the Senate bill, but such transfer will not of itself confer a civil-service status upon such employees of the old Board as have not now such status. The conferees thought that employees of the old Board should not be blanketed into the civil service without the usual formalities provided by law.

The conference agreement accepted House amendment no. 10 as constituting a more accurate citation of the National Industrial Recovery Act.

House amendment no. 11, which redrafted section 9 (b), embodied two changes from the Senate bill. The first change undertook to express more explicitly the standards by which the Board is to be guided in deciding what is an appropriate bargaining unit. The conference agreement accepts this part of the amendment. The amendment also added a proviso designed to limit the otherwise broad connotation that might be put upon the phrase "or other unit." The proviso, however, was subject to some misconstructions and the conferees have agreed that the simplest way to deal with the matter is to strike out the undefined phrase "other unit." It was also agreed to insert after "plant unit" the phrase "or subdivision thereof." This was done because the National Labor Relations Board has frequently had occasion to order an election in a unit not as broad as "employer unit", yet not necessarily coincident with the phrases "craft unit" or "plant unit"; for example, the "production and maintenance employees" of a given plant.

House amendment no. 12 inserts the phrase "upon due notice" in section 9 (c) providing for hearings by the Board on the issue of collective bargaining representation. The conference agreement accepted this amendment out of abundant caution, though it would perhaps be implied that a requirement of a hearing includes due notice to the parties.

House amendment no. 13 was accepted by the conference agreement. It is a purely formal matter. The appropriate term for the intervention of a person in a quasi-judicial person is "intervene" rather than "appear." House amendment no. 14 was accepted by the conference agreement as a verbal change to conform with the preceding amendment.

Section 10 (e) of the Senate bill provided that "if such person fails or neglects to obey such order of the Board while the same is in effect, the Board may" petition any circuit court of appeals, etc. House amendment no. 15 strikes out the quoted phrase and substitutes "The Board shall have power to" petition any circuit court of appeals, etc. The conference agreement accepts this amendment. The purpose is to provide for more expeditious procedure. Delay in enforcement procedure due to technicalities would be especially harmful under this act. It is the purpose of this amendment to authorize the Board to apply to the courts for an enforcement order, without encountering the delay resulting from certain court decisions (a small minority) under the Federal Trade Commission Act, requiring the Commission to show in every case that its order is being disobeyed before the court will even proceed to consider the matter on its merits, or render a decree enforcing the Board's order. As the majority of courts have declared under the Federal Trade Commission Act, neither the administrative body nor the courts are required to assume in the ordinary case that the unlawful practice in question, even though presently terminated, will not be resumed in the future. If such practice is resumed, there will be immediately available to the Board an existing court decree to serve as a basis for contempt proceedings.

House amendment no. 16 was accepted in the conference agreement as conforming to the language of the Federal Trade Commission Act, in using the language of authorization rather than mandatory language in empowering the court to enter the appropriate decree.

House amendment no. 17 is clarifying language to cover the contingency where the court has occasion to modify an order of the Board. In such case the court is given by the amendment the power to enforce the Board's order as modified, as fully as in the case where the court affirms the Board's order without modification.

The conference agreement accepts House amendment no. 18. This amendment to section 10 (f), applying to a case where a party petitions the circuit court of appeals to review the order of the Board, brings that subsection in conformity with section 10 (e) as amended.

House amendment no. 19, adding the phrase "and enforcing as so modified" to section 10 (h), was accepted by the conference agreement as conforming to the changes in the previous amendments.

The conference agreement accepted House amendments nos. 20, 21, and 22 as constituting merely formal corrections in the citations of the various statutes.

House amendment no. 23 inserted a new section providing that "Nothing in this act shall abridge the freedom of speech or of the press as guaranteed in the first amendment to the Constitution." The conference agreement rejected this amendment as having no proper place in the bill. There is no reason why the Congress should single out this provision of the Constitution for special affirmation. The amendment could not possibly have had any legal effect, because it was merely a restatement of the first amendment to the Constitution, which remains the law of the land, irrespective of congressional declaration.

House amendments nos. 24 and 25 merely renumbered the sections as made necessary by House amendment no. 23 inserting a new section. Since the conference agreement has stricken out House amendment no. 23, House amendments nos. 24 and 25 become unnecessary and are rejected by the conference agreement.

The conference agreement accepts the House amendment to the title of the bill, because it describes more accurately the jurisdictional basis for the bill.

WILLIAM P. CONNERY, Jr.,
RICHARD J. WELCH,
GLENN GRISWOLD,
ROBERT RAMSPECK,
W. P. LAMBERTSON,
Managers on the part of the House.

The SPEAKER. The question is on the adoption of the conference report.

Mr. CONNERY. Mr. Speaker, I yield 5 minutes to the gentleman from Georgia [Mr. RAMSPECK].

Mr. RAMSPECK. Mr. Speaker, there were two matters in this bill in which I was very much interested, one being the making of the Board an independent agency, without any connection with the executive department. That is retained in the bill. The other was an amendment limiting the authority of the Board to designate units appropriate for collective bargaining.

We have worked out a compromise with reference to that amendment which accomplishes, in my opinion, exactly the object I had in mind, which is to limit the jurisdiction of the Board in setting up units appropriate for collective bargaining, to plant units, craft units, or employer units, the employer unit being the largest unit constituted.

In this connection I want to pay tribute to the fairness and generosity of the distinguished Chairman of the Committee on Labor [Mr. CONNERY]. [Applause.] I think this House ought to know that although he fought this amendment vigorously on the floor when it was being considered, after it was adopted he insisted and continued to insist that I have a fair opportunity to work out a compromise, and he not only did that but he helped me work it out. A great part of the credit is due to him for the success of this amendment, which I think is in keeping with the spirit of the act, which was to give free determination to the working people of this country. It is satisfactory to everybody involved, and I hope the report will be adopted without any question. [Applause.]

Mr. TABER. Will the gentleman yield?

Mr. RAMSPECK. I yield.

Mr. TABER. Is it not a fact that under the language of the provision as suggested by the conference the craft unit can be as broad as the entire country?

Mr. RAMSPECK. There is some question about that, I will say to the gentleman from New York.

Mr. TABER. Does not that language destroy the beneficial effect of the amendment which the gentleman procured?

Mr. RAMSPECK. I do not think so. The way "craft unit" is generally understood in the labor circles and in labor-union circles, it is such that I do not think it could be stretched to include varying classes of workers, as could have been done under the original language of the bill in the expression "other units." It might possibly take in such things as electrical workers in several different plants under a craft unit, but the Board certainly could not go out and take a group of factories—say, 5 factories in the gentleman's city, 4 of which were organized and 1 of which had declined to organize—and put them all into one unit and force in the employees of the fifth factory against their will.

Mr. TABER. They could, however, put in all of those who belonged to the same craft?

Mr. RAMSPECK. It is possible they might do that, although the Labor Board representative tells me that they do not think that they would do that.

Mr. TABER. Why should we permit them to do it when we all know it should not be done?

Mr. RAMSPECK. The gentleman has been in many conferences, many more than I have, and the gentleman knows he cannot always get all that he wants, but I am satisfied and I think we have accomplished the real purpose that I had in mind.

Mr. MEAD. Will the gentleman yield?

Mr. RAMSPECK. I yield.

Mr. MEAD. I really believe that the compromise which the gentleman has worked out will more practically fit the situation to be met by the Labor Board than the original suggestion which the gentleman offered on the floor of the House. Take, for example, the coal miners, spread over a number of States, with the operators themselves organized and working in close harmony one with the other, it would be to the distinct disadvantage of labor if every mine was held as a distinct unit. The proposal which is brought in here will give the Labor Board certain administrative latitude that will enable all of the miners to enjoy a union that will cover the various fields and enable them to give proper and common consideration to their views. I think it is a very good suggestion.

Mr. RAMSPECK. I appreciate the gentleman's views about the matter.

Mr. RICH. Will the gentleman yield?

Mr. RAMSPECK. I yield.

Mr. RICH. In the bill it sets up the fact that manufacturers may not do anything to coerce their employees to join a union. On the other hand, there is nothing in the bill that prohibits radical labor leaders or radical individuals from trying to have employees who are perfectly satisfied in a plant, being compelled to join a union that labor leaders would like to have them join. Why does not the bill contain something like that?

The SPEAKER. The time of the gentleman from Georgia [Mr. RAMSPECK] has expired.

Mr. CONNERY. Mr. Speaker, I yield the gentleman 2 additional minutes.

Mr. RAMSPECK. That matter is not involved in the conference. I do not agree with the gentleman, however, that they can be forced, under this bill, to join any union. There is nothing in the bill which will force anybody to join a union under any circumstances.

Mr. RICH. Then I should like to have the gentleman point that out to me in the bill.

Mr. RAMSPECK. Can the gentleman point out to me where there is anything to force them in?

Mr. TABER. Will the gentleman yield further?

Mr. RAMSPECK. I yield.

Mr. TABER. There is a situation where the closed shop can be forced on them and they can be forced out of their jobs if they do join?

Mr. RAMSPECK. But that has to be agreed to by the employer?

Mr. TABER. Not by their individual employer but only the group.

Mr. RAMSPECK. It has to be agreed to by every employer.

Mr. TABER. Oh, no; not under this.

Mr. LANHAM. Mr. Speaker, will the gentleman yield?

Mr. RAMSPECK. I yield.

Mr. LANHAM. In order to clarify the legislative situation with reference to Senate amendment no. 23, which reads:

Nothing in this act shall abridge the freedom of speech, or of the press, as guaranteed in the first amendment to the Constitution.

I call attention to the statement in the conference report:

The conference agreement rejected this amendment as having no proper place in the bill. There is no reason why the Congress should single out this provision of the Constitution for special affirmation. The amendment could not possibly have had any legal effect, because it was merely a restatement of the first amendment to the Constitution, which remains the law of the land irrespective of congressional declaration.

My understanding is that the legislative intent with reference to this measure insofar as the first amendment to the Constitution is concerned is carried out just as effectively by the amendment placed upon this bill in the House as though this amendment had not been stricken out in conference.

Mr. RAMSPECK. I agree with the gentleman absolutely that writing a provision of the Constitution into the bill could not add anything to it, and it ought not to be in the bill; but it is not the intention of this bill to violate any section of the Constitution.

Mr. CONNERY. Mr. Speaker, I yield 5 minutes to the gentleman from New York [Mr. TABER].

Mr. TABER. Mr. Speaker, I want to read the language of the so-called "compromise Ramspeck amendment." It reads as follows:

(b) The board shall decide in each case whether, in order to insure to employees the full benefit of their right to self-organization and to collective bargaining, and otherwise to effectuate the policies of this act, the unit appropriate for the purposes of collective bargaining shall be the employer unit, craft unit, or plant unit, or subdivision thereof.

Under this provision the board can fix the craft unit as wide as the country, or within particular bounds. There might be a unit in Boston, another in Cleveland, another in Philadelphia, and all three would be bound by the results of the deliberations of the majority.

I do not believe we ought to put the workingmen of this country in any such precarious position, and I do not think this language would at all protect them. I hope the conference report will not be agreed to.

Mr. CONNERY. Mr. Speaker, I move the previous question on the conference report.

The previous question was ordered.

The SPEAKER. The question is on the adoption of the conference report.

The question was taken; and on a division (demanded by Mr. TABER) there were—ayes 132, noes 45.

Mr. TABER. Mr. Speaker, I object to the vote on the ground there is not a quorum present.

The SPEAKER. The Chair will count. [After counting.] Two hundred and thirty-two Members are present, a quorum.

Mr. TABER and Mr. BACON asked for the yeas and nays.

The yeas and nays were refused.

So the conference report was adopted.

The SPEAKER. The Clerk will report the amendment in disagreement.

The Clerk read as follows:

Amend the title so as to read: "An act to diminish the causes of labor disputes burdening or obstructing interstate and foreign commerce, to create a National Labor Relations Board, and for other purposes."

Mr. CONNERY. Mr. Speaker, I move that the House insist upon its amendment to the title.

The motion was agreed to.

A motion to reconsider was laid on the table.

STILL FURTHER MESSAGE FROM THE SENATE

A still further message from the Senate, by Mr. Horne, its enrolling clerk, announced that the Senate had passed without amendment a bill of the House of the following title:

H. R. 3012. An act to authorize the transfer of certain lands in Hopkins County, Ky., to the Commonwealth of Kentucky.

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the joint resolution (H. J. Res. 324) entitled "Joint resolution to provide revenue, and for other purposes."

The message also announced that the Senate agrees to the amendments of the House to a bill of the Senate of the following title:

S. 2917. An act authorizing an appropriation to effect a settlement of the remainder due on Pershing Hall, a memorial already erected in Paris, France, to the commander in chief, officers, and men of the expeditionary forces, and for other purposes.

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate

to the 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."

REVENUE ACT, 1935

Mr. DOUGHTON, from the Committee on Ways and Means, presented the following conference report (Rept. No. 1378) and statement, to accompany House Joint Resolution 324, to provide revenue, and for other purposes, for printing under the rules:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the joint resolution (H. J. Res. 324) to provide revenue, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 1 and 2.

R. L. DOUGHTON,
SAM B. HILL,
THOS. H. CULLEN,
ALLEN T. TREADWAY,
ISAAC BACHARACH,
Managers on the part of the House.

PAT HARRISON,
WILLIAM H. KING,
WALTER F. GEORGE,
HENRY W. KEYES,
ROBERT M. LA FOLLETTE, JR.,
Managers on the part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the joint resolution (H. J. Res. 324) to provide revenue, and for other purposes, submit the following written statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

The House joint resolution extended certain excise taxes and first-class postage rates for 2 years. The Senate amendments limit the extension to 1 year; and the Senate recedes.

R. L. DOUGHTON,
SAM B. HILL,
THOS. H. CULLEN,
ALLEN T. TREADWAY,
ISAAC BACHARACH,
Managers on the part of the House.

Mr. DOUGHTON. Mr. Speaker, I ask unanimous consent for the immediate consideration of the conference report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

The Clerk read the conference report.

The conference report was agreed to.

A motion to reconsider was laid on the table.

PUBLIC UTILITY ACT OF 1935

Mr. RAYBURN. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (S. 2796) to provide for the control and elimination of public-utility holding companies operating, or marketing securities, in interstate and foreign commerce and through the mails, to regulate the transmission and sale of electric energy in interstate commerce, to amend the Federal Water Power Act, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill S. 2796, the Public Utility Act of 1935, with Mr. WARREN in the chair.

The Clerk read the title of the bill.

Mr. RAYBURN. Mr. Chairman, I ask unanimous consent that the first reading of the bill be dispensed with.

Mr. RICH. Mr. Chairman, reserving the right to object, this is a very important bill. The membership of the House does not know or understand it. I think it is a bill that ought to be read in its entirety so that every Member may know how to vote when the time for voting comes. Whenever the time comes that a majority member of the committee calls the bill reported out by his committee a "rattlesnake bill", I think it is time that we knew what the bill contained.

Mr. Chairman, I object.

The Clerk read as follows:

Be it enacted, etc., That this act may be cited as the "Public Utility Act of 1935."

TITLE I—CONTROL OF PUBLIC-UTILITY HOLDING COMPANIES

NECESSITY FOR CONTROL OF HOLDING COMPANIES

SECTION 1. (a) Public-utility holding companies and their subsidiary companies are affected with a national public interest when, among other things, (1) their securities are widely marketed and distributed by means of the mails and instrumentalities of interstate commerce; (2) their service, sales, construction, and other contracts and arrangements are made and performed by means of the mails and instrumentalities of interstate commerce; (3) their subsidiary public-utility companies sell and transport gas and electric energy by the use of means and instrumentalities of interstate commerce; (4) their practices in respect of and control over subsidiary companies often materially affect the interstate commerce in which those companies engage; or (5) their activities extending over many States are not susceptible of effective control by any State and make difficult, if not impossible, effective State regulation of public-utility companies.

(b) The national public interest requires the exertion of Federal control over the transactions and practices of public-utility holding companies and their subsidiary companies and affiliates, where such companies or subsidiaries or affiliates operate, market securities, and transact business in interstate commerce or through the mails, because, as disclosed by the reports of the Federal Trade Commission made pursuant to Senate Resolution 83 (70th Cong., 1st sess.), the reports of the Committee on Interstate and Foreign Commerce, House of Representatives, made pursuant to House Resolution 56 (72d Cong., 1st sess.) and House Joint Resolution 572 (72d Cong., 2d sess.), and as otherwise disclosed, (1) the securities of such public-utility holding companies, subsidiary companies, and affiliates are sold to a large number of investors in different States; (2) such investors cannot obtain the information necessary to appraise the financial position or earning power of such issuers because of the absence of uniform standard accounts; (3) such securities are frequently issued without the approval or consent of the States having jurisdiction over subsidiary public-utility companies; (4) such securities are often issued upon the basis of fictitious asset values and of paper profits from intercompany transactions and hence do not accurately reflect the sums invested in underlying public-utility properties; (5) such securities are often issued in anticipation of excessive revenues from subsidiaries which if realized would burden consumers, and the failure to realize such revenues, because of State regulation of subsidiary public-utility companies, results in loss to investors who have been led to believe that such revenues are a legitimate part of the issuer's income; (6) such securities, when improvidently issued, subject subsidiary public-utility companies to the burden of supporting an overcapitalized superstructure, to the detriment of investors and consumers, and tend to prevent voluntary rate reductions which over a period of time might promote a greater and more economic use of gas and electric energy and thereby strengthen subsidiary public-utility companies; (7) subsidiary public-utility companies are often subjected to excessive charges for services, construction work, equipment, and materials to the detriment of investors and consumers; (8) subsidiary public-utility companies often enter into transactions with affiliates in which the absence of arm's length bargaining operates to the detriment of investors and consumers; (9) control of subsidiary public-utility companies throughout the United States has often been used to secure to holding companies, their affiliates, and subsidiary construction companies construction work for public-utility companies in restraint of free and independent competition in that field; (10) service, management, construction, and other contracts involve the allocation of charges among subsidiary public-utility companies in different States and present problems of regulation which cannot be dealt with effectively by the States; (11) control of subsidiary public-utility companies materially affects the accounting practices and rate, dividend, and other policies of such companies, thereby in many instances complicating and obstructing State regulation of such subsidiary companies; (12) the growth and extension of holding companies in some cases have borne no relation to the economies of management and operation or to the integration and coordination of related properties, but have been influenced by a desire for economic power and security profits and have tended toward the concentration and monopolization in a few holding-company systems of control of gas and electric utility companies to the detriment of investors, consumers, and the general public; (13) the abuses above enumerated, commonly associated with the activities of many public-utility holding companies, have been so persistent and so wide-spread that they necessitate legislation to control the holding company and eliminate it as an artificial corporate device inherently injurious to investors, consumers, and the general public, except where it is useful and necessary for the operations of a geographically and economically integrated public-utility system.

(c) It is hereby declared to be the policy of this title, in accordance with which policy all the provisions of this title shall be interpreted, to meet the problems and eliminate the evils as enumer-

ated in this section, connected with the public-utility holding companies which are engaged in interstate commerce or in activities which directly affect or burden interstate commerce; and for the purpose of effectuating such policy to compel the simplification of public-utility holding-company systems and the elimination therefrom of properties not economically and geographically related in operations, and to provide at the end of 5 years for the elimination of the public-utility holding company except as otherwise expressly provided in this title.

DEFINITIONS

SEC. 2. (a) When used in this title, unless the context otherwise requires—

(1) "Person" means an individual or company.

(2) "Company" means a corporation, a partnership, an association, a joint-stock company, a business trust, an organized group of persons, whether incorporated or not, or any receiver, trustee, or other liquidating agent of any of the foregoing.

(3) "Electric utility company" means any company which owns or operates facilities for the generation, transmission, or distribution of electric energy for sale or which transmits, sells, distributes, or furnishes electric energy for a charge; but does not mean a company which sells or distributes electric energy solely for the use of its tenants and not for resale: *Provided, however,* That the term "electric utility company" shall not be held to include any company operating within a single State and which sells or otherwise furnishes 75 percent or more of the electric energy which it generates to another company directly or indirectly controlling the generating company, if such controlling company uses and does not resell such electric energy, and if, also, such controlling company is engaged primarily in manufacturing, other than the manufacturing of gas or electric energy, and is not controlled by any other company.

(4) "Gas utility company" means any company which owns or operates facilities for the production, transportation, or distribution of natural or manufactured gas, and which transports, distributes, sells, or furnishes such gas for light, heat, or power for a charge; but does not mean a company whose gas business is confined solely to the production, transportation, sale, or distribution of gas in enclosed portable containers.

(5) "Public-utility company" means an electric utility company or a gas utility company.

(6) "Commission" means the Securities and Exchange Commission.

(7) "Holding company" means—

(A) Any company which, either alone or in conjunction and pursuant to an arrangement or understanding with one or more other persons, directly or indirectly owns, holds, or controls 10 percent or more of the outstanding voting securities of a public-utility company or of a company which is a holding company by virtue of this clause or clause (B), unless the Commission, as hereinafter provided, by order declares such company not to be a holding company; and

(B) Any person or persons which the Commission determines, after notice and opportunity for hearing, directly or indirectly to exercise such a controlling influence over the management or policies of any public-utility or holding company as to make it necessary or appropriate in the public interest or for the protection of investors or consumers that such person or persons be subject to the obligations, duties, and liabilities imposed in this title upon holding companies.

The Commission, upon application, shall by order declare that a company is not a holding company under clause (A) if the Commission finds that the applicant (i) does not, either alone or in conjunction and pursuant to an arrangement or understanding with one or more other persons, directly or indirectly control a public utility or holding company either through one or more intermediary persons or by any means or device whatsoever, (ii) is not an intermediary company through which such control is exercised, and (iii) does not, directly or indirectly, exercise such a controlling influence over the management or policies of any public utility or holding company as to make it necessary or appropriate in the public interest or for the protection of investors or consumers that such company be subject to the obligations, duties, and liabilities imposed in this title upon holding companies. The filing of an application hereunder in good faith by a company other than a registered holding company shall exempt the applicant from any obligation, duty, or liability imposed in this title upon the applicant as a holding company, until the Commission has acted upon such application. As a condition to the entry of any such order and as a part of the terms of any such order, the Commission may require the applicant to apply periodically for a renewal of such order and to do or refrain from doing such acts or things, in respect of exercise of voting rights, control over proxies, designation of officers and directors, existence of interlocking officers, directors, and other relationships, and submission of periodic or special reports regarding affiliations or intercorporate relationships of the applicant, as the Commission may find necessary or appropriate to insure that the applicant during the period for which such order is effective continues to be entitled to the benefits of the findings upon which such order is based. The Commission, upon its own motion or upon application by the company determined not to be a holding company, may, after notice and opportunity for hearing, revoke, modify, or confirm any such order whenever in its judgment the circumstances warrant such revocation, modification, or confirmation.

(8) "Subsidiary company" of a holding company means—

(A) Any company 10 percent or more of the outstanding voting securities of which are directly or indirectly owned, held, or controlled by such holding company (or by a company that is a subsidiary company of such holding company by virtue of this clause or clause (B)) either alone or in conjunction and pursuant to an arrangement or understanding with one or more other persons, unless the Commission, as hereinafter provided, by order declares such company not to be a subsidiary company; and

(B) Any person the management or policies of which the Commission, after notice and opportunity for hearing, determines to be subject to a controlling influence, directly or indirectly, by a holding company or companies so as to make it necessary or appropriate in the public interest or for the protection of investors or consumers that such person be subject to the obligations, duties, and liabilities imposed in this title upon subsidiary companies of holding companies.

The Commission, upon application, shall by order declare that a company is not a subsidiary company under clause (A) if the Commission finds that (i) such company is not controlled, directly or indirectly, by a holding company, either alone or in conjunction and pursuant to an arrangement or understanding with one or more other persons, or through one or more intermediary persons or by any means or device whatsoever, (ii) such company is not an intermediary company through which such control of another company is exercised, and (iii) the management or policies of such company are not subject to a controlling influence, directly or indirectly, by any holding company or companies so as to make it necessary or appropriate in the public interest or for the protection of investors or consumers that such company be subject to the obligations, duties, and liabilities imposed in this title upon subsidiary companies of holding companies. The filing of an application hereunder in good faith shall exempt such company from any obligation, duty, or liability imposed in this title upon such company as a subsidiary company of a holding company until the Commission has acted upon such application. As a condition to the entry, and as a part of the terms, of any such order, the Commission may require application to be made periodically for a renewal of such order and may require the filing of such periodic or special reports regarding the affiliations or intercorporate relationships of such company as the Commission may find necessary or appropriate to enable it to revoke or modify the order if such company does not continue to be entitled to the benefits of the findings upon which such order is based. The Commission, upon its own motion or upon application, may, after notice and opportunity for hearing, revoke, modify, or confirm any such order whenever in its judgment the circumstances warrant such revocation, modification, or confirmation.

(9) "Holding company system" means any holding company, together with all its subsidiary companies, and all mutual service companies (as defined in paragraph (13) of this subsection) of which such holding company or any subsidiary company thereof is a member company (as defined in paragraph (14) of this subsection).

(10) "Associate company" of a company means any company in the same holding company system with such company.

(11) "Affiliate" of a specified company means—

(A) Any person that owns, holds, or controls, directly or indirectly, 5 percent or more of the outstanding voting securities of such specified company;

(B) Any person that owns, holds, or controls, directly or indirectly, 5 percent or more of the outstanding voting securities of any company which is an affiliate of such specified company under clause (A) of this paragraph or which becomes an affiliate thereof by virtue of this clause;

(C) Any company 5 percent or more of whose outstanding voting securities are owned, held, or controlled, directly or indirectly, by such specified company or by any person that is an affiliate of such specified company under clause (A) or (B) of this paragraph;

(D) Any individual who is an officer or director of such specified company or of any company which is an affiliate thereof under clause (A) or (B) of this paragraph;

(E) Any company which has one or more officers or directors in common with such specified company; and

(F) Any person that the Commission determines, after notice and opportunity for hearing, to stand in such relation to such specified company that there is an absence of arm's length bargaining in transactions between them so as to make it necessary or appropriate in the public interest or for the protection of investors or consumers that such person be subject to the obligations, duties, and liabilities imposed in this title upon affiliates of a company.

(12) "Registered holding company" means a person registered under section 5.

(13) "Mutual service company" means a company approved as a mutual service company under section 13.

(14) "Member company" means a company which is a member of an association or group of companies mutually served by a mutual service company.

(15) "Director" means any director of a corporation or any individual who performs similar functions in respect of any company.

(16) "Security" means any note, draft, stock, treasury stock, bond, debenture, certificate of interest or participation in any profit-sharing agreement or in any oil, gas, other mineral royalty or lease, any collateral-trust certificate, preorganization certificate or subscription, transferable share, investment contract, voting-trust certificate, certificate of deposit for a security, receiver's or trustee's certificate, or, in general, any instrument commonly known as a "security"; or any certificate of interest or participation in, temporary or interim certificate for, receipt for, guaranty of,

assumption of liability on, or warrant or right to subscribe to or purchase, any of the foregoing.

(17) "Voting security" means any security presently entitling the owner or holder thereof to vote in the direction or management of the affairs of a company, or any security issued under or pursuant to any trust, agreement, or arrangement whereby a trustee or trustees or agent or agents for the owner or holder of such security are presently entitled to vote in the direction or management of the affairs of a company; and a specified percent of the outstanding voting securities of a company means such amount of the outstanding voting securities of such company as entitles the holder or holders thereof to cast said specified percent of the aggregate votes which the holders of all the outstanding voting securities of such company are entitled to cast in the direction or management of the affairs of such company.

(18) "Capital assets" means the facilities, in place, of any electric utility company or gas utility company for the production, transmission, transportation, or distribution of electric energy or natural or manufactured gas.

(19) "Service contract" means any contract, agreement, or understanding whereby a person undertakes to sell or furnish, for a charge, any managerial, financial, legal, engineering, purchasing, marketing, auditing, statistical, advertising, publicity, tax, research, or any other service, information, or data.

(20) "Sales contract" means any contract, agreement, or understanding whereby a person undertakes to sell, lease, or furnish, for a charge, any goods, equipment, materials, supplies, appliances, or other property, other than electric energy or natural or manufactured gas.

(21) "Construction contract" means any contract, agreement, or understanding for the construction, extension, improvement, maintenance, or repair of the facilities or any part thereof of a company for a charge.

(22) "Buy", "acquire", "acquisition", or "purchase" includes any purchase, lease, exchange, or other acquisition.

(23) "Sale" or "sell" includes any sale, lease, exchange, pledge, or other disposition.

(24) "State" means any State of the United States or the District of Columbia.

(25) "United States", when used in a geographical sense, means the States.

(26) "State commission" means any commission, board, agency, or officer, by whatever name designated, of a State, municipality, or other political subdivision of a State which under the laws of such State has jurisdiction to regulate public-utility companies.

(27) "State securities commission" means any commission, board, agency, or officer, by whatever name designated, other than a State commission as defined in paragraph (26) of this subsection, which under the laws of a State has jurisdiction to regulate, approve, or control the issue or sale of a security by a company.

(28) "Interstate commerce" means trade, commerce, transportation, transmission, or communication among the several States or between any State and any place outside thereof.

(b) No person shall be deemed to be a holding company under clause (B) of paragraph (7) of subsection (a), or a subsidiary company under clause (B) of paragraph (8) of such subsection, or an affiliate under clause (F) of paragraph (11) of such subsection, unless the Commission, after notice and opportunity for hearing, has issued an order declaring such person to be a holding company, subsidiary company, or an affiliate. Such an order shall not become effective for at least 30 days after the mailing of a copy thereof to the person thereby declared to be a holding company, subsidiary company, or affiliate. The Commission, on its own motion or upon application by the person declared to be a holding company, subsidiary company, or affiliate, may, after notice and opportunity for hearing, revoke, suspend, modify, or confirm any such order whenever in its judgment the circumstances warrant such revocation, suspension, modification, or confirmation.

(c) No provision in this title shall apply to, or be deemed to include, the United States, a State, or any political subdivision of a State, or any agency, authority, or instrumentality of any one or more of the foregoing, or any corporation which is wholly owned directly or indirectly by any one or more of the foregoing, or any officer, agent, or employee of any of the foregoing acting as such in the course of his official duty, unless such provision makes specific reference thereto.

POWER TO MAKE PARTICULAR EXEMPTIONS REGARDING HOLDING COMPANIES, SUBSIDIARY COMPANIES, AND AFFILIATES

SEC. 3. (a) The Commission, by rules and regulations upon its own motion or by order upon application, shall exempt any holding company, and every subsidiary company thereof as such, from any provision or provisions of this title except insofar as the Commission finds the exemption from any provision affecting the sale or distribution of securities by any means or instrumentality of interstate commerce detrimental to the protection of investors, if—

(1) such holding company, and every subsidiary company thereof which is a public-utility company from which it derives any material part of its income, are predominantly intrastate in character and carry on their business substantially in a single State in which such holding company and every such subsidiary company thereof are organized;

(2) such holding company is predominantly a public-utility company operating as such in one or more contiguous States, in one of which it is organized;

(3) such holding company is only incidentally interested in a public-utility company, being primarily engaged or interested in one or more businesses other than the business of a public-utility company and not deriving, directly or indirectly, any material part of its income from any one or more subsidiary companies, the principal business of which is that of a public-utility company;

(4) such holding company is temporarily a holding company solely by reason of the acquisition of securities for purposes of liquidation or distribution in connection with a bona fide debt previously contracted or in connection with a bona fide arrangement for the underwriting or distribution of securities; or

(5) such holding company is not, and no subsidiary company thereof from which it derives any material part of its income is, a company the principal business of which within the United States is that of a public-utility company.

Within a reasonable time after the receipt of any application for exemption under this subsection, the Commission shall enter an order granting, or, after notice and opportunity for hearing, denying or otherwise disposing of, such application. The filing of any such application in good faith by a person other than a registered holding company shall exempt the applicant from any obligation, duty, or liability imposed in this title upon the applicant as a holding company, until the Commission has acted upon such application. The Commission, upon its own motion or upon application by the holding company, or any subsidiary company thereof, exempted by any order issued hereunder, shall, after notice and opportunity for hearing, revoke, modify, or confirm any such order whenever in its judgment the circumstances warrant such revocation, modification, or confirmation.

(b) The Commission may, by rules and regulations, conditionally or unconditionally exempt any specified class or classes of persons from the obligations, duties, or liabilities imposed upon such persons as subsidiary companies or affiliates or public-utility companies under any provision or provisions of this title, and may provide within the extent of any such exemption that such specified class or classes of persons shall not be deemed subsidiary companies or affiliates or public-utility companies within the meaning of any such provision or provisions, if and to the extent that it deems the exemption necessary or appropriate in the public interest or for the protection of investors or consumers and not contrary to the purposes of this title: *Provided, however,* That the Commission shall not exempt under this subsection any class of persons as public-utility companies unless the persons included in such class are only incidentally public-utility companies, and are primarily engaged in one or more businesses other than that of a public-utility company.

TRANSACTIONS BY UNREGISTERED HOLDING COMPANIES

SEC. 4. (a) After October 1, 1935, unless a holding company is registered under section 5, it shall be unlawful for such holding company, directly or indirectly—

(1) to sell, transport, transmit, or distribute, or own or operate any capital assets for the transportation, transmission, or distribution of, natural or manufactured gas or electric energy in interstate commerce;

(2) by use of the mails or any means or instrumentality of interstate commerce, to negotiate, enter into, or take any step in the performance of, any service, sales, or construction contract undertaking to perform services or construction work for, or sell goods to, any public-utility company or holding company;

(3) to distribute, or make any public offering for sale or exchange of, any security of such holding company, any subsidiary company or affiliate of such holding company, any public-utility company, or any holding company, by use of the mails or any means or instrumentality of interstate commerce, or to sell any such security having reason to believe that such security, by use of the mails or any means or instrumentality of interstate commerce, will be distributed or made the subject of a public offering;

(4) by use of the mails or any means or instrumentality of interstate commerce, to acquire or negotiate for the acquisition of any security or capital assets of any subsidiary company or affiliate of such holding company, any public-utility company, or any holding company;

(5) to engage in any business in interstate commerce; or

(6) to own, hold, or control any security of any subsidiary company thereof that does any of the acts enumerated in paragraphs (1) to (5), inclusive, of this subsection.

(b) Every holding company which has outstanding any security any of which, by use of the mails or any means or instrumentality of interstate commerce, has been distributed or made the subject of a public offering subsequent to January 1, 1925, and any of which security is owned or held on September 1, 1935 (or, if such company is not a holding company on that date, on the date such company becomes a holding company) by persons not resident in the State in which such holding company is organized, shall register under section 5 on or before October 1, 1935, or the thirtieth day after such company becomes a holding company, whichever date is later.

REGISTRATION OF HOLDING COMPANIES

SEC. 5. (a) On or at any time after September 1, 1935, any holding company or any person purposing to become a holding company may register by filing with the Commission a notification of registration, in such form as the Commission may by rules and

regulations prescribe as necessary or appropriate in the public interest or for the protection of investors or consumers. A person shall be deemed to be registered upon receipt by the Commission of such notification of registration.

(b) It shall be the duty of every registered holding company to file with the Commission, within such reasonable time after registration as the Commission shall fix by rules and regulations or order, a registration statement in such form as the Commission shall by rules and regulations or order prescribe as necessary or appropriate in the public interest or for the protection of investors or consumers. Such registration statement shall include—

(1) such copies of the charter or articles of incorporation, partnership, or agreement, with all amendments thereto, and the by-laws, trust indentures, mortgages, underwriting arrangements, voting-trust agreements, and similar documents by whatever name known, of or relating to the registrant or any of its associate companies as the Commission may by rules and regulations or order prescribe as necessary or appropriate in the public interest or for the protection of investors or consumers;

(2) such information in such form and in such detail relating to, and copies of such documents of or relating to, the registrant and its associate companies as the Commission may by rules and regulations or order prescribe as necessary or appropriate in the public interest or for the protection of investors or consumers in respect of—

(A) the organization and financial structure of such companies and the nature of their business;

(B) the terms, position, rights, and privileges of the different classes of their securities outstanding;

(C) the terms and underwriting arrangements under which their securities, during not more than the 5 preceding years, have been offered to the public or otherwise disposed of and the relations of underwriters to, and their interest in, such companies;

(D) the directors and officers of such companies, their remuneration, their interest in the securities of, their material contracts with, and their borrowings from, any of such companies;

(E) the names of all security holders of record (or otherwise known to the registrant) owning, holding, or controlling 1 percent or more of any class of security of any such companies, and their interest in the securities of, relations to, and material contracts with, any of such companies;

(F) the remuneration exceeding $10,000 per annum to persons other than directors and officers;

(G) bonus and profit-sharing arrangements;

(H) material contracts, not made in the ordinary course of business, and service, sales, and construction contracts;

(I) options in respect of securities;

(J) balance sheets for not more than the 5 preceding fiscal years, certified, if required by the rules and regulations of the Commission, by an independent public accountant;

(K) profit and loss statements for not more than the 5 preceding fiscal years, certified, if required by the rules and regulations of the Commission, by an independent public accountant;

(3) such further information or documents regarding the registrant or its associate companies or the relations between them as the Commission may by rules and regulations or order prescribe as necessary or appropriate in the public interest, or for the protection of investors or consumers.

(c) If in the judgment of the Commission any information required under subsection (b) is inapplicable to any specified class or classes of registrants, the Commission shall require in lieu thereof the submission of such other information of comparable character as it may find applicable to such class or classes of registrants.

(d) The Commission by such rules and regulations or order as it deems necessary or appropriate in the public interest or for the protection of investors or consumers, may permit a registrant to file a preliminary registration statement without complying with the provisions of subsection (b); but every registrant shall file a complete registration statement with the Commission within such reasonable period of time as the Commission shall fix by rules and regulations or order, but not later than 1 year after the date of registration.

(e) A registered holding company which has ceased to be a holding company may upon application withdraw its registration in accordance with the rules and regulations of the Commission and upon such terms and conditions as the Commission may find necessary for the protection of investors.

UNLAWFUL SECURITY TRANSACTIONS BY REGISTERED HOLDING AND SUBSIDIARY COMPANIES

SEC. 6. (a) Except in accordance with a declaration effective under section 7 and with the order under such section permitting such declaration to become effective, it shall be unlawful for any registered holding company or subsidiary company thereof, by use of the mails or any means or instrumentality of interstate commerce, or otherwise, directly or indirectly (1) to issue or sell any security of such company; or (2) to exercise any privilege or right to alter the priorities, preferences, voting power, or other rights of the holders of an outstanding security of such company.

(b) The provisions of subsection (a) shall not apply to the issue, renewal, or guaranty by a registered holding company or subsidiary company thereof of a note or draft (including the pledge of any security as collateral therefor) if such note or draft (1) is not part of a public offering, (2) matures or is renewed for not more than 9 months, exclusive of days of grace, after the date of such issue, renewal, or guaranty thereof, and (3) aggregates (together with all other then outstanding notes and drafts of a maturity of 9 months or less, exclusive of days of grace, as to which such company is primarily or secondarily liable) not more than 5 percent of the principal amount and par value of the other securities of such company then outstanding, or such greater percent thereof as the Commission upon application may by order authorize as necessary or appropriate in the public interest or for the protection of investors or consumers. In the case of securities having no principal amount or no par value, the value for the purpose of this subsection shall be the fair market value as to the date of issue. The provisions of subsection (a) shall not apply to the issue, by a registered holding company or subsidiary company thereof, of a security issued pursuant to the terms of any security outstanding on January 1, 1935, giving the holder of such outstanding security the right to convert such outstanding security into another security of the same issuer or of another person, or giving the rights to subscribe to another security of the same issuer or another issuer. Within 10 days after any such issue, renewal, or guaranty, such holding company or subsidiary company thereof shall file with the Commission a certificate of notification in such form and setting forth such of the information required in a declaration under section 7 as the Commission may by rules and regulations or order prescribe as necessary or appropriate in the public interest or for the protection of investors or consumers.

(c) It shall be unlawful for any registered holding company or any subsidiary company thereof, by use of the mails or any means or instrumentality of interstate commerce, or otherwise, to sell or offer for sale, from house to house, any security of such registered holding company. The term "house" shall not include an office used for business purposes.

DECLARATIONS BY REGISTERED HOLDING AND SUBSIDIARY COMPANIES IN RESPECT OF SECURITY TRANSACTIONS

SEC. 7. (a) A registered holding company or subsidiary company thereof may file a declaration with the Commission, regarding any of the acts enumerated in subsection (a) of section 6 in such form as the Commission may by rules and regulations prescribe as necessary or appropriate in the public interest or for the protection of investors or consumers. Such declaration shall include—

(1) such of the information and documents which are required to be filed in order to register a security under section 7 of the Securities Act of 1933, as amended, as the Commission may by rules and regulations or order prescribe as necessary or appropriate in the public interest or for the protection of investors or consumers; and

(2) such additional information, in such form and detail, and such documents regarding the declarant or any associate company thereof, the particular security and compliance with the applicable State laws as the Commission may by rules and regulations or order prescribe as necessary or appropriate in the public interest or for the protection of investors or consumers.

(b) A declaration filed under this section shall become effective within such reasonable period of time after the filing thereof as the Commission shall fix by rules and regulations or order, unless the Commission prior to the expiration of such period shall have issued an order to the declarant to show cause why such declaration should become effective. Within a reasonable time after an opportunity for hearing upon an order to show cause under this subsection, unless the declarant shall withdraw its declaration the Commission shall enter an order either permitting such declaration to become effective as filed or amended, or refusing to permit such declaration to become effective. Amendments to a declaration may be made upon such terms and conditions as the Commission may prescribe.

(c) The Commission shall not permit a declaration regarding the issue or sale of a security to become effective unless, in its judgment—

(1) such security is (A) a common stock having a par value and being without preference as to dividends or distribution over, and having at least equal voting rights with, any outstanding security of the declarant; (B) a bond secured by a first lien on physical property of the declarant or by an obligation of a subsidiary company of the declarant secured by a first lien on physical property of such subsidiary company; (C) a guaranty of, or assumption of liability on, a security of another company; or (D) a receiver's or trustee's certificate duly authorized by the appropriate court or courts; or

(2) such security is to be issued or sold solely (A) for the purpose of refunding, extending, exchanging, or discharging an outstanding security of the declarant and/or a predecessor company thereof or for the purpose of effecting a merger, consolidation, or other reorganization; (B) for the purpose of financing the business of the declarant as a public utility company; (C) for the purpose of financing the business of the declarant, when the declarant is neither a holding company nor a public utility company; and/or (D) for necessary and urgent corporate purposes of the declarant where the requirements of the provisions of paragraph (1) would impose an unreasonable financial burden upon the declarant and are not necessary or appropriate in the public interest or for the protection of investors or consumers.

(d) If the requirements of subsections (c), (g), and (h) are satisfied, the Commission shall permit a declaration regarding the issue or sale of a security to become effective unless, in the judgment of the Commission, (1) the security is not reasonably adapted to the security structure of the declarant and other companies in the same holding-company system; (2) the security does not bear a proper relation to the sums prudently invested in the property of the declarant and its subsidiary companies; (3) financing by the issue and sale of the particular security is

not necessary or appropriate to the economical and efficient operation of a business in which the applicant lawfully is engaged or has an interest; (4) the fees, commissions, or other remuneration, to whomsoever paid, directly or indirectly, in connection with the issue, sale, or distribution of the security are not reasonable; (5) in the case of a security that is a guaranty of, or assumption of liability on, a security of another company, the circumstances are such as to constitute the making of such guaranty or the assumption of such liability an improper risk for the declarant; or (6) the terms and conditions of the issue or sale of such security are detrimental to the public interest or the interest of investors or consumers.

(e) If the requirements of subsections (g) and (h) are satisfied, the Commission shall permit a declaration to become effective regarding the exercise of a privilege or right to alter the priorities, preferences, voting power, or other rights of the holders of an outstanding security unless, in the judgment of the Commission, such exercise of such privilege will result in an unfair or inequitable distribution of voting power among holders of the securities of the declarant or is otherwise detrimental to the public interest or the interest of investors or consumers.

(f) Any order permitting a declaration to become effective may contain such terms and conditions as the Commission may find necessary or appropriate in the public interest or for the protection of investors or consumers. Such terms and conditions, among other things, may require the granting of a preemptive right to security holders irrespective of a previous waiver of such right; may prohibit the giving of options or prescribe the limits within which they may be given; and may condition the issue or sale of a security upon the elimination of such financial practices as the Commission may find detrimental to the public interest or the interest of investors or consumers and upon such requirements as to competititve bidding as the Commission may find necessary or appropriate in the public interest or for the protection of investors or consumers.

(g) The Commission shall not permit a declaration to become effective regarding any security which is subject, under the laws of any State, to the jurisdiction of a State commission or a State securities commission unless the applicant shows that the applicable State laws have been complied with.

(h) The Commission shall not permit to become effective a declaration filed on or after April 1, 1936, by any registered holding company unless such company has been a registered holding company during the 6 months immediately preceding the filing of such declaration, or unless such company became a registered holding company not later than the thirtieth day after it became a holding company.

RESTRICTION ON BUSINESS OF HOLDING COMPANIES

SEC. 8. (a) It shall be unlawful for any registered holding company, or any subsidiary company thereof, to acquire any interest, directly or indirectly, through the ownership or control of securities or otherwise, in any business other than—

(1) the business of a public utility company as such;

(2) subject to such terms and conditions, as the Commission, by rules and regulations or order, finds necessary or appropriate in the public interest or for the protection of investors or consumers or to prevent acquisitions detrimental to the carrying out of any provision of section 11, any business, in which such company (or any company with which such company is merged or consolidated) lawfully is engaged or has an interest, or which is reasonably incidental or necessary or appropriate to the economic and efficient conduct of such a business.

This subsection shall not apply to the acquisition of securities specified in subsection (c) of section 9.

(b) It shall be unlawful for any registered holding company, or any subsidiary company thereof, to acquire any interest, directly or indirectly, through the ownership or control of securities, or otherwise, in any facilities for the transportation of natural gas in interstate commerce or for the production of natural gas, unless upon application the Commission finds that the primary purpose of such acquisition is to serve the requirements of such registered holding company or subsidiary companies thereof as gas utility or electric utility companies.

(c) It shall be unlawful for any registered holding company which, or any subsidiary company of which, is a public utility company operating in the United States to acquire any interest, directly or indirectly, through the ownership or control of securities, or otherwise, in any public utility company operating outside of the United States: *Provided, however,* That upon application the Commission may by order exempt any such registered holding company from the provisions of this subsection, upon such terms and conditions as it may find necessary or appropriate in the public interest or for the protection of investors or consumers, in respect of a public-utility company or companies operating outside of the United States, if it finds that the operations of such public-utility company or companies are, or may be, economically and geographically integrated with the public-utility system of such registered holding company.

(d) It shall be unlawful for any registered holding company, or any subsidiary company thereof, to acquire any interest, directly or indirectly, through the ownership or control of securities, or otherwise, in an electric utility company and a gas utility company serving substantially the same territory whenever the applicable State law prohibits, or requires approval or authorization of, the ownership or operation of the capital assets of such electric and gas utility companies by a single company, unless the State commission of such State has expressly approved such company's acquiring such interest.

(e) Subject to such limitations as the Commission by rules and regulations or order finds necessary or appropriate in the public interest or for the protection of investors or consumers or to prevent acquisitions detrimental to the carrying out of any provision of section 11, subsections (b), (c), and (d) of this section shall not apply to the acquisition by a registered holding company or a subsidiary company thereof of securities of a company in which such registered holding company or subsidiary company thereof already has an interest.

ACQUISITION OF SECURITIES AND CAPITAL ASSETS

SEC. 9. (a) Unless the acquisition has been approved by the Commission under section 10, it shall be unlawful—

(1) For any registered holding company or any subsidiary company thereof, by use of the mails or any means of instrumentality of interstate commerce, or otherwise, to acquire, directly or indirectly, any securities or capital assets of another company;

(2) For any person who is an affiliate, under clause (A) or (B) of paragraph (11) of subsection (a) of section 2, of any registered holding company or any subsidiary company thereof, by use of the mails or any means or instrumentality of interstate commerce, or otherwise, to acquire, directly or indirectly, any securities or capital assets of such company of which it is an affiliate; or

(3) For any person, by use of the mails or any means or instrumentality of interstate commerce, to acquire, directly, or indirectly, any security of any public-utility company, if such person is an affiliate, under clause (A) or (B) of paragraph (11) of subsection (a) of section 2, of such company, or will by virtue of such acquisition become such an affiliate.

(b) Subsection (a) shall not apply to—

(1) The acquisition by a public-utility company of capital assets the acquisition of which has been expressly authorized by a State commission; or

(2) The acquisition by a public-utility company of securities of a subsidiary public-utility company thereof, provided that both such public-utility companies and all other public-utility companies in the same holding-company system are organized in the same State, that the business of each such company in such system is substantially confined to such State, and that the acquisition of such securities has been expressly authorized by the State commission of such State.

(c) Subsection (a) shall not apply to the acquisition by a registered holding company, or a subsidiary company thereof, of—

(1) Securities of, or securities the principal or interest of which is guaranteed by the United States, a State, or political subdivision of a State or any agency, authority, or instrumentality of any one or more of the foregoing, or any corporation which is wholly owned, directly or indirectly, by any one or more of the foregoing;

(2) such other readily marketable securities, within the limitation of such amounts, as the Commission may by rules and regulations prescribe as necessary or appropriate for investment of current funds and as not detrimental to the public interest or the interest of investors or consumers; or

(3) such commercial paper and other securities, within such limitations, as the Commission may by rules and regulations or order prescribe as necessary or appropriate in the ordinary course of business of a registered holding company or subsidiary company thereof and as not detrimental to the public interest or the interest of investors or consumers.

APPROVAL OF ACQUISITION OF SECURITIES AND CAPITAL ASSETS

SEC. 10. (a) A person may apply for approval of the acquisition of securities or capital assets, by filing an application in such form as the Commission may by rules and regulations prescribe as necessary or appropriate in the public interest or for the protection of investors and consumers. Such application shall include—

(1) In the case of the acquisition of securities, such information and copies of such documents as the Commission may by rules and regulations or order prescribe as necessary or appropriate in the public interest or for the protection of investors or consumers in respect of—

(A) the security to be acquired, the consideration to be paid therefor, and compliance with the applicable State laws in respect of the issue, sale, or acquisition thereof,

(B) the outstanding securities of the company whose security is to be acquired, the terms, position, rights, and privileges of each class and the options in respect of any such securities,

(C) the names of all security holders of record (or otherwise known to the applicant) owning, holding, or controlling 1 percent or more of any class of security of such company, the officers and directors of such company, and their remuneration, security holding in, material contracts with, and borrowings from such company and the offices or directorships held, and securities owned, held, or controlled, by them in other companies,

(D) the bonus, profit-sharing and voting-trust agreements, underwriting arrangements, trust indentures, mortgages, and similar documents, by whatever name known, of or relating to such company,

(E) the material contracts, not made in the ordinary course of business, and the service, sales, and construction contracts of such company,

(F) the securities owned, held, or controlled, directly or indirectly, by such company,

(G) balance sheets and profit-and-loss statements of such company for not more than the 5 preceding fiscal years, certified, if required by the rules and regulations of the Commission by an independent public accountant,

(H) any further information regarding such company and any associate company or affiliate thereof, or its relations with the applicant company, and

(I) if the applicant be not a registered holding company, any of the information and documents which may be required under section 5 from a registered holding company;

(2) in the case of the acquisition of capital assets, such information concerning such assets, the value thereof and consideration to be paid therefor, the owner or owners thereof and their relation to, agreements with, and interest in the securities of, the applicant or any associate company thereof as the Commission may by rules and regulations or order prescribe as necessary or appropriate in the public interest or for the protection of investors or consumers.

(b) If the requirements of subsection (f) are satisfied, the Commission shall approve the acquisition of securities or capital assets unless, in the judgment of the Commission—

(1) such acquisition will tend toward interlocking relations or the concentration of control of public-utility companies, of a kind or to an extent detrimental to the public interest or the interest of investors or consumers;

(2) the consideration, including all fees, commissions, and other remuneration, to whomsoever paid, to be given, directly or indirectly, in connection with such acquisition is not reasonable or does not bear a proper relation to the sums prudently invested in the capital assets to be acquired or the capital assets underlying the securities to be acquired; or

(3) such acquisition will unduly complicate the capital structure of the holding-company system of the applicant or will be detrimental to the public interest or the interest of investors or consumers.

The Commission may condition its approval of the acquisition of securities of another company upon such a fair offer to purchase such of the other securities of the company whose security is to be acquired as the Commission may find necessary or appropriate in the public interest or for the protection of investors or consumers.

(c) Notwithstanding the provisions of subsection (b), the Commission shall not approve—

(1) An acquisition of security or capital assets which is unlawful under the provisions of section 8; or

(2) The acquisition of securities or capital assets of a public utility or holding company unless (A) in the judgment of the Commission such acquisition will serve the public interest by simplifying the corporate structure of the holding-company system of which the applicant is a part; or (B) the applicant has obtained from the Federal Power Commission a certificate that such acquisition will serve the public interest by tending toward the economical and efficient development of a geographically and economically integrated public-utility system.

(d) Within such reasonable time after the filing of an application under this section as the Commission shall fix by rules and regulations or order, the Commission shall enter an order either granting or, after notice and opportunity for hearing, denying approval of the acquisition unless the applicant shall withdraw its application. Amendments to an application may be made upon such terms and conditions as the Commission may prescribe.

(e) The Commission, in any order approving the acquisition of securities or capital assets, may prescribe such terms and conditions in respect of such acquisition, including the price to be paid for such securities or capital assets, as the Commission may find necessary or appropriate in the public interest or for the protection of investors or consumers.

(f) The Commission shall not approve the acquisition of securities or capital assets the acquisition, issue, or sale of which is subject, under the laws of any State, to the jurisdiction of a State commission or State securities commission unless the applicant shows that the applicable State laws have been complied with.

SIMPLIFICATION OF HOLDING-COMPANY STRUCTURES; REORGANIZATIONS

SEC. 11. (a) It shall be the duty of the Commission to examine the corporate structure of every registered holding company and subsidiary company thereof, the relationships among the companies in the holding-company system of every such company and the character of the interests thereof and the properties owned or controlled thereby to determine the extent to which the corporate structure of such holding-company system and the companies therein may be simplified, unnecessary complexities therein eliminated, voting power fairly and equitably distributed among the holders of securities thereof, and the properties and business thereof confined to those necessary or appropriate to the operations of a single geographically and economically integrated public-utility system.

(b) It shall be the duty of the Commission, after notice and opportunity for hearing—

(1) After January 1, 1938, to require each registered holding company and each subsidiary company thereof to divest itself of any interest in or control over property or persons to the extent that the Commission finds necessary or appropriate to limit the operations of the holding-company system of which such company is a part to a single geographically and economically integrated public-utility system and such business as is reasonably incidental, or economically necessary or appropriate, to the operations of such system; the Commission may permit as reasonably incidental or economically necessary or appropriate to the operations of such system the retention of an interest in any business (other than the business of a public-utility company as such) in which such registered holding company or such subsidiary company thereof is engaged or has an interest if the Commission finds (1) that such business is affected with a public interest and its rates or charges are regulated by law, and that the retention of such interest in such business is not detrimental to the proper functioning of a single geographically and economically integrated public-utility system, or (2) that such business is solely that of owning and operating farm lands for agricultural or horticultural purposes and is carrying on experimental or developmental work in agriculture or horticulture, in connection with any State or any political subdivision, or educational institution of such State, for the improvement of agriculture or horticulture in such State;

(2) After January 1, 1938, to require each registered holding company, and each subsidiary company thereof, to be reorganized or dissolved whenever the Commission finds that the corporate structure or continued existence of such company unduly or unnecessarily complicates the structure of the holding-company system of which it is a part, or unfairly or inequitably distributes voting power among the holders of securities, or is detrimental to the proper functioning of a single geographically and economically integrated public-utility system; and

(3) Promptly after January 1, 1940, to require each registered holding company to take such steps (either by divesting itself of control, securities, or other assets, or by reorganization or dissolution, or otherwise) as the Commission finds necessary or appropriate to make such company cease to be a holding company: *Provided, however*, That the Commission, upon such terms and conditions as it may find necessary or appropriate in the public interest or for the protection of investors or consumers, shall permit a registered holding company to continue to be a holding company in the first degree if such company has obtained from the Federal Power Commission a certificate that the continuance of the holding-company relation is necessary, under the applicable State or foreign law, for the operations of a geographically and economically integrated public-utility system serving an economic region in a single State or extending into two or more contiguous States or into a contiguous foreign country.

(c) In any order under subsection (b), the Commission shall fix the time within which such order shall be complied with, not later than 1 year from the date of such order; but the Commission shall, upon a showing that the applicant has been or will be unable in the exercise of due diligence to comply with such order within the time fixed, extend such time for an additional period not exceeding 1 year if it finds such extension necessary or appropriate in the public interest or for the protection of investors or consumers.

(d) The Commission may apply to a court, in accordance with the provisions of subsection (f) of section 18, to enforce compliance with any order under this section. Upon any such application, the court as a court of equity shall take exclusive jurisdiction and possession, for the purposes of this title, of such assets of the company or companies, wherever located, as may be the subject of such order, or, in the case of any order for reorganization or dissolution, exclusive jurisdiction and possession, for the purposes of this title, of the company or companies and all the assets thereof, wherever located; and the court shall have jurisdiction to appoint a trustee, and the court may constitute and appoint the Commission as sole trustee, to administer under the direction of the courts the assets so possessed and the proceeds thereof as a trust estate for the benefit of the persons interested therein as their interests may appear, and in any such proceeding the court shall not appoint any other person other than the Commission as trustee or receiver without notifying the Commission or giving it an opportunity to be heard before making any such appointment. In any proceeding for the enforcement of an order of the Commission under this section, the trustee with the approval of the court shall have power to dispose of any or all of such assets and, subject to such terms and conditions as the court may prescribe, may make such disposition in accordance with a fair and equitable reorganization plan which shall have been approved by the Commission after opportunity for hearing. Such reorganization plan may be proposed in the first instance by the Commission, or, subject to such rules and regulations as the Commission may deem necessary or appropriate in the public interest or for the protection of investors, by any person having a bona fide interest (as defined by the rules and regulations of the Commission) in the reorganization.

(e) In accordance with such rules and regulations as the Commission may deem necessary or appropriate in the public interest or for the protection of investors or consumers, any registered holding company or any subsidiary company of a registered holding company may, at any time after January 1, 1936, submit a plan to the Commission for the divestment of control, securities, or other assets, or for the reorganization or dissolution, of such company or any subsidiary company thereof for the purpose of enabling such company or any subsidiary company thereof to comply with the provisions of this title and the rules, regulations, and orders thereunder or to make unnecessary the issuance of any order by the Commission in respect of any such company under subsection (b). If, after notice and opportunity for hearing, the Commission shall approve such plan, as submitted or as modified to meet such terms and conditions as the Commission may find necessary or appropriate in the public interest or

for the protection of investors or consumers, as fair and equitable to the persons affected by such plan and as appropriate to effectuate the provisions of this title and the rules, regulations, and orders thereunder, the Commission shall make an order authorizing and directing such company or any subsidiary company thereof to divest itself of control, securities, or other assets or to be reorganized or dissolved in accordance with such plan; and the Commission may apply to a court, in accordance with the provisions of subsection (f) of section 18, to enforce compliance with such order. If, upon any such application, the court, after notice and opportunity for hearing, shall approve such plan as fair and equitable and as appropriate to effectuate the provisions of this title and the rules, regulations, and orders thereunder, the court shall take exclusive jurisdiction and possession, for the purposes of this title, of such assets of the company or companies, wherever located, as may be the subject of such order, or, in the case of any order for reorganization or dissolution, exclusive jurisdiction and possession, for the purposes of this title, of the company or companies and all the assets thereof, wherever located; and the court shall have jurisdiction to appoint a trustee, and the court may constitute and appoint the Commission as sole trustee, to administer, under the direction of the court and in accordance with the plan theretofore approved by the court and the Commission, the assets so possessed and the proceeds thereof as a trust estate for the benefit of the persons interested therein as their interests may appear. It shall be within the authority of the court and the Commission to approve and carry out any plan under this subsection which it would be within their respective authority to approve and carry out under subsection (d) of this section.

(f) In any proceeding in a court of the United States, whether under this section or otherwise, in which a receiver or trustee is appointed for any registered holding company, or any subsidiary company thereof, the court may constitute and appoint the Commission as sole trustee or receiver, subject to the directions and orders of the court, whether or not a trustee or receiver shall theretofore have been appointed, and in any such proceeding the court shall not appoint any person other than the Commission as trustee or receiver without notifying the Commission and giving it an opportunity to be heard before making any such appointment. In any such proceeding a reorganization plan for a registered holding company or any subsidiary company thereof shall not become effective unless such plan shall have been approved by the Commission after opportunity for hearing prior to its submission to the court. Notwithstanding any other provision of law, any such reorganization plan may be proposed in the first instance by the Commission or, subject to such rules and regulations as the Commission may deem necessary or appropriate in the public interest or for the protection of investors, by any person having a bona fide interest (as defined by the rules and regulations of the Commission) in the reorganization. The Commission may, by such rules and regulations or order as it may deem necessary or appropriate in the public interest or for the protection of investors or consumers, require that any or all fees, expenses, and remuneration, to whomsoever paid, in connection with any reorganization, dissolution, liquidation, bankruptcy, or receivership of a registered holding company or subsidiary company thereof, in any such proceeding, shall be subject to approval by the Commission.

(g) It shall be unlawful for any person to solicit or permit the use of his or its name to solicit, by use of the mails or any means or instrumentality of interstate commerce, or otherwise, any proxy, consent, authorization, power of attorney, deposit, or dissent in respect of any reorganization plan under this section, or otherwise, or in respect of any plan under this section for the divestment of control, securities, or other assets, or for the dissolution of any registered holding company or any subsidiary company thereof unless—

(1) the plan has been proposed by the Commission, or the plan and such information regarding it and its sponsors as the Commission may deem necessary or appropriate in the public interest or for the protection of investors or consumers has been submitted to the Commission by a person having a bona fide interest (as defined by the rules and regulations of the Commission) in such reorganization;

(2) each such solicitation is accompanied or preceded by a copy of a report on the plan which shall be made by the Commission after an opportunity for a hearing on the plan and other plans submitted to it, or by an abstract of such report made or approved by the Commission; and

(3) each such solicitation is made not in contravention of such rules and regulations or orders as the Commission may deem necessary or appropriate in the public interest or for the protection of investors or consumers.

Nothing in this subsection or the rules and regulations thereunder shall prevent any person from appearing before the Commission or any court through an attorney or proxy.

INTERCOMPANY LOANS; DIVIDENDS; FEES; SALE OF SECURITIES AND CAPITAL ASSETS; PROXIES AND OTHER TRANSACTIONS

SEC. 12. (a) It shall be unlawful for any registered holding company, by use of the mails or any means or instrumentality of interstate commerce, or otherwise, directly or indirectly, to borrow, or to receive any extension of credit or indemnity, from any public-utility company in the same holding-company system or from any subsidiary company of such holding company, but it shall not be unlawful under this subsection to renew, or extend the time of, any loan, credit, or indemnity outstanding on the date of the enactment of this title.

(b) It shall be unlawful for any registered holding company or subsidiary company thereof, by use of the mails or any means or instrumentality of interstate commerce, or otherwise, directly or indirectly, to lend or in any manner extend its credit to or indemnify any company in the same holding-company system in contravention of such rules and regulations or orders as the Commission deems necessary or appropriate in the public interest, or for the protection of investors or consumers or to prevent the circumvention of the provisions of this title or the rules, regulations, or orders thereunder.

(c) It shall be unlawful for any registered holding company or any subsidiary company thereof, by use of the mails or any means or instrumentality of interstate commerce, or otherwise, to declare or pay any dividend on any security of such company or to acquire, retire, or redeem any security of such company, in contravention of such rules and regulations or orders as the Commission deems necessary or appropriate to protect the financial integrity of companies in holding-company systems, to safeguard the working capital of public-utility companies, to prevent the payment of dividends out of capital or unearned surplus, or to prevent the circumvention of the provisions of this title or the rules, regulations, or orders thereunder.

(d) It shall be unlawful for any registered holding company, by use of the mails or any means or instrumentality of interstate commerce, or otherwise, to sell any security or capital assets in contravention of such rules and regulations or orders regarding the consideration to be received for such sale, maintenance of competitive conditions, fees and commissions, accounts, disclosure of interest, and similar matters as the Commission deems necessary or appropriate in the public interest or for the protection of investors or consumers or to prevent the circumvention of the provisions of this title or the rules, regulations, or orders thereunder.

(e) It shall be unlawful for any person to solicit or to permit the use of his or its name to solicit, by use of the mails or any means or instrumentality of interstate commerce, or otherwise, any proxy, power of attorney, consent, or authorization regarding any security of a registered holding company or a subsidiary company thereof in contravention of such rules and regulations or orders as the Commission deems necessary or appropriate in the public interest or for the protection of investors or consumers or to prevent the circumvention of the provisions of this title or the rules, regulations, or orders thereunder.

(f) It shall be unlawful for any registered holding company or subsidiary company thereof, by use of the mails or any means or instrumentality of interstate commerce, or otherwise, to negotiate, enter into, or take any step in the performance of any transaction not otherwise unlawful under this title, with any company in the same holding company system or with any affiliate of a company in such holding company system in contravention of such rules and regulations or orders regarding reports, accounts, costs, maintenance of competitive conditions, disclosure of interest, duration of contracts, and similar matters as the Commission deems necessary or appropriate in the public interest or for the protection of investors or consumers or to prevent the circumvention of the provisions of this title or the rules and regulations thereunder.

(g) It shall be unlawful for any affiliate of any public utility company, by use of the mails or any means or instrumentality of interstate commerce, or for any affiliate of any public utility company engaged in interstate commerce, or of any registered holding company or any subsidiary company thereof, by use of the mails or any means or instrumentality of interstate commerce, or otherwise, to negotiate, enter into, or take any step in the performance of any transaction not otherwise unlawful under this title, with any such company of which it is an affiliate, in contravention of such rules and regulations or orders regarding reports, accounts, costs, maintenance of competitive conditions, disclosure of interest, duration of contracts, and similar matters as the Commission deems necessary or appropriate in the public interest or for the protection of investors or consumers or to prevent the circumvention of the provisions of this title or the rules, regulations, or orders thereunder.

SERVICE, SALES, AND CONSTRUCTION CONTRACTS

SEC. 13. (a) After April 1, 1936, it shall be unlawful—

(1) for any registered holding company, or subsidiary company thereof (other than a mutual service company), by use of the mails or any means or instrumentality of interstate commerce, or otherwise, to enter into or take any step in the performance of any service, sales, or construction contract by which such company undertakes to perform services or construction work for, or sell goods to, any associate company thereof which is a public-utility or mutual service company;

(2) for any registered holding company or subsidiary company thereof, which is a public-utility company, by use of the mails or any means or instrumentality of interstate commerce, or otherwise, to enter into or take any step in the performance of any service, sales, or construction contract, by which such company undertakes to receive services, buy goods, or accept construction work, from any person (other than a mutual service company) engaged in the business of performing service, sales, or construction contracts for public-utility or holding companies if such business is, or purports to be, carried on by such person for such company as a cooperative, mutual, or nonprofit enterprise.

(b) The provisions of subsection (a) shall not apply to such transactions, involving special or unusual circumstances or not in the ordinary course of business, as the Federal Power Commission by rules and regulations or order may conditionally or uncondi-

tionally exempt as being necessary or appropriate in the public interest or for the protection of investors or consumers.

(c) It shall be unlawful for any affiliate of any public-utility company, by use of the mails or any means or instrumentality of interstate commerce, or for an affiliate of any public-utility company engaged in interstate commerce, or of any registered holding company or subsidiary company thereof, by use of the mails or any means or instrumentality of interstate commerce, or otherwise, to negotiate, enter into, or take any step in the performance of any service, sales, or construction contract, by which such affiliate undertakes to perform services or construction work for, or sell goods to, any such company of which it is an affiliate, in contravention of such rules and regulations or orders regarding reports, accounts, costs, maintenance of competitive conditions, disclosure of interest, duration of contracts, and similar matters, as the Federal Power Commission finds necessary or appropriate in the public interest or for the protection of investors or consumers or to prevent the circumvention of the provisions of this title or the rules, regulations, or orders thereunder.

(d) It shall be unlawful for any person, a substantial part of whose business is the performance of services, sales, or construction contracts for public-utility or holding companies, by use of the mails or any means or instrumentality of interstate commerce, to enter into or take any step in the performance of any service, sales, or construction contract with any public-utility company, or for any such person, by use of the mails or any means or instrumentality of interstate commerce, or otherwise, to enter into or take any step in the performance of any service, sale, or construction contract with any public-utility company engaged in interstate commerce, or any registered holding company or any subsidiary company thereof, in contravention of such rules and regulations or orders regarding reports, accounts, costs, maintenance of competitive conditions, disclosure of interest, duration of contracts, and similar matters as the Federal Power Commission deems necessary or appropriate in the public interest or for the protection of investors or consumers or to prevent the circumvention of the provisions of this title or the rules, regulations, or orders thereunder. Such rules and regulations shall require any such person engaged in interstate commerce in the business of performing service, sales, or construction contracts for public-utility or holding companies on a cooperative, mutual, or nonprofit basis to be approved under this section as a mutual service company.

(e) A person may apply to be approved as a mutual service company for the purpose of making and performing service, sales, or construction contracts with public-utility or holding companies by filing with the Federal Power Commission an application in such form and containing such information, classified and in such detail, and accompanied by such documents, as the Federal Power Commission may by rules and regulations or order prescribe as necessary or appropriate in the public interest or for the protection of investors or consumers, in respect of—

(1) the articles of incorporation, agreement, association, or cooperation under which the applicant will do business and its bylaws or rules or instruments, whatever the name, corresponding thereto;

(2) the ownership of the applicant, whether by ownership of securities or otherwise, and the relations and agreements between the applicant and its owner or owners;

(3) the identity of the member companies of the applicant, and the agreement or agreements under which such member companies are to share in its expenses and revenues and the method by which such shares are determined and to be maintained or adjusted;

(4) the kinds of service, sales, or construction contracts to be performed by the applicant; and

(5) the business, if any, other than the performance of service, sales, or construction contracts with member companies, in which the applicant purposes to engage.

(f) Within such reasonable time after the filing of an application as the Federal Power Commission shall fix by rules or regulations or order, the Federal Power Commission shall enter an order either approving or, after notice and opportunity for hearing, disapproving the applicant as a mutual service company, unless the applicant shall withdraw its application. Amendments to an application may be made upon such terms and conditions as the Federal Power Commission may prescribe.

(g) The Federal Power Commission shall not approve, or continue the approval of, the applicant as a mutual service company unless (1) in the judgment of the Federal Power Commission the applicant is so organized as to ownership, costs, revenues, and the sharing thereof as reasonably to insure the efficient and economical performance of service, sales, or construction contracts by the applicant for member companies, at cost fairly and equitably allocated among such member companies, at a reasonable saving to member companies over the cost to such companies of comparable contracts performed by independent persons, and (2) membership of the applicant is to be open on substantially similar terms to all public utility companies similarly situated, except for such limitation on membership, in cases where an increase therein would result in a disproportionate increase in cost, as the Federal Power Commission may by rules and regulations or order prescribe as necessary or appropriate in the public interest or for the protection of investors or consumers.

(h) The Federal Power Commission, in any order approving a company as a mutual service company, may prescribe such terms and conditions regarding the continuance of such approval, the nature and enforcement of the agreements of such mutual service company for the sharing of expenses and the distributing of revenues among member companies, and matters relating to such agreements, and the nature, character, and extent of the business which may be carried on by such mutual service company as the Federal Power Commission may find necessary or appropriate in the public interest or for the protection of investors or consumers or to prevent the circumvention of the provisions of this section or the rules and regulations thereunder.

(i) Every mutual service company shall file with the Federal Power Commission such information and documents in respect of its service, sales, and construction contracts, the composition of its membership, the manner and method of sharing expenses and distributing revenues, and similar matters, as the Federal Power Commission may by rules and regulations or order prescribe as necessary or appropriate in the public interest or for the protection of investors or consumers.

(j) It shall be unlawful for any mutual service company, by use of the mails or any means or instrumentality of interstate commerce, or otherwise, to engage in any business, or enter into or perform any transaction, in contravention of such rules and regulations or orders regarding the nature and types of businesses and transactions in which such companies may engage, the manner of engaging therein, the limitation of membership in such companies for one or more purposes to specified classes of member companies or to member companies carrying on business in a limited region, maintenance of competitive conditions, costs, disclosure of interest, relations with member companies and affiliates, and similar matters, as the Federal Power Commission deems necessary or appropriate in the public interest or for the protection of investors or consumers or to prevent the circumvention of the provisions of this section or the rules, regulations, or orders thereunder.

(k) The Federal Power Commission, after notice and opportunity for hearing, may revoke, suspend, or modify the approval given any mutual service company if it finds that such company has violated any provision of this title or any rule, regulation, or order thereunder, or that such company is not operated efficiently, economically, and in good faith, solely in the interest of its member companies. The Federal Power Commission, upon its own motion or at the request of a member company or a State commission, may, after notice and opportunity for hearing, require a reallocation or reapportionment of costs among member companies of a mutual service company if it finds the existing allocation inequitable and may require the elimination of a service or services to a member company which does not bear its fair proportion of costs or which, by reason of its size or other circumstances, does not require such service or services.

(l) The Federal Power Commission shall from time to time conduct investigations regarding the making, performance, and costs of service, sales, and construction contracts, the economies resulting therefrom, and the desirability thereof. On the basis of such investigations the Federal Power Commission shall classify the different types of such contracts and the work done thereunder, and shall make recommendations from time to time regarding the standards and scope of such contracts in relation to public-utility companies of different kinds and sizes and the costs incurred thereunder and economies resulting therefrom. Such recommendations shall be made available to State commissions, public-utility companies, and to the public in such form and at such reasonable charge as the Federal Power Commission may prescribe.

PERIODIC AND OTHER REPORTS

SEC. 14. Every registered holding company shall file with the Commission, and every mutual service company shall file with the Federal Power Commission, such annual, quarterly, and other periodic and special reports, the answers to such specific questions and the minutes of such directors', stockholders', and other meetings, as the respective Commission may by rules and regulations or order prescribe as necessary or appropriate in the public interest or for the protection of investors or consumers. Such reports, if required by the rules and regulations of the Commission having jurisdiction thereof, shall be certified by an independent public accountant, and shall be made and filed at such time and in such form and detail as such Commission shall prescribe. The Commission may require that there be included in reports filed with it such information and documents as it finds necessary or appropriate to keep reasonably current the information filed under section 5, and such further information concerning the financial condition, security structure, security holdings, assets, and cost thereof, wherever determinable, and affiliations of the reporting company and the associate companies and affiliates thereof as the Commission deems necessary or appropriate in the public interest or for the protection of investors or consumers. The Federal Power Commission may require that there be included in reports filed with it such information and documents as it deems necessary or appropriate to keep reasonably current the information filed under section 13, and such further information concerning the financial condition, transactions, businesses, assets, and cost thereof, wherever determinable, membership, relations with member companies, and similar matters as the Federal Power Commission deems necessary or appropriate in the public interest or for the protection of investors or consumers.

ACCOUNTS AND RECORDS

SEC. 15. (a) Every registered holding company and every subsidiary company thereof (other than a mutual service company) shall make, keep, and preserve for such periods, such accounts, cost-accounting procedures, correspondence, memoranda, papers,

books, and other records as the Commission deems necessary or appropriate in the public interest or for the protection of investors or consumers or for the enforcement of the provisions of this title or the rules, regulations, or orders thereunder.

(b) Every affiliate of a registered holding company or of any subsidiary company thereof (other than a mutual service company) or of any public-utility company engaged in interstate commerce or not so engaged shall make, keep, and preserve for such periods, such accounts, cost-accounting procedures, correspondence, memoranda, papers, books, and other records relating to any transaction of such affiliate which is subject to any provision of this title or any rule, regulation, or order thereunder, as the Commission deems necessary or appropriate in the public interest or for the protection of investors or consumers or for the enforcement of the provisions of this title or the rules, regulations, or orders thereunder.

(c) Every mutual service company, and every affiliate of a mutual service company relating to any transaction of such affiliate which is subject to any provision of this title or any rule, regulation, or order thereunder, shall make, keep, and preserve for such periods, such accounts, cost-accounting procedures, correspondence, memoranda, papers, books, and other records, as the Federal Power Commission deems necessary or appropriate in the public interest or for the protection of investors or consumers or for the enforcement of the provisions of this title or the rules, regulations, or orders thereunder.

(d) Every person, a substantial part of whose business is the performance of service, sales, or construction contracts for public utility or holding companies shall make, keep, and preserve for such periods, such accounts, cost-accounting procedures, correspondence, memoranda, papers, books, and other records, relating to any transaction by such person which is subject to any provision of this title or any rule, regulation, or order thereunder, as the Federal Power Commission deems necessary or appropriate in the public interest or for the protection of investors or consumers or for the enforcement of the provisions of this title or the rules and regulations thereunder.

(e) The Commission, by such rules and regulations as it deems necessary or appropriate in the public interest and for the protection of investors or consumers may prescribe for persons subject to the provisions of subsection (a) or (b) of this section, and the Federal Power Commission, by such rules and regulations as it deems necessary or appropriate in the public interest and for the protection of investors or consumers may prescribe for persons subject to the provisions of subsection (c) or (d) of this section, uniform methods for keeping accounts required under any provision of this section, including, among other things, the manner in which the cost of all assets, whenever determinable, shall be shown, the methods of classifying and segregating accounts, and the manner in which cost-accounting procedures shall be maintained.

(f) After the commission having jurisdiction thereof has prescribed the form and manner of making and keeping accounts, cost-accounting procedures, correspondence, memoranda, papers, books, and other records to be kept by any person hereunder, it shall be unlawful for any such person to keep any accounts, cost-accounting procedures, correspondence, memoranda, papers, books, or other records other than those prescribed or such as may be approved by the commission having jurisdiction thereof, or to keep his or its accounts, cost-accounting procedures, correspondence, memoranda, papers, books, or other records in any manner other than that prescribed or approved by the commission having jurisdiction thereof.

(g) All accounts, cost-accounting procedures, correspondence, memoranda, papers, books, and other records kept or required to be kept by persons subject to any provision of this section shall be subject at any time and from time to time to such reasonable periodic, special, and other examinations by the commission having jurisdiction thereof, or any member or representative thereof, as such commission may prescribe. The burden of proof to justify any accounting entry questioned by the commission having jurisdiction thereof shall be on the person making or authorizing such entry. The commission having jurisdiction thereof, after notice and opportunity for hearing, may prescribe the account or accounts in which particular outlays, receipts, and other transactions shall be entered, charged, or credited and the manner in which such entry, charge, or credit shall be made, and may require an entry to be modified or supplemented so as properly to show the cost of any asset or any other cost.

(h) It shall be the duty of every registered holding company and of every subsidiary company thereof (other than a mutual service company) and of every affiliate of a company insofar as such affiliate is subject to any provision of this title or any rule, regulation, or order thereunder, to submit the accounts, cost-accounting procedures, correspondence, memoranda, papers, books, and other records of such holding company, subsidiary company, or affiliate to such examinations, in person or by duly appointed attorney, by the holder of any security of such holding company, subsidiary company, or affiliate as the Commission deems necessary or appropriate in the public interest or for the protection of investors or consumers.

(i) It shall be the duty of every mutual service company, and of every affiliate of a mutual-service company, and of every person, a substantial part of whose business is the performance of service, sales, or construction contracts for public-utility or holding companies, insofar as such affiliate or such person is subject to any provision of this title or any rule, regulation, or order thereunder, to submit the accounts, cost-accounting procedures, correspondence, memoranda, papers, books, and other records of such mutual service company, affiliate, or person to such examinations, in person or by duly appointed attorney, by member companies of such mutual service company and by public-utility or holding companies for which such person performs service, sales, or construction contracts as the Federal Power Commission deems necessary or appropriate in the public interest or for the protection of investors or consumers.

(j) Upon application of any person entitled, under the provisions of subsection (h) or (i) of this section, to examine any account, cost-accounting procedure, correspondence, memorandum, paper, book, or other record of a registered holding company, a subsidiary company of a registered holding company, a mutual service company, an affiliate of a company, or a person engaged in the business of a performing service, sales, or construction contracts for public utility or holding companies, the district courts of the United States, the Supreme Court of the District of Columbia, and the United States courts of any Territory or other place subject to the jurisdiction of the United States shall have jurisdiction to issue writs of mandamus commanding any such company or person to submit any such account, cost-accounting procedure, correspondence, memorandum, paper, book, or other record to such examination.

LIABILITY FOR MISLEADING STATEMENTS

SEC. 16 (a) Any person who shall make or cause to be made any statement in any application, report, registration statement, or document filed pursuant to any provision of this title, or any rules, regulation, or order thereunder, which statement was at the time and in the light of the circumstances under which it was made false or misleading with respect to any material fact, shall be liable in the same manner, to the same extent, and subject to the same limitations as provided in section 18 of the Securities Exchange Act of 1934 with respect to an application, report, or document filed pursuant to the Securities Exchange Act of 1934.

(b) The rights and remedies provided by this title shall be in addition to any and all other rights and remedies that may exist under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, or otherwise at law or in equity; but no person permitted to maintain a suit for damages under the provisions of this title shall recover, through satisfaction of judgment in one or more actions, a total amount in excess of his actual damages on account of the act complained of.

OFFICERS, DIRECTORS, AND OTHER AFFILIATES

SEC. 17. (a) Every person who is an officer, director, or other affiliate of a registered holding company shall file with the Commission in such form as the Commission shall prescribe (1) at the time of the registration of such holding company, or within 10 days after such person becomes an officer, director, or other affiliate, a statement of the securities of such registered holding company or any subsidiary company thereof of which he is, directly or indirectly, the beneficial owner, and (2) within 10 days after the close of each calendar month thereafter, if there has been any change in such ownership during such month, a statement of such ownership as of the close of such calendar month and of the changes in such ownership that have occurred during such calendar month.

(b) For the purpose of preventing the unfair use of information which may have been obtained by any such officer, director, or other affiliate by reason of his or its relationship to such registered holding company or any subsidiary company thereof, any profit realized by any such officer, director, or other affiliate from any purchase and sale, or any sale and purchase, of any security of such registered holding company or any subsidiary company thereof within any period of less than 6 months, unless such security was acquired in good faith in connection with a debt previously contracted, shall inure to and be recoverable by the holding company or subsidiary company in respect of the security of which such profit was realized, irrespective of any intention on the part of such officer, director, or other affiliate in entering into such transaction to hold the security purchased or not to repurchase the security sold for a period of more than 6 months. Suit to recover such profit may be instituted at law or in equity in any court of competent jurisdiction by the company entitled thereto or by the owner of any security of such company in the name and in the behalf of such company if such company shall fail or refuse to bring such suit within 60 days after request or shall fail diligently to prosecute the same thereafter; but no such suit shall be brought more than 2 years after the date such profit was realized. This subsection shall not cover any transaction where such person was not an officer, director, or other affiliate at the times of the purchase and sale, or the sale and purchase, of the security involved, or any transaction or transactions which the Commission by rules and regulations may, as neceessary or appropriate in the public interest or for the protection of investors or consumers, exempt as not comprehended within the purpose of this subsection.

(c) No registered holding company or any subsidiary company thereof shall have, as an officer or director thereof, any executive officer, director, partner, appointee, or representative of any bank, trust company, investment banker, or banking association or firm, or any executive officer, director, partner, appointee, or representative of any corporation a majority of whose stock, having the unrestricted right to vote for the election of directors, is owned by any bank, trust company, investment banker, or banking association or firm.

INVESTIGATIONS; INJUNCTIONS AND PROSECUTIONS OF OFFENSES

SEC. 18. (a) The Commission, in its discretion, may investigate any facts, conditions, practices, or matters which it may deem necessary or appropriate to determine whether any person has violated or is about to violate any provision of this title or any rule or regulation thereunder, or to aid in the enforcement of the provisions of this title in the prescribing of rules and regulations thereunder, or in obtaining information to serve as a basis for recommending further legislation concerning the matters to which this title relates. The Commission may require or permit any person to file with it a statement in writing, under oath or otherwise as it shall determine, as to any or all facts and circumstances concerning a matter which may be the subject of investigation. The Commission, in its discretion, may publish or make available to State commissions or the public information concerning any such subject.

(b) The Commission upon its own motion or at the request of a State commission may investigate, or obtain any information regarding the business, financial condition, or practices of any registered holding company or subsidiary company thereof or facts, conditions, practices, or matters affecting the relations between any such company and any other company or companies in the same holding-company system.

(c) For the purpose of any investigation or any other proceeding under this title, any member of the Commission, or any officer thereof designated by it, is empowered to administer oaths and affirmations, subpena witnesses, compel their attendance, take evidence, and require the production of any books, papers, correspondence, memoranda, contracts, agreements, or other records which the Commission deems relevant or material to the inquiry. Such attendance of witnesses and the production of any such records may be required from any place in any State or in any Territory or other place subject to the jurisdiction of the United States at any designated place of hearing.

(d) In case of contumacy by, or refusal to obey a subpena issued to, any person, the Commission may invoke the aid of any court of the United States within the jurisdiction in which such investigation or proceeding is carried on, or where such person resides or carries on business, in requiring the attendance and testimony of witnesses and the production of books, papers, correspondence, memoranda, contracts, agreements, and other records. And such court may issue an order requiring such person to appear before the Commission or member or officer designated by the Commission, there to produce records, if so ordered, or to give testimony touching the matter under investigation or in question; and any failure to obey such order of the court may be punished by such court as a contempt thereof. All process in any such case may be served in the judicial district whereof such person is an inhabitant or wherever he may be found or may be doing business. Any person who, without just cause, shall fail or refuse to attend and testify or to answer any lawful inquiry or to produce books, papers, correspondence, memoranda, contracts, agreements, or other records, if in his or its power so to do, in obedience to the subpena of the Commission shall be guilty of a misdemeanor and, upon conviction, shall be subject to a fine of not more than $1,000 or to imprisonment for a term of not more than 1 year, or both.

(e) No person shall be excused from attending and testifying or from producing books, papers, correspondence, memoranda, contracts, agreements, or other records and documents before the Commission, or in obedience to the subpena of the Commission or any member thereof or any officer designated by it, or in any cause or proceeding instituted by the Commission, on the ground that the testimony or evidence, documentary or otherwise, required of him may tend to incriminate him or subject him to a penalty or forfeiture; but no individual shall be prosecuted or subject to any penalty or forfeiture for or on account of any transaction, matter, or thing concerning which he is compelled to testify or produce evidence, documentary or otherwise, after having claimed his privilege against self-incrimination, except that such individual so testifying shall not be exempt from prosecution and punishment for perjury committed in so testifying.

(f) Whenever it shall appear to the Commission that any person is engaged or about to engage in any acts or practices which constitute or will constitute a violation of the provisions of this title, or of any rule, regulation, or order thereunder, it may in its discretion bring an action in the proper district court of the United States, the Supreme Court of the District of Columbia, or the United States courts of any Territory or other place subject to the jurisdiction of the United States, to enjoin such acts or practices and to enforce compliance with this title or any rule, regulation, or order thereunder, and upon a proper showing a permanent or temporary injunction or decree or restraining order shall be granted without bond. Attorneys employed by the Commission may appear for or represent the Commission in any proceeding in court. The Commission may transmit such evidence as may be available concerning such acts or practices to the Attorney General, who, in his discretion, may institute the appropriate criminal proceedings under this title.

(g) Upon application of the Commission, the district courts of the United States, the Supreme Court of the District of Columbia, and the United States courts of any Territory or other place subject to the jurisdiction of the United States shall have jurisdiction to issue writs of mandamus commanding any person to comply with the provisions of this title or any rule, regulation, or order of the Commission thereunder.

HEARINGS BY COMMISSION

SEC. 19. Hearings may be public and may be held before the Commission, any member or members thereof, or any officer or officers of the Commission designated by it, and appropriate records thereof shall be kept. In any proceedings before the Commission, the Commission, in accordance with such rules and regulations as it may prescribe, may admit as a party any interested State, State commission, State securities commission, municipality, or other political subdivision of a State or any representative of interested consumers or security holders, or any other person whose participation in the proceedings may be in the public interest or for the protection of investors or consumers.

RULES AND REGULATIONS

SEC. 20. The Commission shall have authority from time to time to make, issue, amend, and rescind such rules and regulations and such orders as it may deem necessary or appropriate to carry out the provisions of this title, including rules and regulations defining accounting, technical and trade terms used in this title. Among other things, the Commission shall have authority, for the purposes of this title, to prescribe the form or forms in which information required in any statement, declaration, application, report or other document filed with the Commission shall be set forth, the items or details to be shown in balance sheets, profit and loss statements, and surplus accounts, the manner in which the cost of all assets, whenever determinable, shall be shown in regard to such statements, declarations, applications, reports, and other documents filed with the Commission, or accounts required to be kept by the rules, regulations, or orders of the Commission, and the methods to be followed in the keeping of accounts and cost accounting procedures and the preparation of reports, in the segregation and allocation of costs, in the determination of liabilities, in the determination of depreciation and depletion, in the differentiation of recurring and nonrecurring income, in the differentiation of investment and operating income, and in the keeping or preparation, where the Commission deems it necessary or appropriate, of separate or consolidated balance sheets or profit and loss statements for any companies in the same holding company system. In the case of the accounts of any company whose methods of accounting are prescribed under the provisions of any law of the United States or of any State, the rules and regulations of the Commission in respect of account shall not be inconsistent with the requirements imposed by such law or any rule or regulation thereunder; nor shall anything in this title relieve any public utility company from the duty to keep the accounts, books, records, or memoranda which may be required to be kept by the law of any State in which it operates or by the State commission of any such State. But this provision shall not prevent the Commission from imposing such additional requirements regarding reports or accounts as it may deems necessary or appropriate in the public interest or for the protection of investors or consumers. The rules and regulations of the Commission shall be effective upon publication in the manner which the Commission shall prescribe. For the purpose of its rules and regulations the Commission may classify persons and matters within its jurisdiction and prescribe different requirements for different classes of persons or matters. The Commission, by such rules and regulations or order as it deems necessary or appropriate in the public interest or for the protection of investors or consumers, may authorize the filing of any information or documents required to be filed with the Commission under this title, or under the Securities Act of 1933, as amended, or under the Securities Exchange Act of 1934, by incorporating by reference any information or documents theretofore or concurrently filed with the Commission under this title or either of such acts. No provision of this title imposing any liability shall apply to any act done or omitted in good faith in conformity with any rule, regulation, or order of the Commission, notwithstanding that such rule, regulation, or order may, after such act or omission, be amended or rescinded or be determined by judicial or other authority to be invalid for any reason.

EFFECT ON EXISTING LAW

SEC. 21. Nothing in this title shall affect the jurisdiction of the Commission under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934 over any person, security, or contract, or the rights, obligations, duties, or liabilities of any person thereunder; nor shall anything in this title affect the jurisdiction of any other commission, board, agency, or officer of the United States or of any State or political subdivision of any State, over any person, security, or contract, insofar as such jurisdiction does not conflict with any provision of this title or any rule, regulation, or order thereunder. Nothing in this title shall exempt any public-utility company from obedience to the law of any State in which it operates.

INFORMATION FILED WITH THE COMMISSION

SEC. 22. (a) Unless in the judgment of the Commission such information is confidential in nature and the disclosure thereof would be not in the public interest or the interest of investors or consumers, the information contained in any statement, application, declaration, report, or other document filed with the Commission shall be available to the public, and copies thereof may be furnished to any person at such reasonable charge and under such reasonable limitations as the Commission may prescribe: *Provided, however,* That nothing in this title shall be construed to require, or to authorize the Commission to require, the revealing of trade secrets or processes in any application, declaration, report, or document filed with the Commission under this title.

(b) Any person filing such application, declaration, report, or document may make written objection to the public disclosure of information contained therein, stating the grounds for such objection, and the Commission is authorized to hear objections in any such case where it finds advisable.

(c) It shall be unlawful for any member, officer, or employee of the Commission to disclose to any person other than a member, officer, or employee of the Commission, or to use for personal benefit, any information contained in any application, declaration, report, or document filed with the Commission which is not made available to the public pursuant to this section.

ANNUAL REPORTS OF COMMISSION

SEC. 23. The Commission shall submit annually a report to the Congress covering the work of the Commission for the preceding year and including such information, data, and recommendations for further legislation in connection with the matters covered by this title as it may find advisable.

COURT REVIEW OF ORDERS

SEC. 24. (a) Any person aggrieved by an order issued by the Commission in a proceeding under this title to which such person is a party may obtain a review of such order in the circuit court of appeals of the United States within any circuit wherein such person resides, or has his principal place of business, or in the Court of Appeals of the District of Columbia, by filing in such court, within 60 days after the entry of such order, a written petition praying that the order of the Commission be modified or set aside in whole or in part. A copy of such petition shall be forthwith served upon any member of the Commission, or upon any officer thereof designated by the Commission for that purpose, and thereupon the Commission shall certify and file in the court a transcript of the record upon which the order complained of was entered. Upon the filing of such transcript such court shall have exclusive jurisdiction to affirm, modify, or set aside such order, in whole or in part. No objection to the order of the Commission shall be considered by the court unless such objection shall have been urged before the Commission or unless there were reasonable grounds for failure so to do. The finding of the Commission as to the facts, if supported by substantial evidence, shall be conclusive. If any party shall apply to the court for leave to adduce additional evidence, and shall show to the satisfaction of the court that such additional evidence is material and that there were reasonable grounds for failure to adduce such evidence in the proceeding before the Commission, the court may order such additional evidence to be taken before the Commission and to be adduced upon the hearing in such manner and upon such terms and conditions as to the court may seem proper. The Commission may modify its findings as to the facts by reason of the additional evidence so taken, and it shall file with the court such modified or new findings, which, if supported by substantial evidence, shall be conclusive, and its recommendation, if any, for the modification or setting aside of the original order. The judgment and decree of the court affirming, modifying, or setting aside, in whole or in part, any such order of the Commission shall be final, subject to review by the Supreme Court of the United States upon certiorari or certification as provided in sections 239 and 240 of the Judicial Code, as amended (U. S. C., title 28, secs. 346 and 347).

(b) The commencement of proceedings under subsection (a) shall not, unless specifically ordered by the court, operate as a stay of the Commission's order.

JURISDICTION OF OFFENSES

SEC. 25. The district courts of the United States, the Supreme Court of the District of Columbia, and the United States courts of any Territory or other place subject to the jurisdiction of the United States shall have exclusive jurisdiction of violations of this title or the rules, regulations, or orders thereunder and of all suits in equity and actions at law brought to enforce any liability or duty created by, or to enjoin any violation of, this title or the rules, regulations, or orders thereunder. Any criminal proceeding may be brought in the district wherein any act or transaction constituting the violation occurred. Any suit or action to enforce any liability or duty created by, or to enjoin any violation of, this title or rules, regulations, or orders thereunder, may be brought in any such district or in the district wherein the defendant is found or is an inhabitant or transacts business, and process in such cases may be served in any district of which the defendant is an inhabitant or transacts business or wherever the defendant may be found. Judgments and decreees so rendered shall be subject to review as provided in sections 128 and 240 of the Judicial Code, as amended (U. S. C., title 28, secs. 225 and 347). No costs shall be assessed for or against the Commission or the Federal Power Commission in any proceeding under this title brought by or against either such Commission in any court.

VALIDITY OF CONTRACTS

SEC. 26. (a) Any condition, stipulation, or provision binding any person to waive compliance with any provisions of this title or with any rule, regulation, or order thereunder shall be void.

(b) Every contract made in violation of any provision of this title or of any rule, regulation, or order thereunder, and every contract heretofore or hereafter made, the performance of which involves the violation of, or the continuance of any relationship or practice in violation of, any provision of this title, or any rule, regulation, or order thereunder, shall be void (1) as regards the rights of any person who, in violation of any such provision, rule, regulation, or order, shall have made or engaged in the performance of any such contract, and (2) as regards the rights of any person who, not being a party to such contract, shall have acquired any right thereunder with actual knowledge of the facts by reason of which the making or performance of such contract was in violation of any such provision, rule, regulation, or order.

LIABILITY OF CONTROLLING PERSONS

SEC. 27. (a) It shall be unlawful for any person, directly or indirectly, to do any act or thing through or by means of any other person which it would be unlawful for such person to do under the provisions of this title or any rule, regulation, or order thereunder.

(b) It shall be unlawful for any person without just cause to hinder, delay, or obstruct the making, filing, or keeping of any information, document, report, record, or account required to be made, filed, or kept under any provision of this title or any rule, regulation, or order thereunder.

UNLAWFUL REPRESENTATIONS

SEC. 28. It shall be unlawful for any person to use the name of the United States or of any agency or officer thereof in issuing, selling, or offering for sale any security of a registered holding company or subsidiary company thereof, or to represent or imply in any manner whatsoever that such security has been guaranteed, sponsored, or recommended for investment by the United States or any agency or officer thereof; except that an advertisement or prospectus published in connection with the sale of any such security may state, if such be the fact, that a declaration regarding the issue or sale of such security has been filed under this title or that the reorganization plan pursuant to which such security is issued has been approved by the Commission and by the court.

PENALTIES

SEC. 29. Any person who willfully violates any provision of this title or any rule, regulation, or order thereunder (other than an order of the Commission under subsection (b), (c), (d), (e), or (f) of section 11), or any person who willfully makes any statement or entry in any application, report, document, account, or record filed or kept or required to be filed or kept under the provisions of this title or any rule, regulation, or order thereunder, knowing such statement or entry to be false or misleading in any material respect, or any person who willfully destroys (except after such time as may be prescribed under any rules or regulations under this title), mutilates, alters, or by any means or device falsifies any account, correspondence, memorandum, book, paper, or other record kept or required to be kept under the provisions of this title, or any rule, regulation, or order thereunder, shall upon conviction be fined not more than $10,000 or imprisoned not more than 2 years, or both, except that in the case of a violation of a provision of subsection (a) or (b) of section 4 by a holding company, the fine imposed upon such holding company shall be a fine not exceeding $200,000; but no person shall be convicted under this section for the violation of any rule, regulation, or order if he proves that he had no knowledge of such rule, regulation, or order.

STUDY OF PUBLIC-UTILITY AND INVESTMENT COMPANIES

SEC. 30. The Federal Power Commission is authorized and directed to make studies and investigations of public-utility companies, the territories served or which can be served by public-utility companies, and the manner in which the same are or can be served, to determine the sizes, types, and locations of public-utility companies which do or can operate most economically and efficiently in the public interest, in the interest of investors and consumers, and in furtherance of a wider and more economical use of gas and electric energy; upon the basis of such investigations and studies the Federal Power Commission shall make public from time to time its recommendations as to the type and size of geographically and economically integrated public-utility systems which, having regard for the nature and character of the locality served, can best promote and harmonize the interests of the public, the investor, and the consumer. The Commission is authorized and directed to make a study of the functions and activities of investment trusts and investment companies, the corporate structures and investment policies of such trusts and companies, the influence exerted by such trusts and companies upon companies in which they are interested, and the influence exerted by interests affiliated with the management of such trusts and companies upon their investment policies, and to report the results of its study and its recommendations to the Congress on or before January 4, 1936.

FEDERAL POWER COMMISSION

SEC. 31. The Federal Power Commission, in respect of the matters within its jurisdiction under sections 13, 14, 15, and 30, shall have and exercise the rights, powers, functions, and duties conferred or imposed upon the Commission under sections 18, 19, 20, 22, 23, and 24.

EMPLOYEES OF THE COMMISSION AND FEDERAL POWER COMMISSION

SEC. 32. For the purposes of this title, the Commission and the Federal Power Commission may select, employ, and fix the compensation of such attorneys, examiners, and experts as shall be necessary for the transaction of the business of such commissions in respect of this title without regard to the provisions of other laws applicable to the employment and compensation of officers or employees of the United States; and the Commission and the Federal Power Commission may, subject to the civil-service laws, appoint such other officers and employees as are necessary in the

execution of the functions of such Commissions and fix their salaries in accordance with the Classification Act of 1923, as amended.

SEPARABILITY OF PROVISIONS

SEC. 33. If any provision of this title or the application of such provision to any person or circumstances shall be held invalid, the remainder of the title and the application of such provision to persons or circumstances other than those as to which it is held invalid shall not be affected thereby.

SHORT TITLE

SEC. 34. This title may be cited as the "Public Utility Holding Company Act of 1935."

TITLE II. AMENDMENTS TO FEDERAL WATER POWER ACT

SECTION 201. Section 3 of the Federal Water Power Act, as amended, is amended to read as follows:

"SEC. 3. The words defined in this section shall have the following meanings for the purposes of this act, to wit:

"(1) 'public lands' means such lands and interest in lands owned by the United States as are subject to private appropriation and disposal under public land laws. It shall not include 'reservations', as hereinafter defined;

"(2) 'reservations' means national monuments, national parks, national forests, tribal lands embraced within Indian reservations, military reservations, and other lands and interests in lands owned by the United States, and withdrawn, reserved, or withheld from private appropriation and disposal under the public land laws; also lands and interests in lands acquired and held for any public purposes;

"(3) 'corporation' means any corporation, joint-stock company, partnership, association, business trust, organized group of persons, whether incorporated or not, or a receiver or receivers, trustee or trustees of any of the foregoing. It shall not include 'municipalities' as hereinafter defined;

"(4) 'person' means any individual or a corporation;

"(5) 'licensee' means any person licensed under the provisions of section 4 of this act, and any assignee or successor in interest of such person;

"(6) 'State' means a State admitted to the Union, the District of Columbia, and any organized Territory of the United States;

"(7) 'municipality' means a city, county, irrigation district, drainage district, or other political subdivision or agency of a State competent under the laws thereof to carry on the business of developing, transmitting, utilizing, or distributing power;

"(8) 'navigable waters' means those parts of streams or other bodies of water over which Congress has jurisdiction under its authority to regulate commerce with foreign nations and among the several States, and which either in their natural or improved condition, notwithstanding interruptions between the navigable parts of such streams or waters by falls, shallows, or rapids compelling land carriage, are used or suitable for use for the transportation of persons or property in interstate or foreign commerce, including therein all such interrupting falls, shallows, or rapids, together with such other parts of streams as shall have been authorized by Congress for improvement by the United States or shall have been recommended to Congress for such improvement after investigation under its authority;

"(9) 'municipal purposes' means and includes all purposes within municipal powers as defined by the constitution or laws of the State or by the charter of the municipality;

"(10) 'Government dam' means a dam or other work constructed or owned by the United States for Government purposes with or without contribution from others;

"(11) 'project' means complete unit of improvement or development, consisting of a power house, all water conduits, all dams and appurtenant works and structures (including navigation structures) which are a part of said unit, and all storage, diverting, or forebay reservoirs directly connected therewith, the primary line or lines transmitting power therefrom to the point of junction with the distribution system or with the interconnected primary transmission system, all miscellaneous structures used and useful in connection with said unit or any part thereof, and all water rights, rights-of-way, ditches, dams, reservoirs, lands, or interest in lands the use and occupancy of which are necessary or appropriate in the maintenance and operation of such unit;

"(12) 'project works' means the physical structures of a project;

"(13) 'net investment' in a project means the actual legitimate original cost thereof as defined and interpreted in the 'classification of investment in road and equipment of steam roads, issue of 1914, Interstate Commerce Commission', plus similar costs of additions thereto and betterments thereof, minus the sum of the following items properly allocated thereto, if and to the extent that such items have been accumulated during the period of the license from earnings in excess of a fair return on such investment: (a) Unappropriated surplus, (b) aggregate credit balances of current depreciation accounts, and (c) aggregate appropriations of surplus or income held in amortization, sinking fund, or similar reserves, or expended for additions or betterments or used for the purposes for which such reserves were created. The term 'cost' shall include, insofar as applicable, the elements thereof prescribed in said classification, but shall not include expenditures from funds obtained through donations by States, municipalities, individuals, or others, and said classification of investment of the Interstate Commerce Commission shall insofar as applicable be published and promulgated as a part of the rules and regulations of the Commission.

"(14) 'Commission' and 'Commissioner' means the Federal Power Commission, and a member thereof, respectively;

"(15) 'State commission' means the regulatory body of the State or municipality having jurisdiction to regulate rates and charges for the sale of electric energy to consumers within the State or municipality;

"(16) 'security' means any note, stock, treasury stock, bond, debenture, or other evidence of interest in or indebtedness of a corporation subject to the provisions of this act."

SEC. 202. Section 4 of the Federal Water Power Act, as amended, is amended to read as follows:

"SEC. 4. The Commission is hereby authorized and empowered—

"(a) To make investigations and to collect and record data concerning the utilization of the water resources of any region to be developed, the water-power industry and its relation to other industries and to interstate or foreign commerce, and concerning the location, capacity, development costs, and relation to markets of power sites, and whether the power from Government dams can be advantageously used by the United States for its public purposes, and what is a fair value of such power, to the extent the Commission may deem necessary or useful for the purposes of this act.

"(b) To determine the actual legitimate original cost of and the net investment in a licensed project, and to aid the Commission in such determinations, each licensee shall, upon oath, within a reasonable period of time to be fixed by the Commission, after the construction of the original project or any addition thereto or betterment thereof, file with the Commission, in such detail as the Commission may require, a statement in duplicate showing the actual legitimate original cost of construction of such project, addition, or betterment, and of the price paid for water rights, rights-of-way, lands, or interest in lands. The licensee shall grant to the Commission or to its duly authorized agent or agents, at all reasonable times, free access to such project, addition, or betterment, and to all maps, profiles, contracts, reports of engineers, accounts, books, records, and all other papers and documents relating thereto. The statement of actual legitimate original cost of said project, and revisions thereof as determined by the Commission, shall be filed with the Secretary of the Treasury.

"(c) To cooperate with the executive departments and other agencies of State or National Governments in such investigations; and for such purpose the several departments and agencies of the National Government are authorized and directed upon the request of the Commission to furnish such records, papers, and information in their possession as may be requested by the Commission, and temporarily to detail to the Commission such officers or experts as may be necessary in such investigations.

"(d) To make public from time to time the information secured hereunder and to provide for the publication of its reports and investigations in such form and manner as may be best adapted for public information and use. The Commission, on or before the 3d day of January of each year, shall submit to Congress for the fiscal year preceding a classified report showing the permits and licenses issued under this part, and in each case the parties thereto, the terms prescribed, and the moneys received, if any, or account thereof. Such report shall contain the names and show the compensation of the persons employed by the Commission.

"(c) To issue licenses to citizens of the United States, or to any association of such citizens, or to any corporation organized under the laws of the United States or any State thereof, or to any State or municipality for the purpose of constructing, operating, and maintaining dams, water conduits, reservoirs, power houses, transmission lines, or other project works necessary or convenient for the development and improvement of navigation and for the development, tranmission, and utilization of power across, along, from, or in any of the streams or other bodies of water over which Congress has jurisdiction under its authority to regulate commerce with foreign nations and among the several States, or upon any part of the public lands and reservations of the United States (including the Territories), or for the purpose of utilizing the surplus water or water power from any Government dam, except as herein provided: *Provided,* That licenses shall be issued within any reservation only after a finding by the Commission that the license will not interfere or be inconsistent with the purpose for which such reservation was created or acquired, and shall be subject to and contain such conditions as the Secretary of the department under whose supervision such reservation falls shall deem necessary for the adequate protection and utilization of such reservation: *Provided further,* That no license affecting the navigable capacity of any navigable waters of the United States shall be issued until the plans of the dam or other structures affecting navigation have been approved by the Chief of Engineers and the Secretary of War. Whenever the contemplated improvement is, in the judgment of the Commission, desirable and justified in the public interest for the purpose of improving or developing a waterway or waterways for the use or benefit of interstate or foreign commerce, a finding to that effect shall be made by the Commission and shall become a part of the records of the Commission: *Provided further,* That in case the Commission shall find that any Government dam may be advantageously used by the United States for public purposes in addition to navigation, no license therefor shall be issued until 2 years after it shall have reported to Congress the facts and conditions relating thereto, except that this provision shall not apply to any Government dam constructed prior to June 10, 1920: *And provided further,* That upon the filing of any application for a license which has not been preceded by a preliminary permit under subsection (f) of this section, notice

shall be given and published as required by the proviso of said subsection.

"(f) To issue preliminary permits for the purpose of enabling applicants for a license hereunder to secure the data and to perform the acts required by section 9 hereof: *Provided, however,* That upon the filing of any application for a preliminary permit by any person, association, or corporation the Commission, before granting such application, shall at once give notice of such application in writing to any State or municipality likely to be interested in or affected by such application; and shall also publish notice of such application once each week for 4 weeks in a daily or weekly newspaper published in the county or counties in which the project or any part thereof or the lands affected thereby are situated.

"(g) Upon its own motion to order an investigation of any occupancy of, or evidenced intention to occupy, for the purpose of developing electric power, public lands, reservations, or streams or other bodies of water over which Congress has jurisdiction under its authority to regulate commerce with foreign nations and among the several States by any person, corporation, State, or municipality and to issue such order as it may find appropriate, expedient, and in the public interest to conserve and utilize the navigation, and water-power resources of the Nation."

SEC. 203. Section 5 of the Federal Water Power Act, as amended, is amended to read as follows:

"SEC. 5. Each preliminary permit issued under this part shall be for the sole purpose of maintaining priority of application for a license under the terms of this act for such period or periods, not exceeding a total of 3 years, as in the discretion of the Commission may be necessary for making examinations and surveys, for preparing maps, plans, specifications, and estimates, and for making financial arrangements. Each such permit shall set forth the conditions under which priority shall be maintained. Such permits shall not be transferable, and may be canceled by order of the Commission upon failure of permittees to comply with the conditions thereof or for other good cause shown after notice and opportunity for hearing."

SEC. 204. Section 6 of the Federal Power Act, as amended, is amended to read as follows:

"SEC. 6. Licenses under this part shall be issued for a period not exceeding 50 years. Each such license shall be conditioned upon acceptance by the licensee of all the terms and conditions of this act and such further conditions, if any (as the Commission shall prescribe in conformity with this act, which said terms and conditions and the acceptance thereof shall be expressed in said license. Licenses may be revoked only for the reasons and in the manner prescribed under the provisions of this act, and may be altered or surrendered only upon mutual agreement between the licensee and the Commission after 30 days' public notice. Copies of all licenses issued under the provisions of this title and calling for the payment of annual charges shall be deposited with the General Accounting Office, in compliance with section 3743, Revised Statutes, as amended (U. S. C., title 41, sec. 20)."

SEC. 205. Section 7 of the Federal Water Power Act, as amended, is amended to read as follows:

"SEC. 7. In issuing preliminary permits hereunder or licenses where no preliminary permit has been issued, and in issuing licenses to new licensees under section 15 hereof, the Commission shall give preference to applications therefor by States and municipalities, provided the plans for the same are deemed by the Commission equally well adapted, or shall within a reasonable time to be fixed by the Commission be made equally well adapted, to conserve and utilize in the public interest the water-power resources of the region; and as between other applicants, the Commission may give preference to the applicant the plans of which it finds and determines are best adapted to develop, conserve, and utilize in the public interest the water-power resources of the region, if it be satisfied as to the ability of the applicant to carry out such plans.

"Whenever, in the judgment of the Commission, the development of any water-power resources for public purposes should be undertaken by the United States itself, the Commission shall not approve any application for any project affecting such development, but shall cause to be made such examinations, surveys, reports, plans, and estimates of the cost of the proposed development as it may find necessary, and shall submit its findings to Congress with such recommendations as it may find appropriate concerning such development."

SEC. 206. Section 10 of the Federal Water Power Act, as amended, is amended to read as follows:

"SEC. 10. All licenses issued under this part shall be on the following conditions:

"(a) That the project adopted, including the maps, plans, and specifications, shall be such as in the judgment of the Commission will be best adapted to a comprehensive scheme for improving or developing a waterway or waterways for the use or benefit of interstate or foreign commerce, for the improvement and utilization of water-power development, and for other beneficial public uses, including scenic, recreational, archeological, and wildlife purposes; and if necessary in order to secure such scheme, the Commission shall have authority to require the modification of any project of the plans and specifications of the project works before approval.

"(b) That except when emergency shall require for the protection of navigation, life, health, or property, no substantial alteration or addition not in conformity with the approved plans shall be made to any dam or other project works constructed hereunder of an installed capacity in excess of 100 horsepower without the prior approal of the Commission; and any emergency alteration or addition so made shall thereafter be subject to such modification and change as the Commission may direct.

"(c) That the licensee shall maintain the project works in a condition of repair adequate for the purposes of navigation and for the efficient operation of said works in the development and transmission of power, shall make all necessary renewals and replacements, shall establish and maintain adequate depreciation reserves for such purposes, shall so maintain and operate said works as not to impair navigation, and shall conform to such rules and regulations as the Commission may from time to time prescribe for the protection of life, health, and property. Each licensee hereunder shall be liable for all damages occasioned to the property of others by the construction, maintenance, and operation of the project works or of the works appurtenant or accessory thereto, constructed under the license, and in no event shall the United States be liable therefor.

"(d) That after the first 20 years of operation, out of surplus earned thereafter, if any, accumulated in excess of a specified reasonable rate of return upon the net investment of a licensee in any project or projects under license, the licensee shall establish and maintain amortization reserves, which reserves shall, in the discretion of the Commission, be held until the termination of the license or be applied from time to time in reduction of the net investment. Such specified rate of return and the proportion of such surplus earnings to be paid into and held in such reserves shall be set forth in the license.

"(e) That the licensee shall pay to the United States reasonable annual charges in an amount to be fixed by the Commission for the purpose of reimbursing the United States for the costs of the administration of this part; for recompensing it for the use, occupancy, and enjoyment of its lands or other property; and for the expropriation to the Government of excessive profits until the respective States shall make provisions for preventing excessive profits or for the expropriation thereof to themselves, or until the period of amortization as herein provided is reached, and in fixing such charges the Commission shall seek to avoid increasing the price to the consumers of power by such charges, and any such charges may be adjusted from time to time by the Commission as conditions may require: *Provided,* That when licenses are issued involving the use of Government dams or other structures owned by the United States or tribal lands embraced within Indian reservations the Commission shall, subject to the approval of the Secretary of the Interior in the case of such dams or structures in reclamation projects and, in the case of such tribal lands, subject to the approval of the Indian tribe having jurisdiction of such lands as provided in section 16 of the Act of June 18, 1934 (48 Stat. 984) fix a reasonable annual charge for the use thereof, and such charges may with like approval be readjusted by the Commission at the end of 20 years after the project is available for service and at periods of not less than 10 years thereafter upon notice and opportunity for hearing: *Provided further,* That licenses for the development, transmission, or distribution of power by States or municipalities shall be issued and enjoyed without charge to the extent such power is sold to the public without profit or is used by such State or municipality for State or municipality purposes, except that as to projects constructed or to be constructed by States or municipalities primarily designed to provide or improve navigation, licenses therefor shall be issued without charge; and that licenses for the development, transmission, or distribution of power for domestic, mining, or other beneficial use in projects of not more than 100 horsepower installed capacity may be issued without charge, except on tribal lands within Indian reservations; but in no case shall a license be issued free of charge for the development and utilization of power created by any Government dam and that the amount charged therefor in any license shall be such as determined by the Commission. In the event an overpayment of any charge due under this section shall be made by a licensee, the Commission is authorized to allow a credit for such overpayment when charges are due for any subsequent period.

"(f) That whenever any licensee hereunder is directly benefited by the construction work of another licensee, a permittee, or of the United States of a storage reservoir or other headwater improvement, the Commission shall require as a condition of the license that the licensee so benefited shall reimburse the owner of such reservoir or other improvements for such part of the annual charges for interest, maintenance, and depreciation thereon as the Commission may deem equitable. The proportion of such charges to be paid by any licensee shall be determined by the Commission. The licensees or permittees affected shall pay to the United States the cost of making such determination as fixed by the Commission.

"Whenever such reservoir or other improvement is constructed by the United States the Commission shall assess similar charges against any licensee directly benefited thereby, and any amount so assessed shall be paid into the Treasury of the United States, to be reserved and appropriated as a part of the special fund for headwater improvements as provided in section 17 hereof.

"Whenever any power project not under license is benefited by the construction work of a licensee or permittee, the United States or any agency thereof, the Commission, after notice to the owner or owners of such unlicensed project, shall determine and fix a reasonable and equitable annual charge to be paid to the licensee or permittee on account of such benefits, or to the United States if it be the owner of such headwater improvement.

"(g) Such other conditions not inconsistent with the provisions of this act as the Commission may require.

"(h) That combinations, agreements, arrangements, or understandings, express or implied, to limit the output of electrical energy, to restrain trade, or to fix, maintain, or increase prices for electrical energy or service are hereby prohibited.

"(i) In issuing licenses for a minor part only of a complete project, or for a complete project of not more than 100 horsepower installed capacity, the Commission may in its discretion waive such conditions, provisions, and requirements of this part, except the license period of 50 years, as it may deem to be to the public interest to waive under the circumstances: *Provided*, That the provisions hereof shall not apply to annual charges for use of lands within Indian reservations."

SEC. 207. Section 14 of the Federal Water Power Act, as amended, is amended to read as follows:

"SEC. 14. Upon not less than 2 years' notice in writing from the Commission the United States shall have the right upon or after the expiration of any license to take over and thereafter to maintain and operate any project or projects as defined in section 3 hereof, and covered in whole or in part by the license, or the right to take over upon mutual agreement with the licensee all property owned and held by the licensee then valuable and serviceable in the development, transmission, or distribution of power and which is then dependent for its usefulness upon the continuance of the license, together with any lock or locks or other aids to navigation constructed at the expense of the licensee, upon the condition that before taking possession it shall pay the net investment of the licensee in the project or projects taken, not to exceed the fair value of the property taken, plus such reasonable damages, if any, to property of the licensee valuable, serviceable, and dependent as above set forth but not taken, as may be caused by the severance therefrom of property taken, and shall assume all contracts entered into by the licensee with the approval of the Commission. The net investment of the licensee in the project or projects so taken and the amount of such severance damages, if any, shall be determined by the Commission after notice and opportunity for hearing. Such net investment shall not include or be affected by the value of any lands, rights-of-way, or other property of the United States licensed by the Commission under this act, by the license or by goodwill, going value, or prospective revenues; not shall the values allowed for water rights, rights-of-way, lands, or interest in lands be in excess of the actual reasonable cost thereof at the time of acquisition by the licensee: *Provided*, That the right of the United States or any State or municipality to take over, maintain, and operate any project licensed under this act at any time by condemnation proceedings upon payment of just compensation is hereby expressly reserved."

SEC. 208. Section 17 of the Federal Water Power Act, as amended, is amended to read as follows:

"SEC. 17. (a) All proceeds from any Indian reservation shall be placed to the credit of the Indians of such reservation. All other charges, except charges fixed by the Commission for the purpose of reimbursing the United States for the costs of administration of this part arising from licenses hereunder shall be paid into the Treasury of the United States, subject to the following distribution: 12½ percent thereof is hereby appropriated to be paid into the Treasury of the United States and credited to 'Miscellaneous receipts'; 50 percent of the charges arising from licenses hereunder for the occupancy and use of public lands, national monuments, national forests, and national parks shall be paid into, reserved, and appropriated as a part of the reclamation fund created by the acts of Congress known as the 'Reclamation Act', approved June 17, 1902; and 37½ percent of the charges arising from licensees hereunder for the occupancy and use of national forests, national parks, public lands, and national monuments, from development within the boundaries of any State shall be paid by the Secretary of the Treasury to such State; and 50 percent of the charges arising from all other licenses hereunder is hereby reserved and appropriated as a special fund in the Treasury to be expended under the direction of the Secretary of War in the maintenance and operation of dams and other navigation structures owned by the United States or in the construction, maintenance, or operation of headwater or other improvements of navigable waters of the United States. The proceeds of charges made by the Commission for the purpose of reimbursing the United States for the costs of the administration of this part shall be paid into the Treasury of the United States and credited to miscellaneous receipts.

"(b) In case of delinquency on the part of any licensee in the payment of annual charges a penalty of 1 percent of the total amount delinquent shall be added to the total charges for each month or part of a month in which the licensee is so delinquent until the total of the charges and penalties are paid or until the license is canceled and the charges and penalties satisfied in accordance with law."

SEC. 209. Section 18 of the Federal Water Power Act, as amended, is amended to read as follows:

"SEC. 18. The Commission shall require the construction, maintenance, and operation by a licensee at its own expense of such lights and signals as may be directed by the Secretary of War, and such fishways as may be prescribed by the Secretary of Commerce. The operation of any navigation facilities which may be constructed as a part of or in connection with any dam or division structure built under the provisions of this act, whether at the expense of a licensee hereunder or of the United States, shall at all times be controlled by such reasonable rules and regulations in the interest of navigation, including the control of the level of the pool caused by such dam or diversion structure as may be made from time to time by the Secretary of War; and for willful failure to comply with any such rule or regulation such licensee shall be deemed guilty of a misdemeanor, and upon conviction thereof shall be punished as provided in section 313 hereof."

SEC. 210. Section 23 of the Federal Power Act, as amended, is amended to read as follows:

"SEC. 23. (a) The provisions of this part shall not be construed as affecting any permit or valid existing right-of-way heretofore granted or as confirming or otherwise affecting any claim, or as affecting any authority heretofore given pursuant to law, but any person, association, corporation, State, or municipality holding or possessing such permit, right-of-way, or authority may apply for a license hereunder, and upon such application the Commission may issue to any such applicant a license in accordance with the provisions of this title, and in such case the provisions of this act shall apply to such applicant as a licensee hereunder: *Provided*, That when application is made for a license under this section for a project or projects already constructed the fair value of said project or projects determined as provided in this section, shall for the purposes of this title and of said license be deemed to be the amount to be allowed as the net investment of the applicant in such project or projects as of the date of such license, or as of the date of such determination, if license has not been issued. Such fair value shall be determined by the Commission after notice and opportunity for hearing.

"(b) It shall be unlawful for any person, State, or municipality, for the purpose of developing electric power, to construct, operate, or maintain any dam, water conduit, reservoir, powerhouse, or other works across, along, or in any of the navigable waters of the United States, or upon any part of the public lands or reservations of the United States (including the Territories), or utilize the surplus water or water power from any Government dam, except under and in accordance with the terms of a permit or valid existing right-of-way granted prior to June 10, 1920, or a license granted pursuant to this act: *Provided*, That States or other municipalities granted certain rights and privileges under the Boulder Canyon Project Act and contracts executed thereunder relative to the use of water impounded by such project and the generation of hydroelectric power upon such project are hereby granted a license to construct, operate, and maintain any water conduit, reservoir, power lines, or other works across or along the navigable waters of the United States, or upon any part of the public lands or reservations of the United States for the purpose of utilizing said water or water power. A similar license is hereby granted to any State or other municipality with reference to any Government dam heretofore or hereafter constructed under act of Congress where States or other municipalities are granted the right to utilize the waters or water power generated at such dam. This license shall extend to all municipalities, corporations, or individuals acting for, under, and by authority of such State or other municipality in the premises. Any person, association, corporation, State, or municipality intending to construct a dam or other project works across, along, over, or in any stream or part thereof, other than those defined herein as navigable waters, and over which Congress has jurisdiction under its authority to regulate commerce between foreign nations and among the several States shall before such construction file declaration of such intention with the Commission, whereupon the Commission shall cause immediate investigation of such proposed construction to be made, and if upon investigation it shall find that the interests of interstate or foreign commerce would be directly affected or burdened by such proposed construction, such person, association, corporation, State, or municipality shall not construct, maintain, or operate such dam or other project works until it shall have applied for and shall have received a license under the provisions of this act. If the Commission shall not so find, and if no public lands or reservations are injuriously affected, permission is hereby granted to construct such dam or other project works in such stream upon compliance with State laws. If the applicant is a State and the Commission shall not find that such proposed construction does directly affect or burden interstate commerce permission is hereby granted said State to use the public lands and reservations within such State to the extent that may be necessary to such project and in a manner that will not be materially injurious to such public lands and reservations: *Provided*, That nothing in this section shall be construed to apply to the United States or to any agency thereof.

SEC. 211. Section 24 of the Federal Water Power Act, as amended, is amended to read as follows:

"SEC. 24. Any lands of the United States included in any proposed project under the provisions of this part shall from the date of filing of application therefor be reserved from entry, location, or other disposal under the laws of the United States until otherwise directed by the Commission or by Congress. Notice that such application has been made, together with the date of filing thereof and a description of the lands of the United States affected thereby, shall be filed in the local land office for the district in which such lands are located. Whenever the Commission shall determine that the value of any lands of the United States so applied for, or heretofore or hereafter reserved or classified as power sites, will not be injured or destroyed for the purposes of power development by location, entry, or selection under the public-land laws, the Secretary of the Interior, upon notice of such determination, shall declare such lands open to location, entry, or selection, for such purpose or purposes and under such restrictions as the Commission may determine, subject to and with a reservation of the right of the United States or its

permittees or licensees to enter upon, occupy, and use any part or all of said lands necessary, in the judgment of the Commission, for the purposes of this title, which right shall be expressly reserved in every patent issued for such lands hereunder may enter thereupon for the purposes accrue from the occupation or use of any of said lands for said purposes. The United States or any licensee for any such lands; and no claim or right to compensation shall of this part, upon payment of any damages to crops, buildings, or other improvements caused thereby to the owner thereof, or upon giving a good and sufficient bond to the United States for the use and benefit of the owner to secure the payment of such damages as may be determined and fixed in an action brought upon the bond in a court of competent jurisdiction, said bond to be in the form prescribed by the Commission: *Provided*, That locations, entries, selections, or filings heretofore made for lands reserved as water-power sites or in connection with water-power development or electrical transmission may proceed to approval or patent under and subject to the limitations and conditions in this section.

SEC. 212. Sections 1 to 29, inclusive, of the Federal Water Power Act, as amended, shall constitute part I of that act, and sections 25 and 30 of such act as amended, are repealed.

The Federal Water Power Act, as amended, is further amended by adding thereto the following parts:

"PART II. REGULATION OF ELECTRIC UTILITY COMPANIES ENGAGED IN INTERSTATE COMMERCE

"APPLICATION OF PART

"SECTION 201. (a) It is hereby declared that the business of generating, transmitting, and selling electric energy for ultimate distribution to the public is affected with a public interest, and that Federal regulation of that part of said business which consists of the transmission and sale of electric energy in interstate commerce and the generation of electric energy for such transmission and sale is necessary in the public interest. It is further declared to be the policy of Congress to extend Federal regulation to those matters which cannot be regulated by the States, and also to exert Federal authority to strengthen and assist the States in the exercise of their regulatory powers and not to impair or diminish the powers of any State commission.

"(b) The provisions of this part shall apply to the transmission of electric energy in interstate commerce, to the sale of electric energy at wholesale in interstate commerce, and to the production of electric energy for such transmission or sale, but shall not apply to the retail sale of such energy in local distribution. The Commission shall have jurisdiction over all facilities for such production, transmission, or sale of electric energy by any means and over all facilities connected therewith as parts of a system of power transmission situated in more than one State, except facilities used only for the production or transmission of electric energy in intrastate commerce or in local distribution or for the use of the producer or transmitter. Every person who owns or operates facilities subject to the jurisdiction of the Commission under this part shall be subject to the provisions of this part and the part next following.

"(c) Electric energy shall be held to be transmitted in interstate commerce within the meaning of this part if transmitted from a State to any point outside thereof; or from or to any place in the United States to and from a foreign country, but only so far as such transmission takes place within the United States; but electric energy shall not be held to be transmitted in interstate commerce within the meaning of this part if transmitted between points within the same State but through any point outside thereof.

"(d) The term 'public utility' when used in this part or in the part next following means any person who owns or operates facilities subject to the jurisdiction of the Commission under this title.

"(e) No provision in this part shall apply to, or be deemed to include, the United States, a State, or any municipality or other political subdivision of a State, or any agency, authority, or instrumentality of any one or more of the foregoing, or any corporation which is wholly owned, directly or indirectly, by any one or more of the foregoing, or any officer, agent, or employee of any of the foregoing acting as such in the course of his official duty, unless such provision makes specific reference thereto.

"(f) Electric energy shall be held to be sold at wholesale in interstate commerce within the meaning of this part only when it is sold for resale after its transmission in interstate commerce or before such transmission if the same is thereafter so transmitted.

"(g) The provisions of this part shall apply only to the regulation of the transmission or sale in interstate commerce of electric energy.

"INTERCONNECTION AND COORDINATION OF FACILITIES

"SEC. 202. (a) For the purpose of assuring an abundant supply of electric energy throughout the United States with the greatest possible economy and with regard to the proper utilization and conservation of natural resources, the Commission is empowered and directed to divide the country into regional districts for the interconnection and coordination of electric facilities. Each such district shall embrace an area which, in the judgment of the Commission, can economically be served by such interconnected and coordinated electric facilities. With each such district and between such districts, such interconnection and coordination shall as far as——

Mr. KENNEY (interrupting the reading of the bill). Mr. Chairman, I ask unanimous consent that further reading of the bill be dispensed with.

Mr. RICH. Mr. Chairman, I object.

Mr. TABER (interrupting the reading of the bill). Mr. Chairman, it seems to me that we ought not to spend our time this way. I ask unanimous consent that the further reading of the bill may be dispensed with.

Mr. O'BRIEN. Mr. Chairman, I object.

Mr. HOUSTON (interrupting the reading of the bill). Mr. Chairman, I ask unanimous consent that the further reading of the bill be dispensed with.

Mr. O'BRIEN. Mr. Chairman, I object.

Mr. EKWALL. Mr. Chairman, I move that the further reading of the bill may be dispensed with.

The CHAIRMAN. The Chair cannot recognize the gentleman for that purpose.

Mr. ANDRESEN (interrupting the reading of the bill). Mr. Chairman, I ask unanimous consent that the further reading of the bill be dispensed with.

Mr. RICH and Mr. O'BRIEN objected.

Mr. EKWALL (interrupting the reading of the bill). Mr. Chairman, in order to give the reading clerk a breathing spell, I ask unanimous consent that the further reading of the bill be dispensed with.

Mr. O'BRIEN and Mr. RICH objected.

Mr. GRAY of Pennsylvania (interrupting the reading of the bill). Mr. Chairman, is it in order for the gentleman from Texas to make a speech on the floor while the Clerk is reading the bill?

Mr. McFARLANE. Is that a parliamentary inquiry or a wise crack?

The regular order was demanded.

Mr. CARPENTER (interrupting the reading of the bill). Mr. Chairman, I ask unanimous consent that the further reading of this bill be dispensed with.

The CHAIRMAN (Mr. HOUSTON). Is there objection to the request of the gentleman from Kansas?

Mr. O'BRIEN and Mr. RICH objected.

Mr. McFARLANE. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. McFARLANE. Would it be in order to inform the gentlemen who are objecting that there will be plenty of roll calls over the week end and they should be prepared to stay here?

The CHAIRMAN. I think the Membership understands that thoroughly.

Mr. LUCAS (interrupting the reading of the bill). Mr. Chairman, I ask unanimous consent that the further reading of the bill be dispensed with.

Mr. O'BRIEN and Mr. RICH objected.

Mr. RANDOLPH (interrupting the reading of the bill). Mr. Chairman, I ask unanimous consent that the further reading of the bill be dispensed with.

The CHAIRMAN. Is there objection to the request of the gentleman from West Virginia?

Mr. RICH. Mr. Chairman, I object.

Mr. SAUTHOFF (interrupting the reading of the bill). Mr. Chairman, I ask unanimous consent that the further reading of the bill be dispensed with.

The CHAIRMAN. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

Mr. SIROVICH. Mr. Chairman, I make the point of order that there is no quorum.

The CHAIRMAN (Mr. WARREN). The Chair will count.

Mr. SIROVICH. Is the gentleman willing to talk to so few Members?

Mr. RAYBURN. I am.

Mr. SIROVICH. Mr. Chairman, I withdraw my point of order. Will the gentleman yield for a question before he begins?

Mr. RAYBURN. I would rather not.

Mr. SIROVICH. I think the gentleman has a very informative presentation, and I think we ought to have a quorum present.

BILL CONSIDERED 5 MONTHS

Mr. RAYBURN. Mr. Chairman, I hardly expected that the delay would be caused from some sources, but some people

want to give added evidence to their standing on public questions. We have had this bill in committee for 5 long months. There has never been a bill before the Congress of the United States that had any longer, more conscientious, and, with the ability of the members of the committee, a more real consideration than this bill has had. We have done our work under rather trying circumstances.

MISREPRESENTED THROUGH PROPAGANDA

The bill, from the hour it was introduced until now, from every section of this land, in my opinion, has been more misrepresented through propaganda in the mail, by telegrams, and advertisements in the newspapers than any bill that has had the consideration of this Congress in the last half century. Motives have been impugned. Backstage talk has been indulged in. Advertisements have appeared in newspapers as to what this bill means and what it does not mean. In my own State I know that circulars were put out through the mails and placed in envelops with electric-light bills in which every paragraph of the advertisement or the circular either contained an unknowing or deliberate misrepresentation of the facts with reference to this bill. I shall deal with some of that a little later. I may say, however, that to those of us who are responsible for bringing here this legislation, the Post Office Department, the telephone companies, and the telegraph companies at least should be very grateful.

I am embarrassed by the time I must take. We have only 4 hours to the side. There are 19 members on the majority side of this committee, and all of them know things about this bill. If they had 10 minutes apiece, it would take practically all of the time. In order that I may not ramble in what I am going to say and in order that I may say it in the time that I want to use, I shall speak from a manuscript, because I do not want to get outside the record.

WHAT IS HOLDING COMPANY?

Mr. Chairman, it may not be amiss for a moment to talk about what a holding company is, and then to give some of the background and what they were formed for and what they have been doing. I want to say to the Committee now that so far as I am concerned, after all of the pummeling and the pounding of the last 5 months, I have not changed my position on the essential aspects of the bill as originally introduced. [Applause.]

A holding company is a corporation primarily organized to own securities issued by other corporations. Commissioner Walter M. W. Splawn, one of the ablest and best men who ever served this or any other Government, who was special counsel to the Committee on Interstate and Foreign Commerce during the holding-company inquiries, has defined the holding company as follows:

> The holding company may be defined as any company which, by virtue of its ownership of securities, is in a position to control or substantially influence the management of one or more other companies; that is, a holding company is different from a mere investment company. An investment company buys securities as an investor would do and without any purpose of determining the policy of the management. But when a company by virtue of its ownership of securities is in a position to control or substantially to influence the management of another company it is properly classified as a holding company.

HOLDING COMPANIES EXIST BY REASON OF TECHNICALITIES AND LOOPHOLES IN LAW

Originally a corporation did not have the right to own stock of another company. At common law that was regarded as an unthinkable practice. Courts permitted banks to hold stocks which had been used as collateral only until they could be disposed of in the interest of the stockholders of the bank. Less than 50 years ago legislatures in New Jersey and other States began to authorize by general statutes the creation of corporations which would have the power to own shares in other companies. During the past generation the ablest legal talent in the country has been diligently devising ways and means by which the power of an artificial creature, a corporation, could be extended to control and own and deal in evidences of property rights and certificates of stock of other companies. The results of this ingenuity of able lawyers to persuade legislatures to write cunning statutes and courts to place shrewd constructions on those statutes has given the American people a master in the form of a holding company. This master is soulless, impersonal, intangible, immortal, and wellnigh all-powerful. This creature of our statutes holds under its control billions of dollars' worth of property scattered throughout the country, and sometimes around the world. Its decisions can shut down mills, move factories, reduce employees to a state of serfdom, strip the stockholders of local companies of their equities, siphon off the earnings of profitable companies beyond the reach of their stockholders to the stockholders of other companies. This creature of our imagination is permitted to act as a normal person, to contribute to campaign funds in municipal, State, and National elections; to hire clever writers to carry on campaigns of propaganda; to centralize the control of industry.

BUY AND SELL TO THEMSELVES, FIXING OWN PRICES WHICH CONSUMERS PAY

These creatures of our legal ingenuity are operated by a few clever men. They are used as the agencies for disfranchising stockholders of thousands of necessary and prosperous operating companies. They are used to take the control and direction of these local companies away from those who built them and place it in a city oftentimes far removed. Through the simple device of pyramiding, a small investment by those in control of the top holding company enables them to do as they like with hundreds of millions, and in some instances even billions, of other people's property. In one system the pyramiding goes so far as to pile one company on top of another until there are 10 corporations in the pyramiding, or the local operating company is 9 companies removed from the corporation at the top which controls it, along with hundreds of others. In this particular set-up an investment of $1 at the top enables the managers of the top to control over $30,000 of book value of the operating companies, or with less than $50,000 to control over a billion dollars of book value. In another set-up by an investment of about $23,000 at the top of the pyramid book values of $1,200,000,000 are controlled. This pyramiding, supplemented by the use of service contracts and sometimes other practices, has made for a concentration of management that is staggering to the imagination. In one office building in New York City those in charge of a paper holding company, with a very small investment and scarcely any risk of their own capital, are able to control hundreds of operating companies scattered clear across the United States. They are able to say to those operating companies what they shall buy, from whom they shall buy, at what price, and with whom they shall engage services and contract for supplies. They will appoint someone in the top company or in one of their service subsidiaries to be secretary of many of the important operating companies. We found one case in which a man was secretary or an officer in more than 200 corporations. These paper companies at the top of the pyramid as a rule operate nothing. They claim that they are beyond the control of any State authority because they are not selling transportation or any public-utility service. They hold themselves out as investment companies. They have undertaken to get beyond the reach of Government.

I put into the RECORD here the 17 practices of holding companies which I spoke of last January:

REPREHENSIBLE PRACTICES OF HOLDING COMPANIES

First. They have been used in paper transactions to defeat assessments of income taxes to the Federal Government. The holding company appears to have been quite useful in creating fictions under which technical requirements of the Bureau of Internal Revenue could be circumvented.

Second. The holding company has lent itself to the abuse of paying its officers high salaries and bonuses, sometimes of astonishing magnitude. In 1925 a man by the name of Foshay received $306,000 in salary and bonuses. It turned out that the activities of his company became a national scandal. The ease with which the officers of a holding company, through salaries and bonuses and profits in intercompany trading in securities, are able to appropriate to

themselves the earnings of operating utilities has been surpassed only by the secrecy of such actions. This secrecy was possible by reason of the holding company, and itself was an encouragement to avarice and irresponsible conduct.

Third. Another evil fostered by the holding company is fictitious stock subscriptions. Huge transactions have been effected by mere entries on books without any transfer of money or credit.

Fourth. It is in the power of the controlling holding company to make arbitrary apportionments of expenses to the operating companies. There is evidence that some holding companies apportioned to the operating companies the expenses of rendering services to them and at the same time collected from the companies fees for the services.

Fifth. There have been abuses in the appraisal of properties by the service companies controlled by the holding company at the head of the system. The California commission in one case found appraisals of properties within that State, which had been made under the direction of a holding company, twice as much as the California commission could allow. Again and again there appear in rate cases throughout the different States so-called "expert engineers and accountants" who give testimony as to the value of operating properties. These experts frequently qualify as being in the employ of a corporation skilled in making appraisals. The truth is that the corporation is frequently a subsidiary of a holding company owning the operating company whose rates are in litigation, and these so-called "experts" take their orders from the management of the top holding company. Instead of the appraisals having been made by independent engineers, they merely amount to self-serving declarations.

Sixth. These self-serving appraisals of operating properties by service organizations owned by the holding company have lent themselves to write-ups of assets. These write-ups, through juggling of accounts in response to appraisals under the control and at the direction of the holding company, have contributed to the deception of investors, of State regulatory authorities, and of consumers.

Seventh. The contracts with a service company imposed upon the operating companies by the top holding company have, in turn, been capitalized according to the value which the convenience of the management of the holding company seemed to dictate. Such a capitalization of service contracts is reflected in the accounts and financial structure of the system.

Eighth. A holding company lends itself to an inequitable distribution of securities. The insiders, those who direct the top holding company, are able to benefit at the expense of other stockholders.

Ninth. The abuses in the use of publicity by the direction of managements of the holding companies has become scandalous. Note:

THE MEN BEHIND THE W. B. FOSHAY CO.

An idea always originates with one individual. Every activity, whether in business or in other avenues of experience, had its beginning with a single person. Run down the list of scientists and inventors—there was Newton and the law of gravitation, Watt and the steam engine, Fulton and the steamboat, Marconi's cable, Bell and the telephone. Modern business institutions, such as the W. B. Foshay Co., are no exception. This company began modestly in one small room in the National-Soo Line Building, Minneapolis. That was 10 years ago. Mr. Foshay had the idea; he put it into execution. It came to him after many years of actual experience in the public-utility and financial field. He knew the business of producing gas and electricity from the power plant and gas works up to the executive's duties. * * *

Everyone calls to mind the actor who was hired to impersonate a counselor to investors in a series of radio broadcasts.

Tenth. Investors frequently do not distinguish between the regulated issues of securities by operating companies and the unregulated issues of the holding company at the head of the system. This confusion and the fact that the issues of the holding companies were not regulated resulted in losses to thousands of investors.

Eleventh. Holding companies have inflated their income by taking upon their books the earnings and the donated surplus of their subsidiaries without receiving the amounts in any form. These manipulations resulted in paying dividends out of what technically appeared to be earnings but which was in reality capital.

Twelfth. Manipulations of system securities by the top holding company have involved large purchases of stock by the holding company or its subsidiaries in order to support the market. Such manipulations have for a time resulted in fictitious market values and in a deception of the public. The reports on the top companies in the Insull system reveal a tragic collapse following huge manipulations which were prompted by misguided judgment, false pride, and overreaching personal ambition. The Insull debacle is an example of a successful and trusted management of large affairs having been destroyed through the manipulations and speculations made possible by reason of the existence of the holding company and the temptation to use it.

Thirteenth. The holding company has been able to earn large profits through contracts between a subsidiary service company and the controlled operating companies. There is now a wide-spread movement to render these services at cost, but so long as there is no possible dealing at arm's length, so long as contracts are dictated by the holding company which controls both the service organization and the operating companies served, just that long will the public have reason to fear that the charges to the operating companies for services are unfair.

Fourteenth. A holding company lends itself to imposition upon subsidiary operating companies through contracts for purchases of fuel and other supplies from corporations also controlled by the holding company or in which the holding company or some of its officers and directors have an interest. There are instances of where fuel for the operating company cost the operating company more than twice as much as it could have been had in the open market.

Fifteenth. The holding company, through service contracts, is able to require a local operating company to pay $100 a day for the services of men who receive only $20 a day for the services rendered. Such an imposition is effected by having the operating company actually pay the $100 a day to experts performing the service. These experts, employees of the system holding company or its service subsidiary, turn the cash in to their company and receive their contractual wage of $6,000 or $7,000 a year.

Sixteenth. The holding company encourages financial houses as organizers and promoters to create companies and to encourage transactions profitable enough to the financial institutions but without justification in any resulting benefit to the utility companies involved. There are many instances of such organizers taking stocks at prices far below what they would bring on the market.

Seventeenth. The directing holding company at the head of the system frequently makes improvident purchases of operating companies and carries the excessive price paid for operating properties into the consolidated balance sheet. Such improvidence may be due to misguided zeal in extending the sphere of influence of the system or to manipulations incident to cutting down income taxes, or to the belief that an inflated capitalization can be carried into the valuation used as a rate base or to the desire of insiders to profit through a creation of a supply of securities to be thrust upon the speculative public. A startling instance is that of a holding company exchanging $37,000,000 of its stock for $1,000,000 of the stock of an operating company.

A DEVICE TO CREATE SPECIAL PRIVILEGE

The whole country is aroused by this development of holding companies, and State governments stand helpless in the presence of these supercreatures. Whole States are served with power, with gas, with transportation by operating companies in the charge of employees who have no authority, no independence of judgment. They sometimes get good salaries; frequently they do not; and the rank and file of the employees are oftentimes underpaid. The people who complain of the high rates charged or of the quality of the service have to carry their complaints to the men who have no authority to act, who have to get on the telephone or

write a letter to New York City, who are subject to removal by those in the top companies without notice, and who are frequently transferred from one part of the country to another. While the employees of these operating companies work without hope of promotion in blind alleys, while the users fret in vain over the prices charged or the quality of the service rendered, a few men in the top holding company enrich themselves and their families and favorites, flaunt their extravagance, and make America a byword in the eyes of our neighboring countries by reason of the extravagance and vulgarity of these privileged people, sheltered by the most amazing legal edifice contrived in the history of mankind.

SMALL INVESTMENT, UNLIMITED POWER

The holding company has developed to where control is exercised through a maze of intercorporate relationships, impossible to be understood by the ordinary man. The holding-company device has been pyramided to give a few small but powerful groups control of the billions of dollars of the public's money invested in the utility industry. This has placed the great utility properties of the country in the control of men who themselves have only a small stake in their real ownership and who have shown neither prudence nor capacity in the management of these properties.

Two thousand companies are not so many to own $20,000,000,000 of property. A company with an average of $20,000,000 is itself a big company. But even those 2,000 companies are not independent. It may surprise you, but about 50 holding companies completely control these 2,000 operating companies. One holding company, Electric Bond & Share, controls so many operating companies that the grand total value of the properties of all of the companies in that system amounts to $3,000,000,000. That is, just one holding company dominates one-seventh of all the property operated by electric-light companies.

WALL STREET CONTROL

And then the banking houses control the holding companies which control the operating companies. One big banking house, through a company called "United Corporation", has an arrangement by which 8 or 10 of these big holding companies are tied together, so that more than one-fourth of the electric-light companies in the entire United States are subject to that banking influence.

The manager of the holding company becomes the big boss for all the electric-light companies which are controlled by the holding company. The controlling figure appoints the presidents and managers of each electric-light company and he tells them what to do. They cannot have any money for improvements without getting it through the master in the far-away city. When the manager of your local electric-light company needs a new dynamo in the power plant, or the money to extend cables in a new addition to your town, he has to take the matter up with the supermanager in a holding company in another city.

This big boss tells him whether or not he can have the money to use in your town, how much can be used, what is to be bought with it, and more importantly, from whom he is to make the purchase, and how much he is to pay. Now, if the top man is interested in a factory manufacturing the machinery your electric-light plant needs, he can make the manager of the company in your home town buy the machinery from the factory belonging to the big boss at the price he fixes. If the big boss in the far-away city charges the electric-light company in your home town more for the machinery than it is worth, nobody knows it. Then when your city council fixes the electric-light rates you shall pay, it has to fix them so that your company can pay the high price for the machinery which the chief of the holding company made it buy. If the holding company controls enough electric-light plants in enough towns and cities, it can, in various ways, make them pay millions of dollars into the holding company.

If you look at the financial structure of one of these holding companies, you will find in many instances that the holding company has outstanding issues of bonds. What is behind those bonds? Not physical properties because the holding company holds merely securities. Behind it is some collection of securities—securities of various subsidiary corporations. In many instances the physical assets of these subsidiaries have been written up deliberately. Then there are classes of preferred stock; then there are classes of common stock, and some classes of common stock will have the privilege and the advantage in voting, thus enabling the management to control the whole structure without assuming any financial risk. A holding company will sell its preferred stock to the public and then without any warning to these stockholders, it will put out ahead of their claim an issue of collateral trust bonds or of pure debentures. The preferred stockholders, even though they may have the privilege of voting, are helpless to prevent the management at its will from putting ahead of them an issue of debentures. The management may take the proceeds from the sale of the debentures and use it in any improvident speculation, even by trying to take the market of its own stock in a highly inflated stock market. And yet companies that indulge in these practices insist that they have the right to live, that they are of benefit to the public, that their activities are essential to the public welfare. They are just as necessary to the public welfare as piracy on the high seas or as robbery on the land. Banditry can be checked by police force, the insidious and subtle swindle through localized manipulation permitted through the laxity of charters of holding companies is more devastating to investors and more burdensome to the customers of operating companies than is the hold-up of a bank by the most hardened thug.

PUBLIC SWINDLED THROUGH DECEIT AND FRAUD

These companies say that there are a few minor abuses. Is a write-up of $2,000,000,000 of physical assets a minor abuse? Is the imposition of rates to make good such write-ups a minor abuse? Is the purchase of operating properties at inflated values and the resale of them through securities to the public at those inflated prices a minor abuse? Is the imposition of hundreds of purchase and sale contracts on as many operating companies, diverting their earnings from their stockholders and even their bondholders, to the people who have no interest in the properties, a minor abuse? Is the persuasion of teachers, of clerks, of professional people, of those with small means in thousands of American communities to buy so-called "preferred stock" of these companies at $60 a share when the managements know that its real value is not more than $5 a share a minor abuse? Is the effort through propaganda to deceive a hundred million people a minor abuse? Is the wholesale lobbying before every city council in this country, before every State legislature, and the effort through means of communications to bring pressure to bear upon the Members of Congress a minor abuse? Is the exchange of the worthless securities of a holding company for the sound bonds and stocks of local operating companies through the high-pressure salesmanship and misrepresentation of the promotional staff of the holding company a minor abuse? Is the swindling of millions of investors to the extent of billions of dollars through stock manipulations of these holding companies a minor abuse? These activities loom as the major activities of the holding companies. They seem to be mills for issuing stocks and bonds to sell to the people and the money of the people thus collected is dissipated as far as the people are concerned in most speculative and improvident exchanges.

INVISIBLE CREATURES OF THE LOOPHOLES IN THE LAW

Now, there are gentlemen who honestly believe that all these abuses can be corrected through some form of regulation. Remember that these companies do not operate anything except their devices for dealing in securities. They are invisible creatures of the law, dealing in intangible claims against various other corporate creatures. They exist as a result of legislative permission. They have grown up like mushrooms in the power industry during the hectic days of a most speculative era. An analysis of their performance fails to disclose justification for their existence.

Much has been said about destruction of value, and I want to say this. If the utility stocks of this country can

stand up and be worth anything after 5 months of the people who own them and control them saying they are going to be destroyed, then it appears to me it is idle to say that anybody is going to destroy the value of operating-company stocks.

THE GUILTY OPPOSING THIS BILL

The trouble about this situation is that these holding companies that have fattened off of the investors of this country by the abuses that I have talked to you about are the companies that are fighting this legislation. They are the ones that do not want to die; they are the ones that do not want to be crippled; they are the ones that do not even want to be regulated. [Applause.]

That is what I believe. When they go throughout this land and tell an investor in the securities of a local operating company that this bill or any part of it is going to destroy his value, they are telling him what, in my opinion, is a base falsehood.

BLOODSUCKING HOLDING COMPANIES SHOULD BE DESTROYED

What I want to do is to take from the backs of the clean, honestly operated operating companies of this country these leeches and bloodsucking holding companies, who perform no service, but who are milking to death the local operating companies under their control and are milking to death those who have invested their hard-earned money in the securities of these local operating companies. Do you know this? Over three-fourths of the investor's money in the utility industry is directly invested in securities of the operating companies, not the holding companies. The average investor does not own any stock of a holding company but of an operating company, and a great many investors who bought the stock of a holding company from the agent of the holding company thought they were buying the stock of the operating company in their neighborhood or in a neighboring community or in a neighboring State.

ATTACK ON HOLDING COMPANIES HAS NOT DESTROYED PRICES OF STOCKS

They say that this attack upon utilities has driven stocks down and destroyed their values; that this attack during the Roosevelt administration has robbed the investors of their investments and has brought them to nothing.

Two months ago I asked the Power Commission to give me some figures. I wanted to make a statement about this. I knew that the assertion was not true. I knew that the deflation in these stocks had occurred long before Mr. Roosevelt ever became President of the United States. I formed this into a statement for the newspapers, but I doubt if any of you saw it—I did not.

This is what I said in the statement, and I shall put it all in the RECORD, showing the value of these stocks, how much they have gone down, and when they went down, conclusively demonstrating that the pending holding-company bill did not have this effect, and this was given out more than 2 months ago.

Let me show you what happened:

The tables and charts prepared at my request by the Federal Power Commission and presented at today's hearings conclusively demonstrate that neither the pending holding-company bill nor the policies of the Roosevelt administration are responsible for the losses that have been suffered by the holders of this class of securities. Substantially all the losses in these securities had taken place before Franklin D. Roosevelt was inaugurated and long before the present holding-company bill was drafted.

At my request the Federal Power Commission has computed the market values of all the outstanding securities—bonds, debentures, preferred stocks, and common stocks—of the 25 principal electric-utility holding companies at the height of the market of 1929, at the end of February 1933, just before the present administration came into power, and at the present time. These computations are based upon the actual bid or sales price as published in authoritative financial journals.

They show that in 1929 these 25 holding companies had securities outstanding in the hands of the public with a nominal market value of $19,245,157,757. This enormous volume of securities had been issued by these 25 holding companies alone, although the total claimed fixed capital of the entire electric light and power industry was at that time less than $12,000,000,000. This is an indication of the unconscionable inflation of the holding-company securities during the stock-market boom.

Now, remember these stocks had a nominal market value in 1929 of more than $19,000,000,000. By the end of February 1933, just before the present administration came into office, these securities had declined to a market value of $2,879,000,000.

In other words, for every dollar they went down after March 1933 they went down the preceding 4 years $27, and I am informed from sources that I rely upon that these stocks have regained all that they have lost; and yet this gain has been made in the face of assertion from operating companies, as well as holding companies, that they are going to be destroyed, not only the holding companies, but the operating companies as well.

This represents a shrinkage of more than $16,000,000,000 in the value of the securities of these 25 holding companies before Franklin D. Roosevelt became President. It represented a loss of 85 percent of their market value at the height of the boom period.

Since March 1, 1933, these same securities of the 25 holding companies have suffered a further decline of $594,018,970. This is a large sum, but it pales into insignificance in comparison with the $16,000,000,000 loss during the preceding years of the depression.

Reduced to the simplest terms, these figures demonstrate that for every dollar that has been lost in holding-company securities since Roosevelt became President $27 were lost before he was inaugurated.

The facts become even more significant when we consider separately the debentures and preferred stocks of the holding companies, which have more or less value behind them, and the common stocks, which are largely "water." The bonds and debentures of these 25 holding companies, which had a market value of $726,788,792 in 1929, declined 53 percent by the end of February 1933, but since that time they have increased 23 percent. This represents a gain of more than $77,000,000. The preferred stocks of these holding companies, which had a market value of $1,730,807,818 in 1929, declined 58 percent before the 1st of March 1933, but have increased $9,058,000 in the two succeeding years. Thus the total gain in market value of these holding-company debentures and preferred stocks during the present administration has been more than $86,000,000.

The common stocks of these 25 holding companies had a market value in 1929 of $16,787,563,147. This is an amount practically equal to the public debt of the United States at that time. From this high point the market value of these holding-company common stocks declined 89 percent before the present administration assumed office in March 1933. Since that time, during the period when the Roosevelt policies have been in effect, the decline has been only 4 percent.

These figures are so enormous that they are difficult for the average man to grasp. The point will probably be made clearer if we get down to values that are more nearly within his experience. For example, 10 shares of common stock of the American Gas & Electric Co. at the height of the 1929 boom had a market value on the New York Curb of $2,038.75. On February 28, 1933, just before Roosevelt became President, they had declined to $210. But on April 9, 1935, in the face of all the depressing holding company propaganda against this bill, they had a value of $247.50, a gain of $37.50.

Ten shares of Commonwealth & Southern common, which were run up to a market value of $320 in 1929, were worth only $18.75 when Roosevelt was inaugurated—a loss of more than $300. Since March 1, 1933, they have declined only $5.

Ten shares of the common stock of Middle West Utilities—the Insull empire—were inflated by pool operations to a market price of $500 in 1929. By the 1st of March 1933 this fictitious empire had collapsed and 10 shares were worth $1.25. Now they can be sold at exactly the same price.

Ten shares of the North American Co. common stock had a market price at the height of the 1929 boom of $1,868.75. Before Roosevelt took office and 2 years before the holding

company bill was drafted these shares had declined to $187.50. This represented a loss of $1,681.25 to the "innocent investors" who bought at the top of the market. At this time—April 9, 1935—in spite of the depressing propaganda that has been put out by the North American Co. and others against this bill, the 10 shares have a sale price of $132.50. This represents a decline of only $55 during the present administration.

Ten shares of Stone & Webster common which sold as high as $1,133.75 in 1929 had declined to $62.50 before March 1, 1933. Now they would sell for $40.

These examples could be multiplied indefinitely. They would all tell the same story: That the greater part of the losses which investors and speculators in holding-company securities have suffered occurred before the Roosevelt administration assumed office and long before the present holding-company bill was drafted. The shrinkage in the price of holding-company securities has been due to a recognition by the investing public that they have never had any solid value behind them but were flimsy paper structures built up by promoters and speculators.

Much misleading propaganda regarding the alleged destructive effects of the pending bill upon operating companies has also been distributed since its introduction on February 6. Examination of the stock-market prices of leading operating-company common stocks indicates that this propaganda has failed in its obvious purpose of intimidating investors in these securities. Comparing present prices (Apr. 9, 1935) with the high prices reached during the week before the introduction of the holding-company bill, shows the following advances: Boston Edison $18.25 per share; Cleveland Electric $2.25 per share; Commonwealth Edison $9 per share; Consolidated Gas & Electric of Baltimore $5.62½ per share; Hartford Electric $5.50 per share.

Detroit Edison common has declined $5.62½ per share since the introduction of the bill; but this would appear to be due to anticipation of the normal seasonal decline in the production of automobiles, which is Detroit's chief power consuming industry.

It is obvious, therefore, that the investing public, having recovered from the first shock of the misleading and depressing propaganda circulated by the holding companies after the pending bill was introduced, have regained their confidence and are relying upon the Congress to enact legislation which will protect their interests and remove from this industry the abuses which have hitherto threatened every legitimate investment.

Declines in dollars per share of common stocks of principal electric-utility holding companies

	Top of 1929 market to Mar. 1, 1933	Mar. 1, 1933, to Apr. 10, 1935
American Gas & Electric Co	$203.90	[1]$3.75
American Power & Light Co	171.50	.75
American Super Power Co	68.40	1.65
American Waterworks & Electric Co	186.25	1.35
Associated Gas & Electric Co. "A"	71.15	1.10
Associated Gas & Electric Co	44.40	1.40
Columbia Gas & Electric Corporation	129.00	4.35
Commonwealth & Southern Co	30.15	.50
Consolidated Gas Co. of New York	137.65	25.25
Electric Bond & Share Co	177.50	4.10
Electric Power & Light Corporation	83.15	.85
Middle West Utilities Co	49.90	.00
National Power & Light Co	63.15	.75
Niagara-Hudson Power Corporation	20.90	5.65
North American Co	168.15	5.50
North American Light & Power Co	87.00	2.25
Public Service Corporation of New Jersey	97.25	13.85
Standard Gas & Electric Co	236.00	4.25
Stone & Webster, Inc	107.15	2.25
United Corporation	69.50	3.00
United Gas Improvement Co	43.40	4.00
United Light & Power Co.:		
A	59.40	1.35
B	122.00	1.50
Utilities Power & Light Co.:		
A	56.00	.60
B	85.50	3.00
Common	39.00	.35

[1] Increase.

Change in market value of utility securities—1929, 1933, 1935

PRINCIPAL HOLDING COMPANIES

Number of companies	25
Number of issues	100
Number of shares	219,245,863

Market value	Debentures and bonds	Stock		Total
		Preferred	Common	
1929 (high sale)	$726,788,792	$1,730,807,818	$16,787,563,147	$19,245,157,757
1933 (Feb. 28, bid)	342,584,498	733,622,808	1,802,827,643	2,879,034,949
1935 (Apr. 9, closing)	420,209,986	742,680,983	1,112,125,010	2,285,015,979

PRINCIPAL INDEPENDENT OPERATING COMPANIES

Number of companies	10
Number of issues	55
Number of shares	28,150,477

Market value	Bonds	Stock		Total
		Preferred	Common	
1929 (high sale)	$558,095,189	$281,117,182	$3,040,854,981	$3,880,067,352
1933 (Feb. 28, bid)	533,139,588	186,117,747	579,588,908	1,298,846,243
1935 (Apr. 9, closing)	585,447,715	182,735,000	507,625,091	1,275,807,806

These things, of course, declined 89 percent, because there was not any value behind them then and never was, in most instances, as to these common stocks.

I will say this, if the bill I introduced on the 6th day of February were passed, the exchange of stocks or the value of any stocks would remain for whatever value it had. [Applause.]

THIS BILL FAIR TO SECURITY HOLDERS

I believe any bill which the Congress will pass will provide for equitable arrangements fair to all security owners, even where the company relationships are most mixed, intertwined, and confused. I want to call your attention to the fact that the owners of these stocks of holding companies have not been any too well cared for under our present lack of Federal legislation. For example, the low price for the common stock of American Power & Light Co. in December 1929 was 68⅞, in December 1934 it was 3. Low price for the common stock of Columbia Gas & Electric Corporation in December 1929 was 62¼, in December 1934 it was 6⅝. Low price for common stock of Commonwealth & Southern in December 1929 was 11¾ and in December 1934 it was 1. Low price for the common stock of Stone & Webster, Inc., in December 1929 was 72½ and in December 1934 it was 3⅞. From these quotations from the market you can see that the stocks of power and gas holding companies, as a class, have ceased to be very attractive even to speculators. As you recognize, I have given quotations from some of the holding companies which are among the best managed. Insull has long ago crashed altogether.

Now, these holding companies came before us and had 48 hours in which to testify. They used these 48 hours in giving the committee some information, but the greater part of their time was used up telling how good they were and what great service they had rendered the country through services, but said little about charging fees, and so forth, to the operating companies.

There is a peculiar thing about that. They formed a committee, when we told them they could have ample time to appear before the committee, to distribute that time among the various holding-company groups.

That committee of three, headed by Mr. Gadsden, from whom you have received many gracious letters, refused to allow the Associated Gas & Electric Co. to come in on their time. They refused to allow the Cities Service to come in on their time, because, I presume, they did not want to be seen on the same side of the street with them. [Laughter.]

But after these gentlemen closed their hearing the committee said, "We ought to hear the Associated Gas & Electric Co. and we ought to hear the Cities Service Co."

So they came in. Of course, Mr. Hopson did not come down for the Associated Gas & Electric Co., and neither did Mr. Doherty appear for the Cities Service Co., but they sent some fine-looking, courteous gentlemen, and I am sure they are gentlemen.

When they got through their testimony, having been outlawed by those gentlemen who had refused to associate with them, they told how good they were, and the Cities Service said: "We are this much better than the other fellows, for we are the only company that is not banker-controlled; we are controlled by the public."

I do not know whether they are controlled by the public or not, but the public has been well bitten by them.

Examples of objectionable practices of holding companies were recited in testimony before the committee. The page references contained herein are to the record of the testimony made by witnesses appearing for the Government.

A generalized description of holding-company operations is given somewhat as follows: A holding company acquires a number of operating properties. It then organizes a new company or companies to which the properties are conveyed at a figure far in excess of what the holding company paid. The property accounts of the new operating company reflect the excessive price paid. The new company pays for the properties transferred to it by delivering bonds, preferred stock, and common stock to the holding company. The holding company proceeds to sell the bonds and preferred stock, usually for enough to recover a large part, if not all, of its original investment in the properties. The holding company retains the common stock, and hence the control of the new operating company (p. 173). It may then resort to various devices to exact as much revenue as possible from the operating company for its own profit and to support its own inflated capitalization.

WRITE-UPS

Examples of write-ups are very numerous.

The Electric Power & Light Corporation, organized in 1925 as a subsidiary of the Electric Bond & Share group, acquired properties of operating companies in Louisiana, Arkansas, and Mississippi, which were turned over to three new companies. These properties were bought by the new companies for $70,520,000, which was $27,761,740 more than the recorded valuation on the books of the predecessor companies (pp. 160–161).

Another write-up occurred when the Appalachian Electric Power Co. was organized. This company took over properties which had been acquired prior to 1926 by the American Gas & Electric Co. The properties stood on the books of the predecessor companies at about $72,000,000. When transferred to the Appalachian Electric Power Co., a subsidiary of American Gas & Electric, they were immediately put on the books at $139,039,648, an increase of $66,418,192 (p. 165).

In 1923 and 1924 certain electric utilities in Minnesota owned by the American Power & Light Co. were consolidated and merged into the Minnesota Power & Light Co. The ledger value of these properties, together with the cost of certain new construction, was approximately $17,076,250. This property was entered on the books of the Minnesota Power & Light Corporation at $38,711,179, a write-up of at least $21,634,929, or 126 percent (p. 210).

When the American Power & Light Co. got title to various properties in Florida, their ledger value, together with the cost of additional construction, was $28,231,209. The properties were conveyed to the Florida Power & Light Co. and entered on the books at $58,445,217, a write-up of $30,232,008, or 103 percent (p. 214).

In 1911 Electric Bond & Share Co. purchased the properties of the Waco Electric & Gas Co., Waxahachie Electric & Gas Co., Cleburne Electric & Gas Co., Hillsboro Electric & Gas Co., Sherman Electric & Gas Co., Bonham Electric & Gas Co., and Temple Light & Power Co. for a total consideration of $2,390,000.

On May 25, 1912, these properties were conveyed to the newly organized Texas Power & Light Co. for bonds and stocks with a total par value of $10,500,000. Thus, there was a write-up on the books of that company of $8,160,000, or over 400 percent.

In 1924 Henry L. Doherty & Co. organized the Cities Service Power & Light Co. to take over securities owned by the Cities Service Co. The assets were recorded on the books of the new company at $106,104,403, or 165 percent more than the $40,067,952 at which they were carried on the books of Cities Service Co. This was a write-up of $66,046,551 (p. 260).

Write-ups of operating companies in the Associated Gas & Electric system were $115,000,000. Write-ups of particular companies in the group were as follows:

New York State Electric & Gas Corporation	$10,021,634
Staten Island Edison Corporation	3,222,692
Erie Lighting Co	1,788,735
Johnstown Fuel Supply Co	1,078,707
Pennsylvania Electric Co	17,284,354
Clarion River Power Co	5,136,765
Broad River Power Co	13,238,898
Metropolitan Edison Co	25,857,408

(P. 155.)

The United Gas & Improvement Co. system showed write-ups of $10,290,000 in the operating companies, and $13,900,000 in sub holding companies, but none in the top holding company (p. 301).

Write-ups of operating companies as shown by the Federal Trade Commission were $93,000,000 in the American Power & Light group, $62,000,000 in the Electric Power & Light group, and $47,000,000 in the National Power & Light group (pp. 171 and 227). Write-ups of $134,000,000 were found on the books of operating companies in the Cities Service Co. (p. 240), and not all of the companies were examined (p. 283).

The Federal Trade Commission found the total write-ups in 18 holding company systems to be as follows: $273,000,000 in top holding companies, $350,000,000 in sub holding companies, and $839,000,000 in operating companies, and not all operating companies were examined (p. 250). Total write-ups for 18 holding-company systems were about $1,500,000,000 (p. 285). In 91 operating companies examined by the Federal Trade Commission the write-ups were about 22 percent of the fixed capital (p. 297).

Write-ups were sometimes made on the basis of appraisals, sometimes not. When made on the basis of appraisals they were frequently superficial and often by interested parties. The purpose of the write-ups in most cases was to allow the holding company to get back what it had invested and still control the properties (p. 215). Conservative accounting practice does not favor write-ups even when based on careful and independent appraisals.

CAPITALIZATION OF WRITE-UPS

The write-ups, such as those described, were usually capitalized; that is, they were accompanied by corresponding increases in security issues. In fact, the writing-up of values was usually done for the purpose of enabling a larger volume of securities to be issued in order that the holding company which received the securities might dispose of them and recover a large part of its initial investment.

There are a number of instances, however, in which the write-up in book value was not capitalized but was used to create an artificial surplus, or a depreciation reserve. The Northern States Power Co. about 1924 wrote up the value of its property by $15,000,000. On the liability side of the balance sheet it set up a "capital surplus" of $8,000,000 and a reserve depreciation of $7,000,000. The latter item would lead one to believe that the company had established out of earnings a retirement reserve to take care of property as it went out of service. Against the capital surplus was charged a discount on bonds of over $8,000,000, thereby eliminating the discount and relieving the earnings statement each year of the annual charge normally made to amortize the discount on bonds (pp. 140 and 141). A write-up of $3,000,000 on the books of the Oklahoma Gas & Electric Co. was carried to surplus and then used to get unamortized bond discount off the books (p. 296).

CONTROL WITH BUT LITTLE INVESTMENT

The purpose of write-ups and their capitalization is to enable the holding companies to recover a large part or all of their investment in operating companies—or other holding companies—and still retain control and share in the profits.

When the Nebraska Power Co. took over the properties formerly belonging to the Omaha Electric Light & Power Co. it paid $10,499,500 for properties which had cost the American Power & Light Corporation, a holding company in the Electric Bond & Share group, only $5,800,000. The Nebraska Power Co. issued $1,500,000 of 10-year notes, $3,000,000 of preferred stock, and $4,999,500 of common stock in payment for the properties. The notes and preferred stock were disposed of by the American Power & Light Corporation for $5,112,820, leaving it in control of the new company with a very small investment. If previous profits to Electric Bond & Share from transferring these properties are taken into consideration, the common stock cost the Electric Bond & Share less than nothing (p. 162).

When the American Gas & Electric Co. conveyed properties to its subsidiary, the Appalachian Electric Power Co., in 1926, it received securities in the amount of $112,129,000 for properties which had cost it $62,600,000. The American Gas & Electric sold the bonds and preferred stock and thereby recovered most of its investment, still holding the common stock. If other details of the transaction are taken into consideration, it appears that the American Gas & Electric Co. recovered all of its initial investment and a profit of $1,200,000, and still held the common stock. In other words, the common stock cost it less than nothing (p. 165).

When the Cities Service Co. sold its stock holdings in 1924 to Cities Service Power & Light Co., it received $99,999,000 in securities of the latter for securities which had cost it about $40,000,000. It then disposed of a large part of the securities of the Cities Service Power & Light Co., reducing its investment of $40,000,000 to less than $5,000,000 (p. 260).

In 1924 Cities Service Co. purchased stock of the Colorado Power Co., and later transferred to it a subsidiary, the Public Service Co. of Colorado, for $5,987,051 more than it cost. It received payment in securities of the Public Service Co. of Colorado, and sold part of them for more than it had paid for the stock delivered, retaining $5,500,000 of common stock of the Public Service Co. of Colorado, which cost it less than nothing (p. 240).

The Lakeside Construction Co., which built a plant for the Public Service Co. of Colorado, for which it received $10,000,000 of securities, and it more than defrayed the construction cost from the sale of $6,000,000 in bonds and preferred stock which had been issued to it in payment for the construction. It retained $2,500,000 of common stock which cost it nothing. The construction company and the Public Service Co. of Colorado were both controlled by the Cities Service Co. (p. 174).

"MILKING" THE OPERATING COMPANIES

In order to support their own inflated capitalization and earn profits for themselves and the holding companies higher up in the series, the holding companies have resorted to various devices to extort the largest possible amount of revenue from the operating companies. Sometimes this is merely an attempt to keep the rates of the operating companies high enough to earn a return on their inflated book value, thereby keeping up a flow of earnings to the holding company in the form of dividends on stock held by the holding company. In some cases this has led to carrying on the books of the operating company property that has long since been retired. Property of this sort to the extent of $30,000,000 was found on the books of the Twin State Gas & Electric Co. (p. 220). In other cases depreciation is not provided for as it should be. This was true of operating companies in the Insull system (p. 220).

But holding companies have resorted to other devices to extort large sums from operating companies. Many of these practices justify the charge that the holding-company system "is to a degree more or less of a parasite and excrescence on the actual operating companies of the country" (p. 122). The more common devices may be noted.

MANAGEMENT AND OTHER FEES

A common practice of holding companies is to charge management fees for their services to operating companies. There is little objection to such fees, if they are reasonable in amount and only remunerate the holding companies for actual and necessary expense of managing the properties. These fees are not based on competitive bidding. There is no "arm's length" bargaining, as the holding company which renders the service is in control of the company which pays for the service. These payments are described as "a disguised dividend that comes out ahead of even the interest on the bonds of the corporation" (p. 144).

In 1927 the Electric Bond & Share Co. received from the operating companies supervised by it the sum of $9,373,172.07 as fees for performing services. The total expenses incurred by the Electric Bond & Share Co. in rendering these services was $4,403,722.17. This gave a profit to Electric Bond & Share Co. of $4,969,449.30. The rate of profit was 113 percent.

In the year 1931 Electric Bond & Share Co. received $11,248,273.17 as income for rendering management services to its subsidiary operating companies. This year the rate of profit was 103 percent.

The Associated Gas & Electric Co. charged management fees to its operating companies. Then the actual cost of the management services was carried in a fund known as the "Ithaca working fund", which was apportioned among the operating companies. Thus the operating companies paid the expense of the management services in addition to the management fees (p. 160).

In 1926 the subsidiary companies of the Associated Gas & Electric system were caused to enter into management contracts with the Associated Gas & Electric Co. These contracts were then assigned to another subsidiary called "Utility Management Corporation", in return for securities capitalized with a stated value of $5,200,000. The Utility Management Corporation thereafter received fees at the rate of 2½ percent of the gross revenue of the operating companies. In the year 1927 it received the sum of $420,114.88, and in the year 1928 it received $338,087.89. However, Utility Management Corporation did not itself render any managerial services. After it had received the contracts from the Associated Gas & Electric Co., it in turn employed the J. G. White Management Corporation, not then an affiliated company, to perform the actual services, and paid to the J. G. White Management Corporation the sum of $200,000 a year. Since the White Co. was not an affiliated company, it is to be presumed that it, in turn, made a profit on the managerial services it was paid to perform.

In one instance the sub holding companies in the Central Public Service group received management fees of $1,246,000 for which they rendered no service (p. 231).

Legal fees were sometimes exacted of operating companies which went to swell the earnings of the holding company. Thus the Byllesby Engineering & Management Corporation, controlled by Standard Gas & Electric Co., collected fees for legal services performed by an affiliated legal firm, the profits of which went to the Byllesby Engineering & Management Corporation. The lawyers were paid on a salary or a commission basis. In 11 years, from 1919 to 1929, the management corporation collected from operating subsidiaries in the Standard Gas & Electric Co., for legal services, $3,359,884. After deducting the expenses of the legal department they realized a net profit of $2,078,872 out of the arrangement (pp. 300–301).

Management and other fees are ordinarily charged directly to the operating expenses of the operating companies. In some instances they are charged to property accounts and become an element on which a return is to be allowed. This is particularly true of construction fees. Thus Electric Bond & Share had many contracts for supervising construction activities of subsidiaries, and received 5 percent of the cost of construction. This amount was charged to the property account of the operating company (p. 168). Fees charged by the Northern States Power Co. of Minnesota by the Byllesby Engineering & Management Corpora-

tion were charged, in part, by the Northern States Power Co. of Minnesota to its fixed property account. On August 31, 1934, the amount which had so been charged was $4,600,000 (p. 141).

In some instances the holding companies have not been content with the flow of earnings resulting from the management fees, but have capitalized the management contracts, by carrying them into the asset accounts of the servicing companies. The Associated Gas & Electric Co. did this. It caused the Consumers' Construction Co., one of these servicing companies, to set up its contracts at $5,500,000. It caused the Utilities Purchasing & Supply Corporation to set up on its books the contracts to act as purchasing agent to the operating companies at $3,700,000. The Associated Utilities Merchandising Co. set up the contract by which it had the right to sell appliances at $5,900,000. The total of such contracts carried into the asset accounts by the various servicing companies was about $28,000,000 (pp. 126–127).

HIGH INTEREST ON ADVANCES TO OPERATING COMPANIES

Holding companies frequently charge high rates of interest on advances to operating companies.

PROFITS ON THE SALE OF APPLIANCES

For a great many years the subsidiaries of the Associated Gas & Electric Co. turned all of their money into the Associated Gas & Electric Co., and in general could not draw it out unless the Associated countersigned their checks. The subsidiaries were then charged interest at the rate of 8 percent per annum, compounded monthly, on such advances made by the Associated Gas & Electric (pp. 150–151).

Operating companies in the Associated Gas & Electric system were required to sell electrical appliances. The operating companies provided the bookkeeping, the light, the rent, the clerks, the salesmen, and got absolutely nothing for it, as all the profits were taken by an appliance company controlled by the Associated Gas & Electric Corporation. After the Federal Trade Commission investigation, a change was made so that the operating companies would get something out of it (p. 152).

FICTITIOUS TAXES LEVIED ON OPERATING COMPANIES

The Associated Gas & Electric Co. was permitted for a long time to make consolidated income-tax returns. From 1926 to 1929 it paid no income taxes to the United States Government, but collected for income taxes from its subsidiaries the sum of $2,900,000, which passed into its own income account, although charged by the operating company as taxes (p. 153). These taxes were estimated for each month and were treated as advances to the operating company. The operating companies were charged interest on these amounts at the rate of 8 percent per year, compounded monthly.

The New England Gas & Electric Association, controlled by the same persons who controlled Associated Gas & Electric, used the same device, and in 1927, 1928, and 1929 received $514,000 income from taxes paid by subsidiaries (p. 154).

The Cities Service Co. adopted this device, and from 1922 to 1930 collected $11,611,601.35 from subsidiaries as taxes, paid $1,743,220.98 to the United States Government, and pocketed $9,866,380.87 (p. 154). The right to make consolidated income-tax returns has recently been taken away.

INSIDE CONSTRUCTION COMPANIES

The Colorado Public Service Co. paid $10,000,000 for the construction of an electric station at Valmont, outside of Denver. The construction was done by the Lakeside Construction Co., which, like the Colorado Public Service Co., was controlled by the Cities Service Co. The cost of the station was around $4,400,000. The Lakeside Construction Co. sold part of the $10,000,000 in securities for $6,600,000 and retained the remainder (p. 174).

UPSTREAM LOANS

Operating companies have often been called upon to help the holding companies out of financial difficulties. Loans by operating companies to holding companies are sometimes called "upstream loans."

The Metropolitan Edison Co. bonded itself for an extra $9,000,000 in order to purchase bonds of a holding company in the same group (p. 155). When the depression came along, many of the operating companies in the Insull group were bonded and the money used in an attempt to save the holding companies (p. 315). (No specific instances are cited.)

I want to give you a brief picture of title I of the committee substitute bill—the part known as the Public-Utility Holding Company Act, and regulating holding companies of gas or electric operating utilities. All the regulatory and administrative powers and duties under this title are vested in the Securities and Exchange Commission, and the use of the word "Commission" throughout the title means that Commission.

Title I of this bill, insofar as it is based upon the power of Congress to regulate interstate commerce, reaches only those utility holding companies which are actively interstate holding companies—interstate in their use of the channels of interstate commerce to transmit energy, to transport gas, to carry on their business with subsidiaries in many States, to sell and ship goods, to distribute their securities to the public, and so on. Sometimes several of these interstate activities are being carried on continuously; sometimes all of them. But unless a holding company is thus vitally a part of the great interstate commerce of this country, it is not reached by this bill as a subject of Federal regulation.

At the outset, in section 1, the bill states the basis of Federal jurisdiction over public-utility holding companies which operate in interstate commerce or whose practices directly affect or burden interstate commerce. The section also states the policy of Congress in enacting title I to be that of controlling the abuses and eliminating the evils connected with public-utility holding companies. In a moment I shall discuss certain of those evils and point out how particular provisions of the bill are designed to curb and cure them.

The bill in section 2 defines 27 terms. These definitions are for the sole purpose of clarity and exactness—none of them imposes any duty or liability on any person or company. They are put in the bill merely to make the substantive provisions of the bill easy to understand and do not carry with them any liabilities or restrictions. To be a holding company within the definition means nothing in and of itself; nor does any obligation arise from the definitions of subsidiary company or affiliate, and so forth.

The definition of holding company, which in substance is a company which controls operating gas or electric utilities, becomes important only in light of the provisions in the other sections of the bill; and in section 4 it is expressly provided that if a company is a holding company and if it makes certain specified uses of interstate commerce or of the mails to carry on its business of controlling utilities and to sell and distribute its securities to the public, then it must register with the Securities Commission in order to remain entitled to the privilege of carrying on its business in interstate commerce. From then on each provision of title I applicable to holding companies is directed only to registered holding companies—that is, those that are essentially interstate in their business activities and required by section 4 to register. They become registered companies by filing their registration statements and following the procedure prescribed in section 5.

But even though a company is an interstate holding company and uses the mails to carry on its business, still it may be exempted from any provision of the bill if it falls within one of the five categories of companies which section 3 directs the Commission to exempt, except insofar as the Commission makes a finding that the exemption would be definitely detrimental to the public interest or the interest of investors or consumers. These five classes of holding companies which can qualify for exemption under section 3 are classes of companies which, although actually holding companies by virtue of their having control over operating utilities, are, nevertheless, not the kind of holding company set-up which it is intended to reach in title I. These five exempted classes are:

First. Essentially intrastate systems where both the holding company and its utility subsidiaries are organized in the

same State, and where their business is substantially confined to that State;

Second. Systems in which the holding company is primarily itself an operating company, whose operations do not extend beyond the State where it is organized and contiguous States;

Third. Systems in which the holding company is only incidentally in the utility field, being primarily engaged in nonutility businesses;

Fourth. Systems in which the holding company is temporarily a holding company, being one solely because it holds securities of operating companies in order to liquidate a debt or for underwriting purposes; and

Fifth. Systems in which there are no domestic utilities but rather only utilities outside the United States.

Now, if a company is an interstate holding company with operating utilities in several States, and if it does not fall in one of the five classes of exempted companies which I have listed, it is the sort of national utility-holding company which is of particular concern to the Federal Government and it must register under section 4, and be regulated by the rest of the provisions of title I for the protection of the public, of investors, and of consumers.

The substantive provisions of title I are directed at the regulation and simplification of registered holding companies and their subsidiaries. Unless a holding company is registered neither it nor its subsidiaries are reached under the provisions in the bill. And these provisions of the bill can be divided into six fairly well-defined classes, regulating:

First. Issue and sale of securities (secs. 6 and 7);

Second. Acquisition of securities, utility plants, and interests in other businesses (secs. 8, 9, and 10);

Third. Intercompany transactions (sec. 12);

Fourth. Service contracts (sec. 13);

Fifth. Simplification of holding company systems (sec. 11); and

Sixth. Reports and accounts (secs. 14 and 15).

I would like to explain these six classes of provisions briefly and show how they reach particular evils.

First. Issue of securities: The Securities Commission is directed to examine future issues of securities by registered companies and such of their subsidiary operating companies as do not have their security issues regulated by State commissions. Section 6 requires each new issue of such companies to follow a procedure of a declaration filed with the Commission setting forth the facts in connection with the issue. There are exempted in section 6 certain classes of issues, such as short-term financing and issues pursuant to presently outstanding securities. Section 7 outlines the procedure to be followed, and sets up the requirements which must be met in new security issues. It directs the Commission to stop any issue which fails to meet those requirements. The requirements are directed at such things as overcapitalization, unfair distribution of voting power, unnecessary complexities in financial structure, improper fees and commissions, and so forth.

Probably most important under this regulation of security issues will be the prevention of the issue of securities on the basis of write-ups; securities which in the past have been sold to the public with nothing behind them except fictitious values created out of wind and water. The provisions will also prevent the issue of various kinds and classes of securities with unequal voting power; a device for financial pyramiding so that control could be concentrated in the hands of a few insiders who did not put up money of their own. These sections are also designed to prevent in great measure the sale to the public in the form of gilt edge, senior securities, things that really constitute only an interest in the common stock equities of subsidiary companies, while the prohibitions in this regard are not as carefully safeguarded as the corresponding restrictions in the Senate bill, they do go great lengths in protecting the public against the practice of dressing up common stocks in the form of bonds and debentures. I should like to see these provisions made more adequate and more effective.

Second. Acquisition of securities and utility plants: Section 9 subjects future acquisitions of securities, utility plants, and other interests to the approval by the Securities Exchange Commission. There are exempted from the requirement of Commission approval such transactions as the acquisition of securities for investment, the acquisition of commercial paper and other securities in the usual course of business, and the acquisition by utility companies of the plant or securities of another utility in the same State if approved by a State commission, and so forth. Section 10 outlines the procedure for obtaining Commission approval and sets forth the requirements which must be met before the Commission may approve an acquisition. These requirements are directed toward the prevention of interlocking relationships or the concentration of control of public utilities to an extent detrimental to the public interest, the paying of exorbitant fees and commissions, the creating of undue complexities in capital structure, etc. In the case of acquisitions of utility securities or utility plants, the acquisition must meet the requirement of tending toward the economical and efficient development of an integrated utility system. Section 8 prohibits in the future two types of acquisitions of utility plants and securities. This section prohibits acquisitions bringing foreign utilities into domestic systems unless the foreign properties can be integrated with the domestic properties. It also prohibits acquisitions in contravention of State policy against the common ownership of competing gas and electric utilities.

These provisions will safeguard acquisitions in the future so that unfair prices will not be paid to corporate insiders—with the public furnishing the money and then holding the bag when it is discovered that the properties cannot possibly earn their carrying charges. Taken together with the provisions governing security issues, these sections will curb the practice which holding company financiers have indulged in of burdening the system with such large debts, and such a watered-stock structure that there was an ever-pressing need to exact more and heavier fees from the operating companies and hence to charge as much as, and in many cases more than, the consumer could bear. While these sections are not as specific in their limitations on future acquisitions, particularly in the matter of engaging in speculative, nonutility enterprises, as the provisions of the Senate bill, they should go a long way toward preventing the wanton waste of the investors' and the consumers' money.

Third. Intercompany transactions: Section 12 vests in the Securities and Exchange Commission the power to make rules along certain specified lines governing intercompany transactions in the systems of registered holding companies, such as loans, fees, commissions, and so forth. It also subjects to the control of the Commission's rules and regulations the disposition of assets, the payment of dividends, the redemption or retirement of securities, and the obtaining of proxies. Except for the prohibition in this section against "upstream loans", the regulation is a matter of the exercise of the Commission's discretion through rules setting up safeguards for these transactions by registered companies and their subsidiaries.

These provisions will reach a wide range of practices—all of which have been a frequent source of injury to the public by reason of the fact that the holding company sits on both sides of the transaction and dictates its terms—often with flagrant disregard of the best interests of investors and consumers. Thus it will be possible to prevent the siphoning off of money from operating companies to finance the speculative ventures of the bankers and others in control of the system. The operating companies will be protected against having their reserves depleted whether through loans or excessive dividends. This exaction of excessive dividends has in the past frequently been even more harmful, because more subtle, than the taking of upstream loans. Furthermore, when the operating company borrows funds from the holding company it will be possible to prevent the charging of excessive interest and unearned bonuses. The Commission is given power to prescribe rules which will safeguard against the transfer of assets and securities from one

company to another in the system in such a way as to create paper costs and fictitious gains and losses.

Fourth. Service contracts: Section 13 requires service, sales, and construction contracts, if they are to be performed from inside the system for companies in the system, to be performed in accordance with the rules and regulations of the Securities Commission to provide a certain amount of protection for subsidiary companies which are served by a company controlled by the same holding company. The section prohibits the holding company from performing the services itself, but it may act in the future through a controlled service, management, or construction company, whose transactions will be subject to the Commission's rules under this section. The performance of service contracts by persons whose principal business is the performance of such contracts for utilities, is also subjected in section 13 to the rule-making power of the Commission. Personally, I preferred the original section of the bill.

Fifth. Simplification of holding company systems: Section 11 outlines the duties of the Commission regarding voluntary and compulsory simplification of holding company systems. Under the compulsory feature, the Securities Commission is directed to issue its orders, at any time after January 1, 1938, to registered holding companies and their subsidiaries so as to require the limitation of holding company properties to those comprising one or more integrated public-utility systems. The question of the extent and scope of holding company systems in the future and whether they are to be allowed to retain 1, 2, 4, or more integrated systems is made a matter of the Commission's exercise of its discretion with due regard for the public interest. And the Commission may not require any divestment of nonutility businesses unless it affirmatively finds that such business cannot be retained consistently with the public interest. Nor may the Commission require under section 11 the divestment of any foreign properties now held. The Commission may also issue its orders for simplification upon application by the companies in the system involved whenever they request such an order. There are also provisions in section 11 subjecting to the Commission's rules and regulations the soliciting of proxies in connection with reorganization plans. This will afford a much-needed protection to the investor—he will be able to consider concrete proposals on their merits and receive a full and fair disclosure of all material facts before he is forced to tie himself irrevocably to a plan which might be injurious to his interests and involve great expense on his part.

Sixth. Reports and accounts: Section 14 requires regular reports by registered holding companies to the Commission regarding the financial condition of the company and its subsidiary companies and the transactions and relations between them. Section 15 vests in the Commission power to prescribe methods of accounting for registered holding companies and their subsidiaries. It also gives the Commission power to prescribe the accounts of affiliates and persons whose principal business is the performance of service contracts for utilities, insofar as the transactions of affiliates and such persons are subject to the title. These sections will put an end to the elusive practice indulged in by holding companies, who for years have obstructed effective State regulation of their operating subsidiaries by the simple device of keeping important information and books outside the State, beyond the reach of local regulatory commissions. Such information will now be on file with the Securities Commission or will be available through that Commission. Furthermore, after the Commission has prescribed uniform systems of accounting, the books and accounts when obtained will be in such form as to reveal rather than conceal the true nature and effect of transactions and the exact financial status of the companies.

The remaining provisions of the title are concerned with such matters as the liability for false and misleading statements (section 16), reports by officers and directors of transactions in the securities of their companies (section 17), and the administrative provisions covering such matters as hearings, the rule-making power of the Commission, investigations, enforcement, penalties, and so forth.

I want to say this: I appreciate the candor and cooperation of the 26 other members of this committee who have patriotically, along with the chairman, tried to work out this tremendous problem.

I want to add in closing that today and yesterday we received from Texas a great protest against title II of this bill, which the gentleman from California [Mr. LEA] will discuss with you, because he was chairman of that subcommittee—a protest against title II as taking away from Texas its right to control its own affairs, when there is no utility commission to control. Some of the same gentlemen who do me the honor to listen from the gallery today have been the instrumentalities throughout the years of defeating in the Texas Legislature the passage of any effective utility legislation. They confess to be for utility regulation in Texas but always make proposals that no considerable number of legislators are for, and the final outcome no law. [Applause.] Yet they have their friends in Texas today wiring Members of Congress from Texas that they are, by the passage of this bill, arranging to take away from Texas some of its power and some of its prerogatives.

NO PROPER REGULATIONS OF UTILITIES IN TEXAS

Do you know the only regulation of utilities we have in Texas? The holding companies, the big operating companies, go to the town commission, for instance, in a town, and those great experts argue rates with the mayor and two commissioners.

The CHAIRMAN. The time of the gentleman from Texas [Mr. RAYBURN] has expired.

Mr. RAYBURN. Mr. Chairman, I ask unanimous consent to proceed for 5 additional minutes.

The CHAIRMAN. Without objection it is so ordered.

There was no objection.

Mr. RAYBURN. Under Peter Molyneaux in Texas they have been broadcasting against this bill. They called in a man by the name of J. J. Taylor, known as the "State press", an editorial writer on the Dallas News, a man of high character, a man of honor, a man of truthfulness. But the propaganda has gone around in Texas that this committee knew nothing about this bill; that the chairman never saw the bill until it was handed to him. They have gone into my town, the agents of these companies, and asked the people to send letters to me and telegrams and petitions to me and to other Members of the Texas delegation and its Senators, by telling them, "SAM RAYBURN does not care anything about this bill. It does not make any difference with him. Just let him know that you do not want it and perhaps he will kill it."

Mr. MOLYNEAUX. You grant perfect sincerity to the President; therefore I take it that you grant as much to Mr. RAYBURN, one of the authors of the bill?

Mr. TAYLOR. Precisely. Mr. RAYBURN has long served in Congress from Texas. He is chairman of one of the most important committees in the lower House. But my view is that Mr. RAYBURN attached his name to the measure by request, direct or implied, and that he would not be inconsolable if the bill failed of passage.

That statement is not only false, it is infamous. It imputes to me motives that are low. Mr. Taylor is a gentleman and a truthful man, but these utilities have spread this propaganda throughout Texas, and Mr. Taylor is simply echoing it without any information upon it, but I say this to Mr. Taylor, that before he imputes motives to anyone he should investigate the facts if he expects to continue to be classed as an honest and truthful man. In trying to get people to sign letters and telegrams to me and the Senators and other Representatives from Texas, agents of these companies have gone from town to town circulating this and other infamous falsehoods.

Our committee was investigating, under Dr. Splawn, as I stated here, one of the ablest men who has ever served this or any other Government, before any of this "brain trust" was ever heard of. The Federal Trade Commission for 5 years, with an expenditure of $2,000,000, was investigating

this matter. I sat with the President and with representatives of the Government, and with representatives of the Federal Trade Commission and with Dr. Splawn and others, before this bill was ever brought into existence, and I had to do with its writing.

SPRAWLING EMPIRES AND GLORIFIED OFFICE BOYS

Let me say this, and then I am done: These gigantic holding companies spread throughout the land. This Electric Bond & Share is one of the sprawling empires with properties operating in 32 States. Those managers, those directors, those presidents can do nothing unless they get on the phone or by letter ask the head of the Electric Bond & Share Co. in New York. They have a president of the Texas Power & Light Co., John W. Carpenter, known to many Members of Congress; they have a president of the Dallas Power & Light Co., another subsidiary of the Electric Bond & Share Co.; they have another president of the Houston Power & Light Co., another subsidiary of Electric Bond & Share—nice men, I grant; but they are little more in this great set-up, this powerful group, than glorified office boys, because they have little or no authority to act under any circumstances or upon any occasion.

TAKE MANAGEMENT AWAY FROM NEW YORK

What I want to do is to break the hold of these superstructures, to break up these sprawling empires, so wide and so big that the law of diminishing returns begins to operate. Instead of taking power, authority, and management away from the local communities, I want to take it away from New York, from the Insulls in Chicago, and give it back to the communities of this country where it belongs. [Applause.]

There is now on file at the office of the Securities and Exchange Commission one of the best arguments in favor of the passage of the Public Utility Holding Company Act of 1935. I refer to the registration statement filed by the Standard Gas & Electric Co. covering a plan for the extension of two issues of notes due October 1, 1935. This statement, which was carefully prepared by the officers of that company and sworn to by them, is a confession of mismanagement. It shows large profits made by officers and directors at the expense of the investors whose interests they are supposed to protect, incomplete reports to shareholders as to the condition of their company, unwise—to speak charitably—disbursements of the assets of the company in the form of dividends when the directors knew, or should have known, that cash should be conserved to meet, at least partially, the maturity of the notes now sought to be extended.

It is significant that at the head of the balance sheet as of December 31, 1934, of the Standard Gas & Electric Co. filed with this registration statement there is set out that reference is made to a statement relating, among other things—

> To transactions of the company in the acquisition of securities involving profits to H. M. Byllesby & Co. and to a syndicate composed principally of officers of the company.

An example of the profit made by Byllesby & Co. is found in connection with the acquisition of the common stock of United Railways Investment Holding Corporation. In this instance the company admits that stock which cost Byllesby & Co. $500 was acquired by it at a cost of $5,500,000.

In the balance sheet of the company, according to its own books and records as of December 31, 1934, total assets of $310,752,452.89 are balanced against liabilities of equal amount. However, when these assets and liabilities are restated to show necessary adjustments caused by the elimination of write-ups, inclusion of intangibles, and so forth, the total assets are reduced to $167,143,582.34. This reduction in the total assets necessarily affects the liability side of the balance sheet, so that instead of there being a surplus of $123,823,063.25, there is a deficit of $29,461,222.98. The effect of this deficit can be readily seen when it is noted that the capital stock of this company is carried at $21,626,070. So, the entire equity of the common shareholders of the Standard Gas & Electric Co. would be wiped out and the preferred stockholders' equity reduced by the amount of $7,835,162.98. Also, the remainder of the equity of the preferred stockholders would be affected by a contingent liability amounting to more than $29,000,000 arising through the claim for income taxes filed by the Internal Revenue Bureau. This additional claim for taxes is caused by the practice of the company in claiming for income-tax purposes a much larger amount for depreciation than was actually charged. In fact, the amounts so claimed have exceeded the amounts charged to income as provisions for retirements and depletion for the 9 years ending with the year 1933 by $75,120,766.94.

It is of further interest to note that the bankers who have for the last several years been in control of the Standard Gas & Electric Co. and who have participated in the profits made in connection with the sale of properties to the company, underwriting contracts and syndicates, desire to profit to a large extent through the proposed reorganization contemplated by this registration statement. The plan of reorganization provides that these bankers, H. M. Byllesby & Co., The First Boston Corporation, W. C. Langley & Co., A. C. Allyn & Co., Emanuel & Co., and Granbury, Safford & Co., are to receive 2½ percent of the principal amount of all notes deposited under the extension and deposit agreement, and in addition are to be paid their actual expenses. According to the statement of the company these bankers will receive $716,000 for acting as depositaries under this plan, the need for which appears to have been caused largely by the acts of some of the members of the syndicate. And it is of particular interest to note that such compensation is to be paid from time to time as the notes are deposited, whether or not the plan becomes operative. In others words, even though the Standard Gas & Electric Co. were to go into the hands of receivers or into bankruptcy, these bankers would receive their commissions out of any funds which might have been due the creditors.

During the 3 years—1932, 1933, and 1934—when the total net income of the Standard Gas & Electric Co. was approximately $13,613,000, dividends amounting to over $15,000,000 were paid, of which $4,700,000 were on common stock in 1932. In view of the fact that the directors knew that there was a maturity of over $25,000,000 worth of securities in October 1935, it seems to me that it is almost criminal negligence for them to have so reduced the reserves of the company by the payment of those large dividends and to thus jeopardize the investment of so many hundreds of security holders.

It is all very well for members to point out that these facts are contained in registration statements filed at the Securities and Exchange Commission pursuant to the Securities Act of 1933, and that the publicity attaching thereto will prevent such happenings in the future, but for the average investor to understand these matters he must read over 20 pages of footnotes to ascertain the meaning of the entries and adjustments in the printed balance sheet. It is to prevent such manipulation of the money of many thousands of investors that this public-utility holding company bill is proposed. This act, through the operation of its provisions, will prevent officers and directors from dealing with the corporation with which they are connected for their own profit. This act will prevent a banking syndicate from acquiring property for $500 and selling this same property to its subsidiary for $5,500,000. This act will prevent bankers from looting a company and then charging a fee for reorganizing it.

[Here the gavel fell.]

Mr. RAYBURN. 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. WARREN, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration the bill S. 2796, the Public Utility Act of 1935, had come to no resolution thereon.

FEDERAL DEPOSIT INSURANCE CORPORATION

Mr. STEAGALL. Mr. Speaker, I ask unanimous consent for the immediate consideration of Senate Joint Resolution

152, to extend to August 31, 1935, the temporary plan for deposit insurance provided for by section 12B of the Federal Reserve Act as amended.

The Clerk read the title of the joint resolution.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

There was no objection.

The Clerk read as follows:

Resolved, etc., That section 12B of the Federal Reserve Act, as amended, is amended (1) by striking out "July 1, 1935" wherever it appears in subsections (e), (l), and (y), and inserting in lieu thereof "July 1, 1936"; and (2) by striking out "June 30, 1935" where it appears in the first sentence of the eighth paragraph of subsection (y), and inserting in lieu thereof "June 30, 1936."

Mr. STEAGALL. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Strike out all after the resolving clause and insert:

"That section 12B of the Federal Reserve Act, as amended, is amended (1) by striking out 'July 1, 1935' wherever it appears in subsections (e), (l), and (y), and inserting in lieu thereof 'August 31, 1935'; and (2) by striking 'June 30, 1935' where it appears in the first sentence of the eighth paragraph of subsection (y), and inserting in lieu thereof 'August 31, 1935'; and (3) by adding to subsection (y) the following additional paragraph 'The deposits in banks which are on June 30, 1935, members of the fund or the fund for mutuals shall continue to be insured during such extended period to August 31, 1935, without liability on the part of such banks to further calls or assessment'."

The SPEAKER. The question is on the amendment.

The amendment was agreed to.

The Senate joint resolution was ordered to be read a third time, was read the third time, and passed.

A motion to reconsider the vote by which the joint resolution was passed was, on motion of Mr. STEAGALL, laid on the table.

ALCOHOL BEVERAGE CONTROL, DISTRICT OF COLUMBIA

The SPEAKER. The Chair lays before the House the following request of the Senate.

The Clerk read as follows:

Ordered, That the Secretary be directed to request the House of Representatives to return to the Senate the bill (H. R. 5809) to amend an act entitled "An act to control the manufacture, transportation, possession, and sale of alcoholic beverages in the District of Columbia."

The SPEAKER. Without objection, the request of the Senate will be granted.

There was no objection.

PUBLIC UTILITY ACT OF 1935

Mr. RAYBURN. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill S. 2796, the Public Utility Act of 1935.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill S. 2796, with Mr. WARREN in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. The gentleman from Ohio [Mr. COOPER] is recognized for 1 hour.

Mr. COOPER of Ohio. Mr. Chairman, I yield one-half minute to the gentleman from West Virginia [Mr. RANDOLPH].

Mr. RANDOLPH. Mr. Chairman, I have requested this time that I may ask the distinguished Chairman of the Committee on Interstate and Foreign Commerce, the gentleman from Texas [Mr. RAYBURN], a question.

Mr. RAYBURN. Does the gentleman from Ohio yield for this purpose?

Mr. COOPER of Ohio. Yes; I yield.

Mr. RANDOLPH. I simply want it placed in the RECORD that the chairman of the committee, as I understand it, is in favor of the Senate bill and is in disagreement with the bill reported by his committee.

Mr. RAYBURN. That is not true at all. There are some provisions in the Senate bill which I favor over the House bill, but, on the other hand, there are some provisions of the House bill which I favor over the Senate bill, because I think they are better.

Mr. RANDOLPH. I thank the gentleman.

Mr. COOPER of Ohio. Mr. Chairman, I shall not attempt to discuss this measure this afternoon from a legal standpoint. I am not a lawyer, and have not a legal mind, but as a member of the committee I want to take a layman's view of this great and important legislation and express my thoughts of it.

Mr. Chairman, we have just heard an address delivered by the gentleman from Texas [Mr. RAYBURN], Chairman of the Committee on Interstate and Foreign Commerce, on the utility holding company bill. For more than 4 months the House Committee on Interstate and Foreign Commerce has labored hard on this measure. More than 3,000 pages of printed testimony were taken during the public hearings. The gentleman from Texas has expressed his views on the legislation now before us, and with some of his statements I am in accord. There are, however, many great and vital questions involved in this measure upon which the chairman, the gentleman from Texas [Mr. RAYBURN], and I do not agree. I cannot agree with his position when he states he has not changed his mind on the provisions of the original bill introduced which contained the death sentence which, to my mind, is one of the most vicious and un-American proposals ever submitted to an American Congress. [Applause.]

Then, again, it is manifestly unfair to bring two charts of holding companies on the floor of the House. It leaves the impression that all holding companies are set up like these two. Why not bring in the charts of other holding companies, representatives of which appeared before our committee? These people had their day before our committee; and notwithstanding the report and the charges made by the Federal Trade Commission in their investigation, when the representatives of these holding companies appeared before our committee and made their statements they were not challenged in regard to accuracy when they appeared before our committee, and the hearings show they were not.

Mr. MAY. Mr. Chairman, will the gentleman yield?

Mr. COOPER of Ohio. No; I cannot yield for the present.

Mr. Chairman, I want to say in the beginning that I am going to approach this question from a little different viewpoint than that of holding-company legislation. I believe that is a question for lawyers to handle. No one can deny that some of the electric-utility holding companies have carried on practices and abuses that are indefensible and cannot be justified in our national economic life. But why destroy all holding companies because some of them have carried on abuses and unconscionable practices in the past?

In 1928, the Chairman of the House Committee on Interstate and Foreign Commerce, Mr. Parker, of New York, a Republican, presented a resolution to Congress providing for an investigation of railroad holding companies, the resolution was adopted by the House. The Republican chairman of the committee selected that very able scholar, Dr. Splawn, to make the investigation. He made a very thorough investigation, and his report was presented to the committee. What did the committee do? It prepared legislation and brought it into the House, and we passed a law to regulate railroad holding companies, but not destroy them.

There is no doubt in my mind that there does exist some evils in the public-utility holding company operations which I believe can be corrected through Federal regulation without destroying the holding companies entirely. Have we come to the place in this great Government of ours when we say that we are not competent to regulate these great industrial organizations? I do not believe we have, and I think we can regulate these abuses and practices without destroying the industry entirely.

To dissolve and attempt to liquidate utility company control would mean direct loss to millions of citizens who have invested their money in utility securities. Men and women who have scrimped and saved in order to place their

savings in some form of investment that will assure them protection and comfort are in danger of having these savings jeopardized. The individual investors, numbering millions, are the real owners of the holding companies, which the Wheeler bill would destroy. Every owner of an insurance policy, every investor in railroad stock, utilities, industrial, or other kinds of stocks and bonds should be concerned in the destructive provisions of the Wheeler bill. The author of the Senate holding company bill is a strong advocate of Government ownership of utilities. He has introduced in this session of Congress a bill for Government ownership of railroads.

In 1929 there were listed 573 active corporations, whose securities were carried on the recognized stock exchanges of the country. Out of that number 487, or 82 percent, were holding companies or combination holding and operating companies, and of these only 34 were utility holding companies, representing less than 6 percent of the total.

If Congress passes this destructive legislation wiping out utility holding companies, it will be the beginning of other crucifying laws which will apply to holding companies for banks, food production, insurance companies, the steel and coal industries, newspapers, automobile manufacturers, and every other line of large business.

It is a well-known fact that President Roosevelt is responsible for the legislation contained in the drastic provisions of the Wheeler bill and he insists that Congress must pass the death sentence in the House bill, wiping out utility-holding companies. Only a few days ago we heard read from the desk a message from the President of the United States sent to Congress indicating that in the near future he would recommend the passage of legislation which would abolish all holding companies, no matter what business or industry they were engaged in.

May I remind the Congress that the United States Government is the biggest holding company in the world today. It stands in the same position toward the 48 States as does electric holding companies that have an interest in 48 operating companies. It finances its operations through borrowings, bonds, notes, and note issues subscribed to by the taxpayers of the various States, and, in turn, renders service to the States which the States could not provide for themselves. I have in my possession certified copies of the charters of four large holding companies organized under the laws of the State of Delaware. These charters are signed by the secretary of state of Delaware and have attached to them the official seal of that Commonwealth.

Now, Mr. Chairman, each of these large holding companies was organized through an Executive order issued by President Roosevelt, and I doubt if there ever was a certificate of incorporation with such broad, far-reaching powers as those given to the Electric Home and Farm Authority which is a subsidiary of the Tennessee Valley Authority. [Applause.] I wish I had time to read these charters. It would take me a half hour to read the powers granted to this Government holding corporation, the Electric Home and Farm Authority, organized at the request of President Roosevelt himself. Arthur E. Morgan, Harcourt A. Morgan, and David E. Lilienthal are the directors of this holding-company corporation. They are also directors of the Tennessee Valley Authority.

There is no question in my mind but what the provisions of the Wheeler bill, if enacted into law, will mean nationalization of the electric-utility industry. The passage of the Wheeler bill does not mean regulation, but does mean destruction and public ownership will follow. Today we find the Federal Government engaged in spending, and will spend when the program is completed, more than $500,000,000 of the taxpayers' money in the construction of plants for the generation, transmission, and the sale of electric energy in competition with private industry. Oh, yes; I know those who favor the Government entering the electric-utilities field will try to deny that the Government is going into competition with private utilities in the generation and sale of electric energy. What are we spending the money for? Why should we spend $500,000,000 to generate electric energy if we are not going to sell it, and if we sell it we have to go into competition with private industry.

As a matter of fact, the T. V. A. is spending more money on power development than all the rest of its program put together which, when completed, will have capacity to generate more electricity than is now consumed in all of the Southeastern States. In addition to the T. V. A., the Government is spending many millions in other parts of the country constructing power plants for the generation and sale of electric energy.

One of the main objects back of this legislation before us, and I am fully convinced on this point, is to destroy electric utility operations and force Government ownership. It is misleading and untruthful for the directors of the Tennessee Valley Authority to state before committees of Congress that it is not the intention of the Government to go into competition with private electric utilities. Why, a 6-year-old schoolboy would not believe that. As I said a moment ago, what is the Government spending $500,000,000 for if we are not going to go into competition with private utilities? More than $150,000,000 has been appropriated or authorized for the development of the T. V. A., most of which will be used for electric-power development.

As I have previously stated, the T. V. A. today is spending more money on electric-power development than on all the rest of its program, and I am sure no Member of Congress would advocate this large expenditure of public funds in the Tennessee Valley for the generation of electric power if there was no market for the same.

What the T. V. A. contemplates doing—and it is already in the field—is competing with private utilities in the Southeastern States. The administration and the T. V. A. directorate all admit frankly that the T. V. A. and other Government power plants are going to force down electric power rates if they have to put private industry out of business in order to do so. The President has stated that one of the main purposes of the Government in entering the electric-utility field was to establish a fair yardstick for the sale of electric current to the consuming public. The yardstick established by the T. V. A. is not fair, it is misleading, it is untruthful, because it is based upon reduced carrying charges and interest rates and other preferentials and advantages which no private company could meet and still do business.

Let me state a few of the advantages which the T. V. A. enjoys and which the yardstick does not disclose. They are as follows:

No share of overhead and general expense of the Federal Government, no financing expense, no interest charges, except that they may have to pay 3½ percent on moneys while a private utility has to pay 6½ percent for the same, no insurance charges—the Government carries the risk—no State or Federal workmen's compensation to pay, no real-estate taxes to pay, no automobile tax to pay, no gasoline tax to pay, no 3 percent special utility tax to pay, no Federal income tax to pay, no corporation tax to pay—and in the new tax bill we are going to run the corporation tax up to about 17 percent—rebates on railroads on both passenger and freight service, free postage under the Government franking system, free use of other Government departments, free use of office rooms in Federal buildings, immunity from the expense of regulation, keeping its own accounts to suit its own purposes, including the charging off of power costs to social uplift, navigation improvements, and so forth.

Let us take the Wilson Dam, and I think I am correct when I say that it cost $60,000,000 to build Wilson Dam at Muscle Shoals and to install the machinery for the development of electric energy. What did the T. V. A. do? They charged $20,000,000 up to the construction of that dam and then they took the other $40,000,000 and charged it off to soil erosion, flood control, and navigation. So, insofar as Wilson Dam is concerned, the yardstick is not fair, because they are going to base their rates on a $20,000,000 investment when, as a matter of fact, it cost $60,000,000 to construct that dam. [Applause.]

This is the kind of yardstick that the T. V. A. is proposing, and I have just enumerated some of the advantages

T. V. A. enjoys over private industry. This is the yardstick used by the President and the T. V. A. in establishing a fair rate on electric power sold to consumers.

There is not a private utility in operation today that can exist and meet such unfair competition as that set up by the T. V. A.

I will tell you what I think about the T. V. A., and it is just my own personal opinion. I may shock some of you when I say it, but I say to you it is the biggest piece of collectivism, based on the policies of some of the foreign countries, that this Nation of ours has ever undertaken.

Oh, it was brought out in our committee, and I dislike very much to bring this up, when Mr. David E. Lilienthal, the executive assistant and one of the directors of T. V. A., was questioned, that down there where they are building the town of Norris, and they have from 2,000 to 2,500 people employed, they will not allow a church in that community, and the question was asked of Mr. Lilienthal——

Mr. ZIONCHECK. Mr. Chairman, I make the point of order that the gentleman is not speaking on the holding-company bill.

Mr. COOPER of Ohio. Oh, sit down.

Mr. ZIONCHECK. I make that point of order, Mr. Chairman.

The CHAIRMAN (Mr. COOLEY). The gentleman from Ohio will proceed in order.

Mr. COOPER of Ohio. Mr. Chairman, I think the T. V. A. has something to do with the provisions of this bill.

The CHAIRMAN. The Chair is sure the gentleman will proceed in order.

Mr. COOPER of Ohio. When the direct question was put to Mr. Lilienthal, if they would permit a church down there and he said, "No; absolutely not."

Mr. ZIONCHECK. Mr. Chairman, may I have a ruling on my point of order.

Mr. JENKINS of Ohio. Mr. Chairman, we demand a ruling on the point.

The CHAIRMAN. The Chair rules that the gentleman is in order in discussing the matter referred to.

Mr. COOPER of Ohio. Mr. Chairman, I have here in my possession a report reprint of the journal of the National Educational Association, published here at Washington, under date of December 1914.

It is published by the National Education Association, 1201 Sixteenth Street NW., Washington, D. C.

There are 16 pages all devoted to T. V. A. activities. It was written by a man named Walter E. Myer. When I asked Mr. Lilienthal, one of the three directors of the T. V. A., if he knew Mr. Myer, he said, "Yes." I said, "Did you employ him to write the article?" and he said, "Yes." I said, "Did you order 50,000 copies of this publication printed at public expense?" and he said, "Yes." I said, "What did you do this for?" and he said, "To send them out over the country."

Now, I cannot go into all the details regarding this publication, but let me call your attention to what is on the last page.

Some day students of American history will read about the development of the Tennessee Valley as one of the great events in the life of the Republic.

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Why should not the curriculum of the school reach out constantly for new materials that would help young people to understand and take part in matters of national policy which concern them vitally?

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Suggestions for junior and senior high schools—scrapbooks of pictures and newspaper articles, outline and relief maps, imaginary trips to the Tennessee Valley will be enjoyed in many classes. Special T. V. A. assembly programs, in which the topics of this journal feature could be used for subjects of talks by students. T. V. A. activities could be dramatized: GEORGE W. NORRIS and the Senate debates on Muscle Shoals, President Roosevelt signing the T. V. A. Act, etc.

A program for parent-teacher meeting given by students on the educational phases of the T. V. A.

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A T. V. A. commencement program. The Knoxville (Tenn.) High School has already used the T. V. A. as a theme for commencement. Students impersonated the three directors and other T. V. A. workers.

That is the kind of propaganda that the T. V. A. is sending out all over the country under Government franking privilege.

Mr. RANKIN. Will the gentleman yield?

Mr. COOPER of Ohio. No; I refuse to yield until I make my statement. The gentleman will have his opportunity later.

Mr. RANKIN. I hope so.

Mr. COOPER of Ohio. The prime purpose of this legislation is public ownership of utilities. I want to go a little farther and tell you why I think so. The legal counsel of the P. W. A.—I want you Members of Congress to get this—has sent out proposed drafts of bills to every State in this Union, requesting the legislatures they be enacted into law for the purpose of creating power districts in the States. Five of these proposed drafts were introduced into the Legislature of Ohio, my home State, and the representative who introduced them resides in one of the counties in my congressional district. He stood on the floor of the assembly room in the State of Ohio and said that he was introducing these bills at the request of President Roosevelt. The P. W. A. encouraged the passage of power-district legislation in the 48 States by announcing the Public Works Administration was ready to assist in financing the construction of public-owned electric-power plants, by contributing outright 30 percent on the construction cost and loaning 70 percent on long-time loans at low rate of interest.

Again, Mr. Ickes asked the State of Texas to pass enabling legislation creating districts for aiding pipe lines for natural gas from the Panhandle fields of Texas to St. Louis and Chicago and up into the Northwest, and was willing to let them have $60,000,000 to construct that pipe line. I understand that the Texas Legislature has passed enabling legislation, but I do not know whether the $60,000,000 has yet been granted.

If the Congress desires government ownership of electric utilities, let us say so and pass the Wheeler bill. Some foreign countries have passed through the miserable failure and experience of government ownership.

Mr. McFARLANE. Mr. Chairman, will the gentleman yield?

Mr. COOPER of Ohio. No; I cannot yield. I have expressly requested not to be interrupted until I finish my statement. Our neighbors in Canada have had state ownership of business enterprises for many years in one form or another, and the result is well described in an editorial which appeared in the Montreal News Herald of December 19, 1934, from which I quote:

State ownership of business enterprises is a Utopian fallacy that, like a will-o'-the-wisp, leads into a bog of endless trouble. Its evils are writ large upon Canada now.

Take the railways. State ownership began with the old Intercolonial which looked like a boon to the Maritime Provinces, but which sapped those Provinces of initiative for generations and did nothing to develop their resources, because there was no incentive to make it pay.

Take the blighting influence of railway ownership and provincial backing of railway finance on the Prairie Provinces and on British Columbia, which Provinces by these means piled up mountainous debts that the Dominion had to assume "to save the credit of Canada."

Take the Dominion's railway and merchant marine ownership policies—classic examples of the blight and burden of "politics in business."

Take the Hydro-Electric Commission in Ontario. Sitting right on the top of Niagara's power it ought to be a marvelous success if there were any virtue in public ownership.

Instead of that its members have been kicked out and a newspaperman, dragged out of retirement to run it, has shocked even its staunchest friends by the revelation he has made of its deficiencies—and worse.

The Canadian National Railway is publicly owned and managed and the Canadian Pacific Railway is privately owned. In the report of the Royal Commission to Inquire Into Railways and Transportation in Canada, issued in September 1932, there appears a statement of comparative earnings which shows that for the 9 years ending with 1931, inclusive, the Canadian National Railway had a deficit of $182,442,533, whereas the Canadian Pacific, privately owned, regulated by the Dominion commerce law, charging the same rates, paying the same wage scale as the Government-owned lines, had during the same period a surplus of $312,879,978. Furthermore, the Dominion Government has an investment in the Canadian National Railway of $2,536,665,000.

I cannot forget the statement made by the greatest engineer and genius of all time, Mr. Thomas Edison, when he said:

There is far more danger in public monopoly than there is in private monopoly, for when the Government goes into business it can always shift its losses to the taxpayers. If it goes into the power business it can pretend to sell cheap power and then cover up its losses * * *. Certainly it should regulate the rates although in a businesslike fashion. Then the public is protected and at the same time the ingenuity of private enterprise has a chance to function. Any large extension of government into business affairs, no matter what the pretense, and no matter how the extension is labeled, will be bound to promote waste and put a curb on our prosperity and progress.

No Member of Congress had anything to do with the drafting of the original House bill. I do not know who drafted the Wheeler bill, but I know that no Member of Congress had anything to do with the drafting of the House bill when it was presented to our committee. It was written by the smart young men in our Government bureaus. I see some of them here in the gallery today. They helped to put up these charts a while ago.

During the hearings on the measure there were from 10 to 25 of these young "brain trusters" on the Government pay roll in the committee room every day. They occupied one long row which was classified as "intelligentia row." I see several of them in the gallery now. Not one of these experts, who worked on this mesaure and who have never had a practical day's experience in business or industry in their lives, could tell the committee how the dissolution of holding companies could take place without serious loss to millions of American citizens who invested their money in utility stocks. I have high regard for Dr. Splawn. He is a brilliant man. He opened up the hearings in our committee and he closed the hearings. When he began his last statement before the committee he said, "This is the most important piece of legislation that Congress has had to consider for a decade." When the time came around I could question him I said, "Doctor, when you appeared before the committee in the first instance we asked you who was responsible for the drafting of this bill. I believe you stated you had something to do with it, also Ben Cohen, and Mr. Corcoran, as well as the Federal Trade Commission and the Federal Power Commission.

"At that time the committee made a very sincere and earnest request of you or some of the others who are responsible for bringing this legislation to the House to tell the committee how the break-down and the dissolution of the holding companies could take place without serious loss to millions of American citizens who invested their money in utility stocks. That request has not been answered. I believe you must realize the great responsibility resting on the committee in charge of this important measure. Will you please tell the committee now how the break-down of utilities can take place without serious loss to millions of investors?" If my memory serves me right, this was his answer: "That is for the committee to work out, Mr. COOPER."

No representative of the Commerce or Treasury Departments, the Reconstruction Finance Corporation, or the Federal Reserve Board appeared before the committee in favor of this legislation. There were no Government agencies before the committee in favor of this legislation except the Federal Trade Commission, the Federal Power Commission, and Dr. Splawn—not one. No business or industrial leaders appeared for the measure. No representative of labor advocated the passage of this legislation.

Now, it is not my purpose to try to defend utility holding companies. They exist, and they were permitted to organize under the laws of the land. They represent the savings of millions of Americans. Abuses of the past should be corrected, but correction does not mean annihilation.

Mr. RANKIN. Will the gentleman yield?

Mr. COOPER of Ohio. Not now. I told the gentleman I was not going to yield, and I wish he would not insist that I yield now.

Mr. SNELL. Mr. Chairman, I object, and I ask the Chair to protect the gentleman from Ohio.

Mr. RANKIN. I addressed my remarks to the gentleman from Ohio.

Mr. COOPER of Ohio. Mr. Chairman, in closing may I state it is a self-evident proposition that you cannot dissolve or dismember a holding company without injuring the person who owns securities in that company. The distressing effect which the dissolution of holding companies would have upon operating companies has already been eloquently testified to by 560 savings banks in this country with their 14,000,000 depositors; by religious organizations, churches, insurance companies, endowment funds, schools, and colleges who have protested against the destructive features which still remain in the Senate bill.

I believe the Members of the House must have become aware of a certain fear that seems to have crept into the minds of the American people in regard to what Congress is going to do to business. I am not talking now about organized propaganda on the part of business interests, seeking to defend themselves from attack; nor am I referring particularly to the hundreds of thousands of letters which have come to Members of Congress from investors who fear that their investment is threatened; but I am speaking of statements made by nonpartisan business and civic organizations, not engaged in any special campaign for one thing or another. I am speaking of the thousands of editorial opinions that have been appearing with increasing frequency in newspapers. I am speaking of statements by individuals of unquestionable integrity and ability. It seems to me the consensus of those Nation-wide sentiments that we have moved a little forward out of the depression of the past several years, and that we are ready to do better still if we can only be permitted to operate under reasonable laws. There are millions in the bread lines still.

There are millions more on relief, but no one can question the fact that recovery of business will do far more to make it possible for a man to earn his living again, for families to be independent of charity, than all of the $4,880,000,000 which the Government has ready to distribute for relief purposes; but this recovery is hampered today because of fear, and this fear has been particularly promoted by the discussions which have taken place on this public-utility bill, statements made by officials of the Government asserting amazing hatred of the public-utility industry, heaping abuses upon it, declaring that their intention was to eliminate utility holding companies and other companies in other businesses as well. I think that all of us have been made aware of this fear. We must realize the enormous importance as a psychological deterrent to the Nation's progress.

Now, we can do much to allay this fear in our attitude on this bill. We can do much to increase the confidence of the people in their representatives in Congress if we reject the policy of ruthless destruction which to my mind the Senate bill represents, and endorse the policy of regulation, drastic and complete as it may be, which is embodied in this bill now before the House. [Applause.]

The CHAIRMAN. The gentleman from Ohio [Mr. COOPER] yields back 15 minutes.

Mr. COOPER of Ohio. Mr. Chairman, I yield 28 minutes to the gentleman from Pennsylvania [Mr. WILSON].

Mr. WILSON of Pennsylvania. Mr. Chairman, I likewise ask that I be not interrupted until I have concluded my statement. In discussing this proposed legislation, I desire to state that I do not directly or indirectly own or control a single share of stock or a single bond in any company or its subsidiary which might in any way be affected by any of the provisions of the proposed Public Utility Act of 1935. Furthermore, during my 36 years of practice at the bar of Philadelphia, I have never been retained by nor represented a public-utility company, although I have represented thousands of claimants in cases in which public-utility companies have been defendants. I make this statement merely for the purpose of assuring the House that anything I might say concerning the proposed legislation is entirely devoid of self-interest and is the result of a careful consideration of the provisions of the bill and what, in my judgment, will be the disastrous effects of its enactment.

I hold no brief for the alleged iniquitous practices of some unscrupulous utility companies, but I am not one who believes that in order to cure an ill it is necessary to kill the patient.

The reason for the proposed legislation apparently seems to be contained in the bill of particulars wherein there is listed nine separate charges of so-called "evils", supposedly based on the reports of the Federal Trade Commission and otherwise. Even if true, in none of these, can I for the life of me see a single instance in which the evil complained of could not be cured by the enactment of the proper kind of regulatory legislation, either by the individual States or by Congress, without ruthlessly and deliberately destroying the lifetime savings of hundreds of thousands of our citizens. If it is the purpose of Congress to add to the already overburdened relief roll, I can see no surer method than that proposed in this bill.

Either the animus or the ulterior motive which has inspired the drafting of this proposed legislation is made apparent in the language of subsection C on page 158, where it is stated that these evils have become so persistent and wide-spread that they necessitate legislation. To do what? To rectify? No! To cure the so-called "abuses"? No! To regulate? No! But to "eliminate the holding company" with all the dire consequences to follow, by the order of the Commission on or after January 1, 1938, 1 year being allowed for its dissolution with a possible extension of 1 year.

It reminds me very much of the story they tell about the two Englishmen who were engaged in an altercation in the gallery of a theater in London. The fight became quite strenuous when one of the combatants lifted the other over his head and was about to throw him into the pit below, when a voice with a cockney accent cried out, "Heigh, old top! don't woist 'im, kill the fiddler with 'im."

No one can object to a judicious restraint upon holding-company abuses which have been proved or which in the natural course of events can be seen and, therefore, prohibited, but this should be done by corrective measures which do not do more harm than good, and no destruction of thrift and saving in the American people, principles upon which the advancement of this great country and its citizens has always been founded should be permitted in the guise of reform.

In mitigation of the drastic provisions of the bill a great deal of reference has been made publicly to the provision which provides, inter alia, that a holding company may continue upon obtaining from the Commission a certificate that its continuance is necessary, geographically and economically, in serving an economic district extending into two or more contiguous States, and so forth.

The provisions of the bill dealing with this question boiled down means nothing more or less than the life of a holding company is entirely dependent upon the rules and regulations, the whims and fancies of a Commission, the Securities and Exchange Commission, without recourse to any other authority.

It is provided:

> No provisions in this bill shall apply to, or be deemed to include, the United States, a State, or any political subdivision of a State, or any agency, authority, or instrumentality of any one or more of the foregoing, or any corporation which is wholly owned directly or indirectly thereby by any one or more of the foregoing, or any officer, agent, or employee of any of the foregoing acting as such in the course of his official duty, unless such provision makes specific reference thereto.

This provision can have but one meaning, and the ulterior motive in the minds of the framers of this proposed legislation is made apparent. Under this provision there is permitted the very thing which the bill itself seeks to prevent, namely, the creation of the most gigantic holding company ever conceived—the United States Government with its subsidiaries, the Tennessee Valley Authority, the Electric Home and Farm Authority, and a host of other alphabetical units capable of creation under the reckless delegation of authority by the Seventy-third Congress; the ultimate result can be only one thing, and that Government ownership of industry. A scheme that has been battling for 2 years past, fostered by political and administrative propaganda, misleading the general public into the hope of reduction of rates by the use of a fictitious yardstick which does not truthfully account for total capital outlay and costs chargeable to other departments and bureaus; nor does it take into account vast additional taxes which must be levied and paid for by our citizens to meet the tremendous obligations incurred by our Government in embarking upon this fantastic and questionable enterprise. I care not how well-meaning the intention, it is sure to die of its own weight or be wrecked upon the rocks of political patronage.

Notwithstanding the so-called "evils" of holding companies, they have been instrumental in many ways in developing our country, such as intercity and interstate transmission lines; the common use of technical talent; the establishment of great laboratories and research fields for the use of all and the facilities of industrially backward sections of the country, and have to a large degree been responsible for the extraordinary development of our industrial system as a whole. These good qualities should not be overlooked, and holding companies should not be sacrificed and eliminated because of a scheming desire to saddle Government ownership upon the shoulders of an unsuspecting people.

What would be the disastrous results of the enactment of this bill? As I see them, it would mean:

A serious interference with the Nation's gas and electric service.

The destruction of the value of securities held by millions of innocent investors.

The beginning of Government ownership of gas and electric utilities with all its attendant risk of loss and a heavy burden of taxation added to the already overload, possibly to be followed by the destruction of industrial and commercial enterprises, paving the way for a broadening of Government ownership in all classes of industry.

This is no far-fetched reasoning, because the very attitude of the present administration in advocating the adoption of this its child, born in an obsession and reared upon the milk of destruction, gives force to the conclusion that the present administration is determined to follow a course, un-American in every aspect and a threat to every business, to every industry, and to every investor.

Along that road neither I nor the constituency that I have the honor to represent propose to travel.

In support of this contention, let us look at a few historical facts:

A glance at some of the principal planks of the Socialist Party platform for the Presidential election of 1932 reveals the interesting fact that the main outlines of the new deal, which partisan critics of the Roosevelt administration are unable to locate in the Democratic Party program of that year, were quite definitely indicated by Mr. Norman Thomas and his half-shell Marxists. Among them are the following:

Federal appropriations of $5,000,000,000 for immediate relief and an additional five billions for a public-works program—now expressed in the P. W. A., F. E. R. A., and the current work-relief measure.

Socialization of power, banking, and other industries—approached in T. V. A. yardstick, proposed amendments to Federal Reserve Act, deposit insurance, and so forth.

Establishment of Federal marketing agencies and extension of agricultural cooperatives—approached through A. A. A. marketing agreements.

To this comprehensive program Mr. Thomas added the observation in his campaign pamphlet, The Socialist Cure for a Sick Society, that—

> These things will not take place or will be relatively futile until we press actual change in ownership of land, natural resources, and principal means of production.

That this is the motive of the present administration is borne out by the land policy section of the Department of Agriculture, the Power Commission, utility holding company proposals, the T. V. A., and the program of the National Resources Board.

On July 14, 1924, in the city of Cleveland, there was adopted by the National Convention of the Party for Progressive Political Action a set of resolutions which contained inter alia the following platform planks:

Public ownership of the Nation's water power and creation of a public superpower system. Strict public control and permanent conservation of all natural resources, including coal, iron and other ores, oil, and timber lands.

Reconstruction of the Federal farm-loan systems to provide for direct public control of the Nation's money and credit.

Creation of a Government marketing corporation.

Public ownership of railroads.

Election of all Federal judges without party designation for limited terms.

The Democratic convention of 1932, held at Chicago, Ill., and which nominated Franklin D. Roosevelt for President of the United States, adopted a platform which, inter alia, contained the following:

We believe that a party platform is a covenant with the people to be faithfully kept by the party when intrusted with power, and that the people are entitled to know in plain words the terms of the contract to which they are asked to subscribe. We hereby declare this to be the platform of the Democratic Party:

We advocate an immediate and drastic reduction of governmental expenditures by abolishing useless commissions and offices, consolidating departments and bureaus, and eliminating extravagance to accomplish a saving of not less than 25 percent in the cost of Federal Government.

We favor maintenance of the national credit by a Federal Budget annually balanced on the basis of accurate executive estimates within revenues.

We advocate a sound currency to be preserved at all hazards.

The removal of Government from all fields of private enterprise except where necessary to develop public works and natural resources in the common interest.

Regulation to the full extent of Federal power of holding companies which sell securities in interstate commerce.

We condemn the extravagance of the Farm Board, its disastrous action which made the Government a speculator of farm products, and the unsound policy of restricting agricultural products to the demands of domestic markets.

On this platform Franklin D. Roosevelt was elected President of the United States, and immediately after his induction into office, under the head of emergency legislation, got the Congress to pass certain laws which delegated to him a power heretofore unheard of in the hands of the Nation's Chief Executive.

Among these laws were:

The Agricultural Adjustment Act, which gave the Secretary of Agriculture the power to provide for reduction in acreage or reduction in the production for market, or both, of any basic agricultural commodity; and to enter into marketing agreements, and so forth.

The National Industrial Recovery Act, which authorized the President to establish agencies and delegate functions and powers relating to trade, industry, and so forth, public works and construction projects and subsistence homesteads.

The Tennessee Valley Authority, with vast power over the natural resources in the Tennessee Valley and the products resulting therefrom, such as fertilizer products and electrical power.

After the grant of these tremendous powers by the Seventy-third Congress the platform of the Democratic Party of 1932, to a great measure, was sidetracked and forgotten and there was then publicly acknowledged as the guiding hands of the administration those who formed the resolutions committee and drafted the platform adopted in Cleveland in 1924 at the national convention of the Party for Progressive Political Action and were given key positions in the present administration.

The members of that resolution committee and the framers of the platform of 1924, with the positions they occupy under the present administration, are: Donald R. Richberg, "Assistant President of the United States"; Basil Manly, member, Federal Power Commission; Sidney Hillman, Consumers' Advisory Board, N. R. A.; Frederick C. Howe, Consumers' Council, A. A. A.; J. A. Franklin, N. R. A. Labor Advisory Board; Rose Schneiderman, N. R. A. Labor Advisory Board; A. A. Berle, Jr., an original "brain truster"; Rexford G. Tugwell, Under Secretary of Agriculture.

What are the past and present affiliations of these powerful factors in the present administration; and I glean this information from the book by Dilling, The Red Network, published in 1934:

Mr. BIERMANN. Mr. Chairman, a point of order.

The CHAIRMAN. The gentleman will state it.

Mr. BIERMANN. Mr. Chairman, I make the point of order the gentleman is not speaking to the bill, as required by the rule adopted.

The CHAIRMAN. The gentleman will proceed in order.

Mr. WILSON of Pennsylvania. If the Chair please, I maintain that I am speaking to the bill. I made the contention that this bill was a plan for Government ownership of all industry. I am backing that statement up by incontrovertible facts.

Donald R. Richberg: Socialist; Chicago lawyer; member of League for Industrial Democracy, which is highly subsidized by Garland Fund, which spreads socialistic Communist propaganda and literature in colleges; prepares and widely distributes thousands of Communist and Socialist pamphlets; agitates for Government ownership of all banking, transportation, insurance, communication, mining, agricultural, and manufacturing enterprises, forest and oil reserves, and for socialization of land and other property; advocates a social order based on production for use and not for profit of the individual; contributes to New Republic, a weekly magazine which advocates revolutionary socialism.

Basil M. Manly: Socialist; member of the Garland Fund Committee; contributing editor to the Intercollegiate Socialist Society Organ; and was member of the defense committee of the Industrial Workers of the World—I. W. W.—which organization was composed of Socialists and anarchists, the underlying principle of which was the organization of industrial workers into unions to war against employers by any and all means, to overthrow the Government, and establish a government by unions.

Sidney Hillman: Was director of the Garland Fund; member of defense committee, I. W. W.; honorary president of the National Religion and Labor Foundation, organized in 1932, which advocates radical social action.

Rose Schneiderman: Communist sympathizer. An organizer of the People's Council, an organization modeled after the Workmen and Soldiers' Council, the sovereign power of Russia today.

Rexford Guy Tugwell: Contributor to New Republic, advocate of revolutionary socialism. Member of technical staff of Communist-organized First American Trade Union delegation to Russia. This was exulted over by the Communist Party and repudiated and denied the sanction of the American Federation of Labor because of its communistic character. Coauthor of the Soviet propaganda book entitled "Soviet Russia in the Second Decade." Professor of economics at Columbia University, who offered Donald Henderson, ousted as a Communist, a research fellowship for 1 year in U. S. S. R. A director of the Socialist People's Lobby. Member of the National Advisory Council on "radio in education", which broadcasts in cooperation with the Socialist League for Industrial Democracy, featuring radical speakers and recommends radical books. Delivered an address before the American Economic Association in 1932 entitled "The Principle of Planning and the Institution of Laissez Faire", which appeared in the January 1933 issue, in which he stated:

"Planning will necessarily become a function of the Federal Government; either that or the planning agency will supersede that Government, which is why, of course, such a scheme will eventually be assimilated to the State rather than possess some of its powers without its responsibilities. Business will logically be required to disappear. This is not an overstatement for the sake of emphasis; it is literally meant. The essence of business is its free venture for profits in an unregulated economy. Planning implies guidance of capital uses. * * * Adjustment of production to consumption * * * the insurance of adequate buying capacity. * * * New industries will not just happen as the automobile industry did; they will have to be foreseen, to be argued for, or seem probably desirable features of the whole economy before they can be entered upon. * * * There is no denying that the contemporary situation in the United States has explosive possibilities. The future is becoming visible in Russia; the present is bitterly in contrast; politicians, theorists, and vested interests seem to conspire ideally for the provocation to violence of a long-patient people. No one can pretend to know how the

release of this pressure is likely to come. Perhaps our statesmen will give way or be more or less gently removed from duty; perhaps our vested interests will submit to control without too violent resistance. It is difficult to believe that any of these will happen; it seems just as incredible that we may have a revolution. Yet the new kind of economic machinery we have in prospect cannot function in our present economy. The contemporary situation is one in which all the choices are hard; yet one of them has to be made."

Tugwell is now Assistant "Commissar" of Agriculture and leader of Roosevelt's "brain trust."

Shortly after the enactment of this so-called "emergency legislation" and the attachment of the above-mentioned individuals to the public pay roll, with the power granted under these and other emergency laws, there have been created certain private corporations, agencies of the administration, the incorporators of which are members of the so-called "brain trust" and department Secretaries.

On October 17, 1933, there was incorporated in the State of Delaware the Commodity Credit Corporation, the incorporators of which were Henry A. Wallace, Secretary of Agriculture; Oscar Johnson, Agricultural Adjustment Administration; H. Morgenthau, Jr., Secretary of the Treasury.

Under these articles of incorporation they are authorized, inter alia, to do all things necessary to accomplish the purposes of the acts above specified, as—

A–B. To purchase or otherwise acquire, to hold or otherwise to deal in, to sell or otherwise dispose of any or all agricultural or other commodities or products thereof, and to loan or borrow money upon the same.

C. To enter into agreements, to provide for reduction in acreage or reduction in products for market of agricultural commodities.

D. To engage in any activity in connection with production, carrying, shipping, storing, exporting, warehousing, handling, preparing, manufacturing, processing, and marketing of agricultural commodities or products thereof. To borrow money, issue bonds, mortgages, notes, bills of exchange, and all kinds of obligations without limit as to amount.

E. To borrow money for purchasing, storing, handling, or processing of agricultural or other commodities and disposing of the same.

G. To take and hold for any of its purposes any property, real or personal, anywhere in the United States and any foreign countries without limit as to amount or value.

I. To make and carry out contracts of every kind and description, without limit as to amount, with any person, firm, corporation, municipality, county, State, or government.

J. To sell, deal in, store, handle, process, transport agricultural or other commodities or products thereof by itself or through other agencies, and to make contracts for the purchase or sale of the same on behalf of the owner thereof.

K. To acquire by purchase, lease, or construction, or in any other manner storage and other physical facilities for the handling, and so forth, of agricultural or other commodities or products thereof.

L. To establish offices anywhere in the world.

This corporation to have perpetual existence.

Another private corporation is the Federal Surplus Relief Corporation, incorporated in the State of Delaware, October 4, 1933, the incorporators being Henry A. Wallace, Secretary of Agriculture; Harold L. Ickes, Secretary of the Interior; and Harry L. Hopkins, Federal Emergency Relief Administrator.

The purposes of the Corporation are the distribution of agricultural and other commodities and, in general, without restriction or limit, to purchase, sell, mortgage real and personal property of every class, and under the amended articles of incorporation, approved January 11, 1934, to sell and dispose of all agricultural or other commodities and products thereof, and to loan and borrow money on the same and engage in any activity in connection therewith, such as producing, carrying, shipping, storing, exporting, warehousing, handling, preparing, manufacturing, processing, and marketing of all agricultural or other commodities or products thereof; to endorse notes, and so forth, to take and hold for any of its purposes any property without limitation anywhere in the world, to guarantee, purchase, and so forth, capital stock, bond, or securities created by any other corporation; to sell, deal in, and so forth, agricultural or other commodities. The corporation to have perpetual existence.

On November 21, 1933, an amended certificate of incorporation of the Public Works Emergency Housing Corporation was approved, the incorporators being Harold L. Ickes, Secretary of the Interior; Frances Perkins, Secretary of Labor, and Robert D. Kohn.

Under this the corporation is given the power to construct, reconstruct, alter or repair, and financially aid low-cost housing and slum clearance projects of every kind, and buildings and structures of every kind, nature, or description; to acquire real estate and buildings by purchase, exchange, or the exercise of the power of eminent domain; to sell, exchange, or otherwise dispose of such real estate, and so forth, or to lease with, or without, the privilege of purchase; to manufacture, buy, sell, and so forth, building and other material and supplies of every kind, nature, or description; to do and perform the acts customarily done or performed by architects, engineers, and general contractors without limitation; also to supply heat, steam, water, gas and electricity, transportation, telephone and other facilities or utilities, and to carry on its operations in business without restriction or limitation as to amount; to acquire by purchase, exchange, or otherwise all or any part of any business and good-will of any person, firm, association, or corporation engaged in any business for which a corporation may now or hereafter be organized under the laws of the State of Delaware; to borrow money without limit.

The Electric Home and Farm Authority was incorporated in the State of Delaware January 17, 1934, by Arthur E. Morgan, National Emergency Council; Harcourt A. Morgan, Tennessee Valley Authority; David E. Lilienthal, Tennessee Valley Authority; and has the power to manufacture, buy, sell, and so forth, and carry on the business of manufacturing, buying, selling, and so forth, electric appliances and equipment, and to finance the same without limit anywhere in the world, to grant licenses and territorial rights in respect thereto; to purchase, acquire, hold, own, develop, mortgages, lands, and leaseholds and any other interest; to take over the business of any person, firm, association, trust, or corporation engaged in this character of work; the corporation to exist for seven years, and was created under an Executive order of the President of the United States dated December 19, 1933.

The Tennessee Valley Associated Cooperatives, Inc., was incorporated under the laws of the State of Tennessee by Arthur E. Morgan, National Emergency Council; Harcourt A. Morgan, Tennessee Valley Authority; David E. Lilienthal, Tennessee Valley Authority; for the purpose or reorganizing, establishing, managing, financing, and so forth, cooperative enterprises in the Tennessee Valley and contiguous areas, and to set up a chain of cooperative enterprises; to produce, raise, manufacture, buy, sell, and so forth, farm products, livestock, goods, wares, and merchandise of every class and description and to finance the same without limit as to amount; to acquire and hold copyrights, trade marks, trade names, brands, labels, patent rights, and so forth, inventions, improvements, and processes; the business to be financed by grants of money from the Federal Emergency Relief Corporation; the Corporation to have perpetual existence.

It needs no stretch of the imagination to readily see the abandonment of the Democratic platform of 1932 under which the American people were induced to support a Democratic candidate for the office of the President of the United States and the full adoption, after his election and induction into office, by the present administration of the socialistic principles set forth in the platform adopted in Cleveland in 1924 by the national convention of the Party for Progressive Political Action, which was repudiated by the American people in November of that year by the election of a Republican President, as well as the adoption of the principles set forth in the Socialistic platform of 1932, which was likewise repudiated at the polls.

These beginnings are now being followed in natural sequence by the pressure of the Democratic Administration upon the Seventy-fourth Congress to enact so-called "must bills" which further extend the power and control of the National Government over every phase of industry and endeavor in the country.

The Federal Government under its present policies is fast slipping from a mere central agent for the sovereign States to a centralized government dominating economic as well as political affairs of the Nation.

To finance these vast actual and prospective socialistic activities of the administration numerous bills have been presented to this Congress, emanating from its departments and myriad alphabetical bureaus.

Under the recent public-works bill appropriating $4,800,000,000 in one lump sum, there is placed in the hands of the President an unheard-of peace-time appropriation. Over this vast sum he has practically unlimited power to do with as he sees fit.

Under the pending social-security bill an unemployment trust fund is set up in the United States Treasury which is to receive all money deposited therein by a State agency from a State unemployment fund. This fund over a brief period of years is estimated to amount to many billions of dollars. By the same act it is provided that the Secretary of the Treasury is to invest these funds only in interest-bearing obligations of the United States or in obligations guaranteed as to both principal and interest by the United States. This enables the Government to appropriate the unemployment funds received from the State, collected by the State from its employers and employees, for the financing of the projects of its private as well as its public agencies in competition with private industry.

The pending Banking and Currency Act places the credit and finances of the country in the hands of a Federal Reserve Board, the powers of which are broadened, but which is also subject to the domination both as to policy and politics by the administration.

An analysis of the bill shows that the Federal Reserve banks can purchase obligations of Government corporations. This would include all governmental agencies whose obligations are guaranteed both as to principal and interest and the banks could very readily be forced to finance Government competition with, or Government ownership of private industry.

The enactment of the holding-company bill is but one more step toward the goal set up in the platform of the Party for Progressive Political Action adopted in 1924 and the platform of the Socialist Party of 1932, and both of which have since been appropriated by the Democratic Administration, lock, stock, and barrel.

Let us take time off to consider the cost, and ask ourselves the serious question as to whether the results justify the tremendous outlay of public funds, bearing in mind that the 3 fiscal years of the present administration call for a spending of $24,206,533,000, or, in other words, $13,000 every minute of the day and night, of which $7,000 per minute is being added to the public debt to be paid by future generations.

I do not approach this question from a partisan, political angle, but base my conclusion upon my personal observation of the condition in the district which I represent, which to me is a barometer of conditions generally throughout the country.

My congressional district represents a cross section of one of the Nation's great municipalities, Philadelphia. It has a resident population of over 240,000, which population is in normal times augmented every day by at least 500,000 employed therein, the richest and the poorest, with a great mass of those formerly having moderate means residing within its confines. It contains the headquarters for three large railroads of the country, the Pennsylvania, the Reading, and the Baltimore & Ohio; all large department stores; all large hotels; every skyscraper office building; a great number of retail businesses; many of the large hospitals and charitable institutions in the city, and in normal times was a beehive of industrial activity.

Today there are more people out of work and on the relief rolls than there were a year ago. For-sale and for-rent signs play a prominent part on its structures, both as to business and private homes. Space in its office buildings has gone begging. Most of its hotels are either in the hands of receivers or being operated by bondholders' committees. Millions of dollars in taxes on its real estate are unpaid and cannot be collected.

The so-called "governmental experiments" have proved a rank failure insofar as my people are concerned, and we daily watch and pray for the time to come when business will again be permitted to resume its normal functions, shorn of the shackles of bureaucratic domination.

To all intents and purposes this is an age of experimentation insofar as our administrative affairs are concerned, but it is self-evident that each experiment is leading us farther astray into a realm of uncertainty and failure. If we continue in this unjustified and unwarranted manner in blindly following the lead of bureaucractic government, the time is not far distant when we will be enveloped in chaos and destruction.

The sooner we become self-conscious of the fact that our problems are largely individualistic, that our return to normalcy depends upon individualistic effort, and stop inculcating into the minds of our people the thought that the Government owes each one of them a living without effort, the sooner we shall find a direct and safe road to recovery.

No one objects to a proper, legitimate, safe, and sane safeguarding of the individual from exploitation whether that be from the standpoint of labor or the standpoint of capital, but what we need is a crusade in the interest of a return to the sound fundamentals of government. [Applause.]

Mr. Chairman, I yield back the balance of my time.

Mr. RAYBURN. Mr. Chairman, I move that the Commiteee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. WARREN, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration the bill S. 2796, the Public Utility Act of 1935, had come to no resolution thereon.

STILL FURTHER MESSAGE FROM THE SENATE

A still further message from the Senate, by Mr. Horne, its enrolling clerk, announced that the Senate had passed, with amendments, in which the concurrence of the House is requested, a bill of the House of the following title:

H. R. 5809. An act to amend an act entitled "An act to control the manufacture, transportation, possession, and sale of alcoholic beverages in the District of Columbia."

PERMISSION TO ADDRESS THE HOUSE

Mrs. NORTON. Mr. Speaker, I ask unanimous consent to address the House for 5 minutes.

The SPEAKER. Is there objection to the request of the gentlewoman from New Jersey?

There was no objection.

Mrs. NORTON. Mr. Speaker, I address myself to you today upon the subject of religious persecution in Mexico. In adding my voice to the host of others that have been raised in protest against the lawless and barbarous acts of those that constitute themselves the Government of Mexico, I speak as a Christian woman and as such I like to feel that here, before this great body that is representative of the American people, whatever I may say in defense of Christianity and Judaism, as well as on behalf of all those who believe in God—for that, and that alone is the underlying issue in Mexico today—will fall upon sympathetic ears. I like to feel that here in this hallowed Chamber, dedicated to the noble work of furthering the ends of a democratic form of government, a form of government the very vitals of which are freedom of religious worship, freedom of speech, and freedom of the press. I like to feel that there are those who like myself look with extreme disfavor upon the travesty of government that is masking as democratic below the Rio Grande. It is my purpose to present the case

against the government by evidence that is clear and overwhelming. Evidence, not alone from Christians but from members of other faiths, from history, and from documents and pronouncements of the Mexican Government itself. And in so presenting the case I am content, so far as the people of this Nation are concerned, to let the evidence speak for itself.

Benito Mussolini once said:

All history of western civilization from the Roman Empire to modern times, from Diocletian to Bismarck, teaches that when the state undertakes a fight against religion it is the state which will emerge defeated in the end. A struggle against religion is a struggle against the spirit in its most intimate and profound form.

To the average citizen of the United States, the citizen who keeps abreast of domestic and international developments largely through headlines in the press, the dominant issue in the Mexican situation is the Christian church. Much of this information inspired by the Mexican Embassy here in Washington, by consular agents about the country, by an official Mexican broadcast, by paid propagandists, is deficient not only in fact but in veracity. The Mexican Government has made God, Himself, the dominant issue in this policy of religious persecution.

It has utilized alleged grievances against the Catholic Church some centuries old as a pretext, a convenient mask for the real work of driving Almighty God from Mexican soil. At one time the argument was, "The Catholic Church in Mexico was fabulously rich." The Mexican Government confiscated whatever riches the church possessed, all invested in hospitals, churches, schools, charitable institutions, and other religious works. It destroyed churches, orphanages, schools, colleges, and other institutions of religion. As a result the religious groups were no longer "fabulously rich." It was poverty stricken as far back as the days of Juarez in 1857. That argument, then, so far as the radicals, the Mexican reds, were concerned, was no longer available. But then came another argument, another political slogan for the reds: "Mexico is clergy ridden." And, despite the fact that the total number of ministers of religion and religious in all of Mexico was never more than 9,000 for a population of 7,000,000 souls, ministers of religion were driven out by scores, until in 1850 there were less than 4,000, and today for a population of over 15,000,000 there are less than 300. And I might add that in 14 of 30 Mexican States there are not any priests at all. The contention, then, that the church is the disturbing element in the Mexican domestic situation can no longer be regarded as tenable. The church has been despoiled of its alleged "fabulous riches" and its clergy reduced to a bare minimum so far as numbers are concerned. What occasion, then, for further persecution, for burnings, for pillagings, and for slaughter of humble worshipers of God? The National Revolutionary Party, nominated for a decade by General Calles, so-called "iron man"—but iron only in the sense that he is mechanical in carrying out the dictates of his superiors at Moscow—the party of Mr. Calles, an insignificant minority, backed by bayonets and red money, proclaims to the world, and especially to the American people, that Catholic clergy in Mexico, no longer "fabulously rich", no longer great in numbers, now are fomenting rebellion, plotting the overthrow of Señor Calles, Señor Morones, and others of the same military clique that have made themselves millionaires in the work of "saving Mexico from the clergy." Think of it; Señor Calles, the "iron man", the greatest caballero of all Mexico, trembles in fear of 300 humble, poverty-stricken clergy, some of them in hiding, others eking out a bare existence. Señor Calles, with his modernized army, his airplanes, and his support from red Russia, tells the world that he apprehends grave possibilities from a corporal's guard of poverty-stricken, penniless clergy. Or is it that the clergy gives rise to his apprehension; or the fact that the truth at last is seeping out from Mexico, the truth that Señor Calles knows will bring upon his head the wrath of all Christian, Jewish, and religious peoples?

A GODLESS CONSTITUTION

Present Mexican policies with respect to religion allegedly are based upon the constitution of 1917, promulgated at Queretaro, by a military clique, amid scenes of indescribable revelry and drunkenness. Prior governments functioned—or perhaps "were supposed to function" is the more accurate way of expressing it—under the constitution of 1857. The constitution of 1857 began with the phrase, "In the name of God and by the authority of the Mexican people." That of 1917 makes no mention of God and states in title I, chapter I, article I, "Every person in the United States of Mexico shall enjoy all the guaranties granted by this constitution." The one then, that of 1857, derived its authority from the people, that of 1917 restricted rights of the people of those granted in that instrument. The one expressive of the will of the people, the other, or present, constitutes that of a military clique, headed by Carranza and dominated by the Industrial Workers of the World.

TESTIMONY OF DR. GUTHRIE, AN EMINENT LAWYER

I am not a lawyer and I make no claim to any particular knowledge, beyond that acquired from experience in this Chamber, of constitutional interpretation. But allow me, if you will, to quote a lawyer in connection with the Mexican governmental policy with respect to the constitution of 1917, a lawyer of proven ability and legal acumen, a former president of the American Bar Association, Dr. William Guthrie.

"The Mexican Government", he wrote, "is not attempting in good faith to bring about a separation of church and state, as Americans conceive the substance of such separation, nor is it attempting merely to prevent alleged ecclesiastical intervention or interference in politics or in matters of state. On the contrary, both the Mexican Constitution and the Presidential decrees are calculated and indeed deliberately intended to bring about a more entire domination by the state over the church than has ever existed before, and to place under the absolute control and supervision of the Mexican Federal and State governments every church in Mexico, and preeminently the Catholic Church and her temples, which represents the religious faith of more than nineteen-twentieths of her population. The membership of other churches, it is understood, and counsel has been so instructed, may be reasonably asserted to be comparatively almost negligible so far as numbers are concerned, but they, of course, are equally affected and interested and will inevitably be equally subjugated and oppressed if they ever attempt to free themselves from governmental control and direction.

PROTESTANT GROUPS ARE OPPRESSED

It may be of interest to note at this point what actually has transpired with respect to some Protestant churches and institutions under current Mexican Government policy.

As late as May 15 last a Mexican Government order closed 11 Mennonital schools in the State of Chihuahua because of the refusal of Mennonite authorities to teach in these institutions doctrines of atheism and sex as required by the director of education. The Mennonites have a contract with the Mexican Government containing a guaranty of freedom of religious worship and education.

In 1926 Protestant churches were closed at Tampico, at Juarez, at Chihuahua, and at Saltillo.

In the same year, the Reverend J. D. Dale, a Baptist minister, was arrested at Tampico and deported for performing his offices as a minister of Christ on earth.

TESTIMONY OF DR. GRUENING

Dr. Ernest Gruening, now director of insular possessions and territories, in his book, Mexico and Its Heritage, relates the following from a head of a Methodist girls' school in Pachuca.

The new regulations of article 130 of the constitution mean that we no longer can teach religion in the school. Formerly we had Bible classes and a branch of the Epworth League. We have abolished both. Our boys' school, which is situated next to our church and is in charge of a Mexican teacher, had a door connecting church and school. The authorities requested us to plaster it up, and we did so.

EVIDENCE PUBLISHED BY DR. MACFARLAND

Dr. Charles S. Macfarland, regarded as one of the most influential of American Protestant clergymen, is the general secretary emeritus of the Federal Council of the Churches

of Christ in America. Dr. Macfarland, actuated by a desire to obtain, at first hand, the real truth concerning religious persecution in Mexico, spent considerable time there during the past year. Not content with the few "dressed up" churches in Mexico City permitted to function by governmental authorities for purposes of propaganda and for the purpose of deceiving gullible tourists, refusing to accept as conclusive information furnished by the Mexican Government, Dr. Macfarland made an honest effort to obtain the facts of the matter. The results of his observations appear in the book published June 1, Chaos in Mexico. I quote from some of his observations:

The response of the church is substantially this: The state has taken away from the worshiper the means essential to him by which, through tradition and custom established from childhood, substantiated by the impulsions of conscience, he may express his worship, confess his sins, profess his repentance, and be the recipient of divine grace. His marriage is to him a sacrament, and in the face of death he feels the need of the ministries of the church, as elements in his creed.

Not that that does not mean to me, as a Protestant, or to my Protestant readers, what it does to the plain man and woman in Mexico, and we must try to think of it in their language. I have profound respect for a sincere Catholic, and these things are essential to his religious liberty. He wants liberty to have a priest for his confession, for his sacrament, for the last rites of the dying and dead in his bereaved home. The exercise of his freedom requires the offices of church and priest. This is the "creed" of his church and of his personal religion.

The state, therefore, when it declares that the laws do not interfere with his "creed" is in grievous error.

Señor Portes, at that time President of the Republic, said on one occasion:

"I am glad to take advantage of this opportunity to declare publicly and very clearly that it is not the purpose of the constitution nor of the laws, nor of the government of the Republic, to destroy the identity of the Catholic Church or of any other, or to interfere in any way with its spiritual functions."

IS THERE PERSECUTION?—"THERE CAN BE BUT ONE OPINION"

If that is the question at issue, then there can be but one opinion. There are two matters on which, as an objective and candid narrator, I am obligated to be more than a mere fact-finder, regardless of the consequences. The state is interfering with the spiritual functions of the church and of the Catholic worshiper. The state is suppressing religious liberty when it closes the worshiper's church, when it deprives him of his priest, when it shuts out religion from his home, both as teaching and as ministration. It suppresses religious liberty to the church as an institution, not only by these same restraints but by its destruction of the church's identity and by demolition of its organization.

Article 24 of the constitution reads:

"Everyone is free to embrace the religion of his choice and to practice all ceremonies, devotions, or observances of his respective creed, either in places of public worship or at home, provided they do not constitute an offense punishable by law."

THE SOPHISTRY OF GENERAL CARDENAS

This can hardly be intended as anything but a bill of rights. But the present Government is employing the closing words of this article of the constitution as what is termed a "joker", in such a manner as to completely nullify it. Such use of the last clause as is now being made of it makes the constitution subject to the whim of every succeeding legislature. Thus, when President Cardenas declares that in religious matters the state is carrying out the constitution, all he means is that the one article which guarantees religious liberty nullifies that freedom at the same time. One can hardly conceive of anything more specious than the sophistry of the Mexican Government in this connection.

DOES THE STATE PERSECUTE RELIGION?

The next question is, Does the state persecute the church? The word "persecution", according to the dictionary, means "to pursue in a manner to injure or inflict, to harrow, to inflict cruel or oppressive treatment." Is the state injuring, inflicting, harrowing, or oppressing the church?

Is not that question answered sufficiently when I pass the beautiful cathedral and find flaming posters of the state plastered on its walls attacking it in violent terms as an institution, or when I go into a church and find it filled with cartoons, some of them vile caricatures of religion itself? Is it not answered when the Government goes into the cathedral, makes trash heaps of altars and crucifixes, and pastes seals on its paintings of the Madonnas and in the church offices on the typewriters certifying that they are the property of the Government? Is it not answered when the Red Shirts, even though not authorized, are permitted to invade church property in riotous manner? It is idle to discuss this question. Even a hasty review of this volume makes it perfectly clear that the Mexican state is persecuting the church. For the Foreign Secretary and the Ambassador to the United States to reiterate denials is as disingenuous as it is inept.

AN UNJUST ARREST

The policies of the Government are amateurish and almost childish. They are very frequently carried out with a playful sarcasm or a hilarious insolence which is entirely gratuitous. Archbishop Diaz is in every way as much of a gentleman as Señor Portes Gil, and that is saying a good deal. The archbishop's arrest on a lonely road in the middle of the night, his long detention, and the treatment which accompanied it—on the absurd charge that he was carrying a machine gun in his car—ought to have brought forth, as I expected it would, an apology from some gentleman in the Government. In my opinion, the representatives of the Mexican Government are, to say the least, poor sportsmen. Any honest and courageous referee would rule them off the floor. While there are undoubtedly sincere men in the Cabinet, there is neither sincerity nor sanity in Government procedure.

INDIVIDUAL LIBERTY HAS PERISHED

When, moreover, we come to consider the individual Mexican Catholic he has not, with relatively few exceptions, forfeited his right to liberty. The state, in its institutional attack, has made no effort whatever to preserve his freedom. It has appeared to seek retaliation rather than justice. It has been, to some degree, punishing men, and in too large measure, for the misdeeds of their more or less ancient ancestors or predecessors.

WHY DOES NOT MEXICO PUNISH THE REAL CRIMINALS?

One could also wish that the Mexican Government would express its moral indignation more frequently to those not of the church, but of the state itself, to men whose misdemeanors cry out to heaven.

The Mexican state imperils its efforts for social justice in one realm of the human social order when it does injustice in another. Even when its aims in curtailing the power of the church are right, its measures are often completely wrong on two counts—they are both unjust and unnecessary. It is a contradiction so plain that the most unlearned may see it—to tell a man he may have religious liberty while preventing him from exercising it by his own forms, rites, and ceremonies, providing these injure no one else.

A BLASPHEMOUS PUBLICATION

Cristo Rey, a newspaper previously quoted, which imitates the style of Russian journals, carries alongside its front-page title a caricature of Jesus in an apparently intoxicated condition, wearing a crown at a rakish angle, suggestive of ribaldry. When I told Señor Portes Gil that the government was charged with being responsible for the publication, he answered that the allegation was "absolutely false." I have no doubt that he thought he was telling the truth, for there is a good deal of duplicity inside state circles. The right hand of the government often does not know what the left hand is doing. As a matter of fact, however, I found that the street address named in the headline of the paper was but a sub- or pseudo-office and that the paper was printed in and issued from the official printing office of the department of agriculture. From that same office are issued some of the hideous cartoons to which reference has been made, and on its walls are posters declaring that the oppressed state of the people is due to "belief in God."

THE VOICE OF JACOB AND THE HAND OF ESAU

In his essay printed with the imprint of his Cabinet office, Señor Portes Gil does reverent homage to Jesus, refers to Him as the Master, and capitalizes the pronouns in referring to Him, appeals to the "Gospel" of Jesus, declares that "Mexico applauds" elements of "the doctrine" of the Master, while the printing presses of the department of agriculture continue to turn out another piece of literature weekly carrying a repulsive representation of Jesus on its headline. The voice sounds like that of Jacob, but the hand is that of Esau. Señor Portes Gil had assured me that the Cabinet members shared the same ideologia. Evidently this term has considerable amplitude in its circumferential area.

One can stand much of the contradictoriness of Mexican politics, but not quite to the extent of "collective" (to use the oft-employed term) whether or not the document of the Secretary of Foreign Relations is intended for consumption in the United States, while that issued from the department of agriculture is prepared for the edification of the peasants of Mexico.

Dr. Macfarland is a Protestant clergyman, and as such can be presumed to entertain no bias in favor of any particular religious group in Mexico. His testimony clearly is that of an honest observer, an observer who looked beyond the blandishments of Mexican governmental propagandists, one who pierced the veil of hypocrisy and duplicity that is held before gullible "foreign" investigators. Like all effective witnesses, Dr. Macfarland must be accepted as conclusive, because he is disinterested and honest. His testimony so far as it concerns the character of Mexican governmental religious politics is damning.

THE HABANA CONVENTION

On February 20, 1928, the Mexican Government formally ratified the Habana Convention, drawn at the Pan American Conference held in the Cuban capital. This convention contains, among other things, the following:

States must recognize in domiciled or transient foreigners in their territory all the individual guarantees which they recognize in favor of their own nationals and the enjoyment of the essential civil rights.

The Mexican Government's interpretation of this clause, as indicated by an anterior decree of March 12, 1928, is as follows:

Aliens are under the protection of the laws and enjoy the civil rights which they (the aliens) grant the Mexicans.

All of this, mind you, is a solemn pact, an agreement between Pan American nations. It is a pledge ratified by the Mexican Nation, a solemn promise, a guaranty to protect the rights of aliens domiciled in Mexico against aggression from Mexican local authorities. And how, I ask, has the Government of Mexico observed the solemn pledges contained in this document? How has it regarded its pledges made in the congress of Pan American nations assembled at Habana in 1928?

If you entertain convictions adverse to any particular religious group or institution in Mexico, dismiss from your minds the fact that many of the clergy or religious driven from Mexico were in the category of "aliens" referred to in the Habana Pact, that many were citizens of our own country, of Spain, and of other nations. Their ouster clearly was a violation of the Habana Convention, but dismiss that phase of the matter from your minds and consider the case of the Mennonites. Consider the recent closing of their 11 schools for refusal to teach socialistic doctrines of atheism and of sex.

The Mennonites not only are "aliens" within the purview of the Habana Pact (being citizens of the United States), but they hold a contract from the Mexican Government guaranteeing them freedom of worship and freedom of educational policies. The closing of their schools is not only flouting the Havana Convention, but a violation of international law as well. The Mexican Government then stands before the bar of public opinion, the tribunal of world opinion, as a Government that regards solemn pledges to other nations as mere scraps of paper. It is a Government that stands convicted by its own acts of international duplicity. It is a Government that signs with its hand a pact of international accord while harboring in its heart the design of disregarding it.

A REGIME OF LAWLESSNESS

There have been 72 so-called "governments" in Mexico since the dawn of what masks as "independence" below the Rio Grande. Seventy-two governments, 55 of which have been headed by military men, and 12 of which only had any semblance of legal origin. The only "honest" election ever held in Mexico was that of Madero, Madero the idealist, the dreamer, who said, "I do not want to kill my people to make them good." He himself was assassinated in the treacherous and cowardly manner characteristic of Mexican political assassinations. Madero was honest and he loved his people, virtues that were out of harmony with the selfish schemes of men like Huerta, Carranza, Obregon, Calles, Morones, and others who have made the term "government by the people" a mockery in Mexico. As one writer has said, Mexico's Judases will be found in a long line of disturbers and thieves, who, for selfish ends, have made a mockery of the ballot while they appealed to the power of the sword.

Even Dr. Gruening in his great apology for Calles and his avaricious pack, Mexico and its Heritage, admits, to quote from his book:

Effective suffrage is as much a hope deferred as at any time in Mexican history.

And in the same book, Dr. Gruening tells of his investigation to ascertain whether "justice" could be had in Mexico. He interviewed 22 of the most prominent Mexican lawyers whose conclusions were as follows:

One. That Mexico's judicial procedure needs reform.

Two. That the judiciary was not independent of the executives.

Three. That corruption existed among the judiciary.

One attorney he quotes as stating:

There is not one judge, not one, who is not purchasable.

THE CLIQUE OF "MILLIONAIRE SOCIALISTS"

Señor Luis Morones, fat, flabby, and immensely wealthy, is the leader of the labor movement in Mexico, the man behind Calles, and the liaison man between Calles and Moscow. Comrade Morones is the friend of the workingman, as the old-fashioned politicians would put it in this country.

In his crusading for the betterment of the humble worker Señor Morones has managed to amass considerable wealth for himself, a veritable palace in the suburbs of the capital, a fleet of expensive motor cars, and live off the fleshpots of the land. But let Dr. Gruening tell you of Señor Morones. I quote from his book again:

The head of the Mexican labor movement, Luis N. Morones, has become the man of wealth. He owns many properties, including a textile factory, though not in his own name. He lives lavishly. He sports not less than a dozen automobiles. His "whoopie" parties staged every week-end in the suburb of Tlalpam are notorious for their orgiastic extravagance. In a retreat, intended not for any considerable group of workers for the inner clique, the "grupo accion" a great steel-girded fronton court, swimming pool, bowling alleys, tennis court, and three dwellings with a retinue of servants, lift this club to a plane of luxury unequaled except by millionaires' country clubs in the United States. Comrade Monores' diamonds have become famous.

Apparently it pays well to be a member of the inner clique of the National Revolutionary Party in Mexico. The peon, the poor laborer, ekes out a bare existence on rice and beans; his savior, the great Señor Morones, who luxuriates in palaces, expensive motor cars, and diamonds. For the church to possess wealth is a crime against the state, but for Comrade Morones, for Calles, and others of the "inner clique" to amass tremendous personal fortunes—ah, that is quite another thing.

THE MIRAGE OF EDUCATIONAL PROGRESS

In his glowing account of the educational effort of the Calles administration Dr. Gruening tells of a large number of new schools that were erected, especially rural schools, and then in the next breath we read—I quote from his book once more:

It will be noted that statistics are largely absent from this résumé of Mexico's educational endeavors. They are omitted not because of any question of their accuracy or inaccuracy but because of the ephemeral character of much of Mexico's reconstructive effort renders the data of a given moment meaningless. A school open one year may be closed the next even before the ink that described it has dried.

SO-CALLED "EDUCATION"

The Mexican revolutionist, the radical, the red, as typified by men like Calles, Morones, and the present chief executive, Cardenas, have destroyed the private schools of Mexico and that means the educational system of Mexico. What form of education have they established in its place? What is the goal, the objective of education in Mexico today as espoused by the National Revolutionary Party? In a broadcast from Guadalajara on July 19, 1934, Calles, speaking on education as outlined in the so-called "6-year plan", declared:

It is necessary that we enter a new period of the revolution. I would call this period the psychological period of the revolution. We must enter and take possession of the consciences of the young because they do belong to the revolution.

CALLES—AN ECHO OF LENIN

I seem to recall an utterance similar to that as emanating from Soviet Russia, from Lenin or one of his disciples, in the period when anti-Christ propaganda was rampant among the Soviets.

But to search further, to probe a bit deeper, for the seed of the present Mexican educational program. Senator Padilla, secretary of the National Revolutionary Party, delivered himself of the following on October 20, 1934:

Religion is something that is in the heart, in the convictions of men. It cannot be destroyed by brute force. It can be destroyed, if at all, only by persuasion. For this reason the Mexican revolution has made a chief instrument of its policy the diffusion of education which is eminently socialistic. Religion is to be combated with the book, by teaching and by persuasion.

Señor Padilla was not speaking alone of one particular faith. He used, you will note, the word religion and that means forms of worship revered by Catholic, Protestant, and Jew alike. It means that the Mexican Government has gone Red, gone anti-God, and is definitely committed to the policy of driving God from Mexican soil. Both of these declarations mean that the Mexican Government intends to "take hold of

the conscience of the young" and instill therein the doctrines of Marx, of Lenin, and of other radicals whose disciples decry the very name of God.

And if further doubt exists, read the report of the special correspondent of the New York World-Telegram of May 6 last, who asked, at the close of a cabinet meeting and in the presence of President Cardenas, "Is Mexico headed for communism?" and received the answer from one of the Chief Executive's advisers:

It decidedly is. We are directing all of our energies toward this end.

And the further declaration of Señor Garcia-Tellez, Minister of Education:

Private property can have no place in the revolutionary scheme.

I wonder if the palatial residences of Luis Morones and the fabulous holdings of Calles and others at the head of the party are included in that category.

And then consider, if you will, the teacher's pledge, now required under the educational program:

I, before the federal board of education, solemnly declare without reservation whatsoever, to accept the program of the socialistic school and to be its propagandist and defender; I declare myself an atheist and irreconcilable enemy of the Roman Apostolic Catholic religion, and that I will exert every effort to destroy it, releasing the conscience from every religious worship, and to be ready to fight against the clergy in whatsoever field it may be necessary; also, I will not permit in my home any religious practices of any kind whatever; lastly, I will not permit any of my household to take part in any religious act whatever.

Hence, when the child enters the classroom in the morning he says: "Good morning, teacher; there is no God." The teacher replies: "Good morning, child; there never was a God."

God cannot remain in Mexico if the country is to be made over according to the plans of the National Revolutionary Party. He does not figure in them. In the schools of the State of Chihuahua are inscriptions on the walls which read, "God does not exist—never has existed."

SCHOLARLY TESTIMONY

Bishop Kelley, of Oklahoma, who spent many years in Mexico, has written a splendid book concerning the Mexican church situation entitled "Blood Drenched Altars." I should like to read an excerpt therefrom, which states the position of the church in unmistakable language:

What the church can neither stand nor tolerate is the subjection of the gospel of Christ to the spirit of the world. She can let her churches go, her schools, her plan of action in places, her very physical existence itself. She cannot let her soul go. She cannot abandon the divine mission confided to her. She neither asks nor wants to force the minds of men. But she both asks and wants the right to speak to them. She neither asks nor wants to condemn any theory unheard, but she insists that it shall not, before it has been tested, masquerade as the truth.

WHAT OF THE BORAH RESOLUTION?

On January 30 of this year Senator BORAH introduced in the Senate Resolution No. 70, which is a protest against religious persecution by the Government of Mexico and authorizes an investigation thereof by the Committee on Foreign Relations. The Borah resolution was referred to the Committee on Foreign Relations and to date has reposed in that committee without action. Why I cannot state. But is it not a matter of serious concern to this great Nation of ours—this Nation that is the champion of liberty and human rights—that a red dictatorship across our southern border masks as a democratic form of government, holds in ruthless subjugation, by armed force, an overwhelming majority of Christian people and ridicules the sacred name of God? Does it not concern the Government of this Nation that an unscrupulous minority below the Rio Grande is flouting the most hallowed principles of our Government, of all democratic government? If not, then the words of the immortal Lincoln—"government of the people, by the people, and for the people", toward which our governmental strivings are directed—no longer mean anything.

THE UNITED STATES—A DEFENDER OF LIBERTY

This Nation always has been foremost among those to champion the rights of man and quick to protest against infringements thereof. Massacres of Armenians by the Turks, Jewish pogroms in Russia, and other atrocities in various parts of the world have been the subject of governmental protest. Why does the administration hold back now? Why not an official protest concerning Mexico? Is the Mexican situation any different in character than that of Armenia or of Russia?

WHY DO THE MEXICAN MILLIONAIRES FEAR THE TRUTH?

Surely the Mexican Government, with its host of propagandists here and in other parts of the Nation, should not object to an investigation.

No nation need have fear of an investigation if that nation stands on honest ground. The Mexican Government, through its attorney general, Señor Portes Gil, has issued a "white book" attempting to justify its attitude toward the church. Members of Congress, Governors of States, and others received a copy of this publication, which as a brief in support of the National Revolutionary Party was a colossal masterpiece of twisted facts, distorted evidence, and absurd argument. But the point is that in presenting it, in sending it through the mails to Senators and Representatives of the American people, the Mexican Government, in effect, was saying: "Here is our case against the Catholic Church. We are apprehensive lest you misjudge our acts against the church. We desire that you should consider our side of the case and pass it on to your people." By so doing the Mexican Government was inviting investigation by our national legislative body, was requesting the national legislative body to probe into its relations with the church. Can it demur, then, if a committee of the Senate, under authority of the Borah resolution, carries its implied desire into complete reality? Can it object to a show-down before what would prove an investigative body of civilized public opinion?

Surely, if Señor Calles, if Comrade Morones, if Attorney General Portes Gil have acted in good faith they should be happy, yes, eager to have that good faith established by the United States Senate. But have no undue apprehensions, those of you who may entertain doubts concerning the wisdom of such procedure. The National Revolutionary Party of Mexico is a creature of the shadows; of the dark, unholy, loathsome rat holes and recesses where iniquity, injustice, and murder are spawned. Like the foul, slinking, cowardly creatures of the night, it cannot stand a light of unprejudiced, honest public opinion. And because of that, it dare not face an unbiased investigative body.

THIS IS THE CAUSE OF GOD HIMSELF

The cause of God on earth is a glorious institution of yesterday—of today—of tomorrow. It will live on as a glorious institution long after the warped souls of Señor Calles and his precious henchmen have gone to their just reward. It has prevailed against Roman emperors, against the French Revolution, against the barbarous fanaticism of red Russia—and it will prevail in Mexico. For who are Calles, Morones, Cardenas, Portes Gil, and others of their ilk but little men fighting during their brief span of living against an institution whose life is eternal? And, like the revolutionists of France, of Russia, and elsewhere, they may destroy the body of the church, but they know they never can destroy its soul. They know, as does history, that the church eventually rises sphinx-like from the ashes of red conflagrations stronger and more powerful than before.

THE WORDS OF ONE OF OUR NOBLEST PATRIOTS

Mr. Speaker, permit me to conclude my remarks on this subject by a quotation from an eminent citizen, patriot, and prelate, His Eminence Patrick Cardinal Hayes. Every man, woman, and child in this great country of ours loves and respects the "Cardinal of Charity." Let his words ring in our ears this afternoon. Speaking "with charity toward all and personal animosity toward none", in his recent pastoral

letter to the people of the great archdiocese of New York, he put on record this solemn warning:

The persecution of all faiths in Mexico is "the death struggle of humanity."

EMIGRATION OF CERTAIN FILIPINOS FROM THE UNITED STATES

Mr. WELCH. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 6464) to provide means by which certain Filipinos can emigrate from the United States, with a Senate amendment, and concur in the Senate amendment.

The Clerk read as follows:

"An act to provide means by which certain Filipinos can emigrate from the United States" do pass with the following amendment: Page 3, line 13, after "States", insert "except as a quota immigrant under the provisions of section 8 (a) (1) of the Philippine Independence Act of March 24, 1934, during the period such section 8 (a) (1) is applicable."

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

The Senate amendment was agreed to.

A motion to reconsider was laid on the table.

ALCOHOLIC BEVERAGE CONTROL

Mrs. NORTON. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill H. R. 5809, to control the manufacture, transportation, possession, and sale of alcoholic beverages in the District of Columbia, with a Senate amendment, and concur in the Senate amendment.

The Clerk read as follows:

An act to amend an act entitled "An act to control the manufacture, transportation, possession, and sale of alcoholic beverages in the District of Columbia" do pass with the following amendment: Strike out all after the enacting clause down to and including "Subsections", in line 9, and insert "That subsections."

The SPEAKER. Is there objection to the request of the gentlewoman from New Jersey?

There was no objection.

The Senate amendment was agreed to.

A motion to reconsider was laid on the table.

ADDITIONAL CIRCUIT JUDGE, NINTH JUDICIAL DISTRICT

Mr. LLOYD. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 5917) to provide for the appointment of 2 additional judges of the District Court of the United States for the Southern District of California, 1 additional judge for the circuit court, ninth judicial circuit, and an additional district judge for the eastern district of Virginia, and for other purposes, with Senate amendments, disagree to the Senate amendments, and agree to the conference asked by the Senate.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Washington? [After a pause.] The Chair hears none and appoints the following conferees: Messrs. MONTAGUE, LLOYD, and GUYER.

HOUR OF MEETING

Mr. TAYLOR of Colorado. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet at 11 o'clock a. m. tomorrow.

The SPEAKER. Is there objection to the request of the gentleman from Colorado?

There was no objection.

ORDER OF BUSINESS

Mr. TAYLOR of Colorado. Mr. Speaker, I ask unanimous consent that business in order under clause 3 of rule XIII on Monday next; that business in order under clause 6 of rule XXIV on Tuesday next; and that business in order under clause 7 of rule XXIV on Wednesday next, be dispensed with.

The SPEAKER. Is there objection to the request of the gentleman from Colorado?

There was no objection.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. RAMSAY, for today, on account of illness.

To Mr. LESINSKI, until Tuesday, July 2, on acount of illness in family.

To Mr. OLIVER, at the request of Mr. HILL of Alabama, for 1 week on account of illness.

SENATE BILLS REFERRED

Bills and a joint resolution of the Senate of the following titles were taken from the Speaker's table and, under the rule, referred as follows:

S. 166. An act for the relief of Jack Doyle; to the Committee on Military Affairs.

S. 427. An act authorizing the reimbursement of Edward B. Wheeler and the State Investment Co. for the loss of certain lands in the Mora Grant, N. Mex.; to the Committee on Claims.

S. 501. An act to authorize the establishment of a Coast Guard station on the coast of Oregon at or near Taft, Oreg.; to the Committee on Merchant Marine and Fisheries.

S. 810. An act equalizing annual leave of employees of the Department of Agriculture stationed outside the continental limits of the United States; to the Committee on Agriculture.

S. 1084. An act for the relief of W. F. Lueders; to the Committee on Claims.

S. 1103. An act for the relief of William K. Beldin; to the Committee on Military Affairs.

S. 1111. An act for the relief of Alfred L. Hudson and Walter K. Jeffers; to the Committee on Claims.

S. 1139. An act for the relief of Henry C. Zeller and Edward G. Zeller with respect to the maintenance of suit against the United States for the recovery of any income tax paid to the United States for the fiscal year beginning October 1, 1916, and ending September 30, 1917, in excess of the amount of tax lawfully due for such period; to the Committee on Claims.

S. 1225. An act for the relief of Harry H. A. Ludwig; to the Committee on the Civil Service.

S. 1313. An act providing for waiver of prosecution by indictment in certain criminal proceedings; to the Committee on the Judiciary.

S. 1382. An act to provide for the taking of depositions in criminal proceedings, and for other purposes; to the Committee on the Judiciary.

S. 1689. An act for the relief of Frank Fisher; to the Committee on Military Affairs.

S. 1690. An act for the relief of R. G. Andis; to the Committee on Claims.

S. 1832. An act to authorize the Secretary of the Interior to provide, by agreement with Middle Rio Grande Conservancy District, a subdivision of the State of New Mexico, for maintenance and operation on newly reclaimed Pueblo Indian lands in the Rio Grande Valley, N. Mex., reclaimed under previous act of Congress and authorizing an annual appropriation to pay the cost thereof for a period of not to exceed 5 years; to the Committee on Indian Affairs.

S. 1861. An act to incorporate the National Association of State Libraries; to the Committee on the District of Columbia.

S. 1892. An act to amend the act authorizing the Attorney General to compromise suits on certain contracts of insurance; to the Committee on World War Veterans' Legislation.

S. 1935. An act for the relief of Marion Shober Phillips; to the Committee on Claims.

S. 2034. An act to prevent the fouling of the atmosphere in the District of Columbia by smoke and other foreign substances, and for other purposes; to the Committee on the District of Columbia.

S. 2175. An act to grant to the State of California a retrocession of jurisdiction over certain rights-of-way granted to the State of California over certain roads about to be constructed in the Presidio of San Francisco Military Reservation and Fort Baker Military Reservation; to the Committee on Military Affairs.

S. 2253. An act to make better provision for the Government of the military and naval forces of the United States by the suppression of attempts to incite the members thereof to disobedience; to the Committee on Military Affairs.

S. 2351. An act to amend section 66 of the Judicial Code to provide for the enforcement of the lien of State and local taxes against property in the possession of receivers and other officers of the United States courts without leave of such courts; to the Committee on the Judiciary.

S. 2369. An act to amend an act entitled "An act to provide for the repatriation of certain insane American citizens", approved March 2, 1929 (45 Stat. 1495); to the Committee on the Judiciary.

S. 2399. An act to permit citizens of the Philippine Islands to receive instruction at the United States Military Academy; to the Committee on Military Affairs.

S. 2434. An act for the relief of George W. Hallowell, Jr.; to the Committee on Claims.

S. 2488. An act for the relief of the widows of an inspector and certain special agents of the Division of Investigation, Department of Justice, and operative in the Secret Service Division, Department of the Treasury, killed in line of duty; to the Committee on Claims.

S. 2496. An act to amend the Railway Labor Act; to the Committee on Interstate and Foreign Commerce.

S. 2510. An act, authorizing the western bands of the Shoshone Tribe of Indians to sue in the Court of Claims; to the Committee on Indian Affairs.

S. 2551. An act to make immediately available the unexpended balances of certain appropriations for the construction or reconstruction of roads and bridges in flood areas of Missouri, Mississippi, Louisiana, Arkansas, Kentucky, and Alabama; to the Committee on Appropriations.

S. 2664. An act to aid in defraying the expenses of the Third Triennial Meeting of the Associated Country Women of the World, to be held in this country in June 1936; to the Committee on Foreign Affairs.

S. 2695. An act to add certain lands to the Medicine Bow National Forest, Wyoming; to the Committee on Public Lands.

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

S. 2799. An act to provide for licensing the taking of water from the Government-owned main at Cascade Locks, Oreg.; to the Committee on Rivers and Harbors.

S. 2806. An act for the relief of William A. Devine; to the Civil Service Committee.

S. 2830. An act to repeal sections 1, 2, and 3 of Public Law No. 203, Sixtieth Congress, approved February 3, 1909; to the Committee on the District of Columbia.

S. 2930. An act to provide a preliminary examination of the Sammamish River, Wash., with a view to control of its floods; to the Committee on Flood Control.

S. 2934. An act to provide a preliminary examination of the Duwamish River, Wash., with a view to control of its floods; to the Committee on Flood Control.

S. 2939. An act to provide for the issuance of a license to practice the healing art in the District of Columbia to Dr. Ronald A. Cox; to the Committee on the District of Columbia.

S. 2950. An act granting the consent of Congress to the county of Saline, Mo., to construct, maintain, and operate a toll bridge across the Missouri River at or near Miami, Mo.; to the Committee on Interstate and Foreign Commerce.

S. 2990. An act to preserve from extinction the American eagle, emblem of the sovereignty of the United States of America; to the Committee on Agriculture.

S. 3018. An act to authorize the Secretary of War to acquire by donation land at Valparaiso in Okaloosa County, Fla., for aviation field, military, or other public purposes; to the Committee on Military Affairs.

S. 3038. An act to authorize the transfer of certain lands in Rapides Parish, La., to the State of Louisiana for the purpose of a State highway across a portion of the Federal property occupied by the Veterans' Administration facility, Alexandria, La.; to the Committee on Public Buildings and Grounds.

S. 3058. An act to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, and acts amendatory thereof and supplementary thereto, and for other purposes; to the Committee on the Judiciary.

S. 3120. An act to authorize and direct the Secretary of the Treasury to transfer certain moneys to "Funds of Federal prisoners"; to the Committee on the Judiciary.

S. J. Res. 144. Joint Resolution to provide for the payment of compensation and expenses of the Railroad Retirement Board as established and operated pursuant to section 9 of the Railroad Retirement Act of June 27, 1934, and to provide for the winding up of its affairs and the disposition of its property and records, and to make an appropriation for such purposes; to the Committee on Interstate and Foreign Commerce.

ENROLLED BILLS SIGNED

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee had examined and found truly enrolled, bills and a joint resolution of the House of the following titles, which were thereupon signed by the Speaker:

H. R. 5809. An act to amend an act entitled "An act to control the manufacture, transportation, possession, and sale of alcoholic beverages in the District of Columbia.

H. R. 7160. 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.

H. J. Res. 324. Joint resolution to provide revenue, and for other purposes.

The Speaker announced his signature to enrolled bills of the Senate of the following titles:

S. 2738. An act to authorize the use of park property in the District of Columbia and its environs by the Boy Scouts of America at their national jamboree; and

S. 2917. An act authorizing an appropriation to effect a settlement of the remainder due on Pershing Hall, a memorial already erected in Paris, France, to the commander in chief, officers, and men of the expeditionary forces, and for other purposes.

BILLS PRESENTED TO THE PRESIDENT

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee did on June 26, 1935, present to the President, for his approval, bills of the House of the following titles:

H. R. 115. An act to amend section 27 of the Merchant Marine Act. 1920;

H. R. 1119. An act for the relief of Joseph W. Harley;

H. R. 1292. An act for the relief of Grace McClure;

H. R. 1438. An act for the relief of Carrie McIntyre;

H. R. 3556. An act for the relief of Sophie Carter;

H. R. 3574. An act for the relief of Nellie T. Francis;

H. R. 4034. An act for the relief of Charles Szymanski;

H. R. 4105. An act for the relief of Julian C. Dorr;

H. R. 4123. An act providing for the payment of $15 to each enrolled Chippewa Indian of the Red Lake Band of Minnesota from the timber funds standing to their credit in the Treasury of the United States;

H. R. 4368. An act for the relief of E. C. West;

H. R. 4505. An act granting consent of Congress to the State of Maine and the Dominion of Canada to maintain a bridge already constructed across the St. John River between Madawaska, Maine, and Edmundston, New Brunswick, Canada;

H. R. 4610. An act for the relief of John J. Moran;

H. R. 4651. An act for the relief of the Noble County (Ohio) Agricultural Society;

H. R. 4764. An act for the relief of the officers and men of the United States Naval and Marine Corps Reserves who performed flights in naval aircraft in connection with the search for victims and wreckage of the United States dirigible *Akron*;

H. R. 4808. An act for the relief of the Richmond, Fredericksburg & Potomac Railroad Co.;

H. R. 4811. An act for the relief of George W. Miller;

H. R. 5774. An act to authorize a preliminary examination of Rogue River and its tributaries in the State of Oregon, with a view to the control of its floods;

H. R. 5775. An act to authorize a preliminary examination of Siuslaw River and its tributaries in the State of Oregon, with a view to the control of its floods;

H. R. 5776. An act to authorize a preliminary examination of Yaquina River and its tributaries in the State of Oregon, with a view to the control of its floods;

H. R. 5777. An act to authorize a preliminary examination of Siletz River and its tributaries in the State of Oregon, with a view to the control of its floods;

H. R. 6717. An act to amend section 1 of the act of July 8, 1932;

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.;

H. R. 7083. An act to extend the times for commencing and completing the construction of a bridge across the Wabash River at or near Merom, Sullivan County, Ind.;

H. R. 7235. An act to amend the act entitled "An act to make provision for suitable quarters for certain Government services at El Paso, Tex., and for other purposes;

H. R. 7254. An act for the relief of Lily M. Miller;

H. R. 7313. An act authorizing a preliminary examination of Gafford Creek, Ark.;

H. R. 7314. An act authorizing a preliminary examination of Point Remove Creek, Ark., a tributary of the Arkansas River;

H. R. 7374. An act 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;

H. R. 7526. An act to amend the act approved February 20, 1931 (Public, No. 703, 71st Cong.), entitled "An act to provide for special assessments for the paving of roadways and the laying of curbs and gutters;

H. R. 7600. An act authorizing a preliminary examination of the Tanana River and Chena Slough, Alaska;

H. R. 7870. An act to provide a preliminary examination of the Purgatorie (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. R. 3180. An act for the relief of Ruth Nolan and Anna Panozza; and

H. R. 7765. An act to amend (1) an act entitled "An act providing a permanent form of government for the District of Columbia"; (2) an act entitled "An act to establish a code of law for the District of Columbia"; to regulate the giving of official bonds by officers and employees of the District of Columbia, and for other purposes.

ADJOURNMENT

Mr. TAYLOR of Colorado. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 30 minutes p. m.), in accordance with its previous order, the House adjourned until tomorrow, Friday, June 28, 1935, at 11 o'clock a. m.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. WILSON of Louisiana: Committee on Flood Control. H. R. 8199. A bill to provide a preliminary examination of the Huerfano River in Huerfano and Pueblo Counties, and the Cuchara River in Huerfano County, Colo., with a view to the control of their floods and the conservation of their waters; without amendment (Rept. No. 1379). Referred to the Committee of the Whole House on the state of the Union.

Mr. WILSON of Louisiana: Committee on Flood Control. H. R. 8300. A bill to authorize a preliminary examination of Suwannee River in the State of Florida, from Florida-Georgia State line to the Gulf of Mexico; without amendment (Rept. No. 1380). Referred to the Committee of the Whole House on the State of the Union.

Mr. WILSON of Louisiana: Committee on Flood Control. H. R. 8341. A bill to provide a preliminary examination of Cedar River and its tributaries, in the State of Washington, with a view to the control of its flood waters; without amendment (Rept. No. 1381). Referred to the Committee of the Whole House on the state of the Union.

Mr. WILSON of Louisiana: Committee on Flood Control. H. R. 8342. A bill to provide a preliminary examination of Nisqually River and its tributaries, in the State of Washington, with a view to the control of its flood waters; without amendment (Rept. No. 1382). Referred to the Committee of the Whole House on the state of the Union.

Mr. WILSON of Louisiana: Committee on Flood Control. H. R. 8378. A bill to authorize a preliminary examination to be made of the Contentnea Creek, in the State of North Carolina, with a view to the control of floods; without amendment (Rept. No. 1383). Referred to the Committee of the Whole House on the state of the Union.

Mr. BURNHAM: Committee on Naval Affairs. H. R. 1381. A bill to amend Public Law No. 249, Seventy-first Congress, entitled "An act to authorize the Secretary of the Navy to dispose of material no longer needed by the Navy"; without amendment (Rept. No. 1384). Referred to the Committee of the Whole House on the state of the Union.

Mr. DARDEN: Committee on Naval Affairs. H. R. 5729. A bill to amend the act entitled "An act to provide additional pay for personnel of the United States Navy assigned to duty on submarines and to diving duty", to include officers assigned to duty at submarine training tanks and diving units, and for other purposes; with amendment (Rept. No. 1385). Referred to the Committee of the Whole House on the state of the Union.

Mr. MAAS: Committee on Naval Affairs. H. R. 5916. A bill to authorize the conveyance by the United States to the State of Michigan of the former United States lighthouse supply depot, St. Joseph, Mich., for State naval force purposes; without amendment (Rept. No. 1386). Referred to the Committee of the Whole House on the state of the Union.

Mr. VINSON of Georgia: Committee on Naval Affairs. H. R. 7486. A bill to authorize the appointment of midshipmen from among honor graduates of "honor schools" and from among members of the Naval Reserve Officers' Training Corps; with amendment (Rept. No. 1387). Referred to the Committee of the Whole House on the state of the Union.

Mr. YOUNG: Committee on Naval Affairs. S. 883. An act directing the retirement of acting assistant surgeons of the United States Navy at the age of 64 years; with amendment (Rept. No. 1388). Referred to the Committee of the Whole House on the state of the Union.

Mr. SCOTT: Committee on Naval Affairs. S. 1206. An act authorizing the transfer of certain lands near Vallejo, Calif., from the United States Housing Corporation to the Navy Department for naval purposes; without amendment (Rept. No. 1389). Referred to the Committee of the Whole House on the state of the Union.

Mr. BURNHAM: Committee on Naval Affairs. S. 2230. An act to authorize the Secretary of the Navy to acquire a suitable site at Pearl Harbor, Territory of Hawaii, for a rear range light; without amendment (Rept. No. 1390). Referred to the Committee of the Whole House on the state of the Union.

Mr. HIGGINS of Connecticut: Committee on Naval Affairs. S. 2378. An act authorizing the Secretary of the Navy to

accept on behalf of the United States a bequest of certain personal property of the late Dr. Malcolm Storer, of Boston, Mass.; without amendment (Rept. No. 1391). Referred to the Committee of the Whole House on the state of the Union.

Mr. O'CONNELL: Committee on Naval Affairs. S. 2846. An act authorizing the Secretary of the Navy to accept on behalf of the United States the devise and bequest of real and personal property of the late Paul E. McDonnold, passed assistant surgeon with the rank of lieutenant commander, Medical Corps, United States Navy, retired; without amendment (Rept. No. 1392). Referred to the Committee of the Whole House on the state of the Union.

Mr. WILSON of Louisiana: Committee on Flood Control. H. R. 8301. A bill to authorize a supplemental examination of the Marais des Cygnes River, in the State of Kansas, with a view to the control of their floods; without amendment (Rept. No. 1393). Referred to the Committee of the Whole House on the state of the Union.

Mr. LAMBETH: Committee on Printing. Senate Concurrent Resolution 17. Concurrent resolution providing for the disposition of certain obsolete Government publications stored in the folding rooms of Congress; without amendment (Rept. No. 1397). Referred to the Committee of the Whole House on the state of the Union.

Mr. GREGORY: Committee on the Judiciary. H. R. 7955. A bill to establish a new division of the northern district of Georgia with terms of court to be held at Newnan, Ga.; with amendment (Rept. No. 1398). Referred to the Committee of the Whole House on the state of the Union.

Mr. CELLER: Committee on the Judiciary. H. R. 6376. A bill to amend section 118 of the Judicial Code to provide for the appointment of law clerks to United States district court judges; with amendment (Rept. No. 1399). 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. DELANEY: Committee on Naval Affairs. H. R. 2156. A bill for the relief of Cecelia Callahan; without amendment (Rept. No. 1373). Referred to the Committee of the Whole House.

Mr. BURNHAM: Committee on Naval Affairs. H. R. 5864. A bill for the relief of Hallie Coffman; without amendment (Rept. No. 1374). Referred to the Committee of the Whole House.

Mr. MILLARD: Committee on Naval Affairs. H. R. 3856. A bill for the relief of Charles Edward Poole; without amendment (Rept. No. 1375). Referred to the Committee of the Whole House.

Mr. YOUNG: Committee on Naval Affairs. H. R. 5405. A bill for the relief of Robert N. Wallace; without amendment (Rept. No. 1376). Referred to the Committee of the Whole House.

Mr. MAAS: Committee on Naval Affairs. H. R. 6205. A bill for the relief of Wiley H. Nanney; without amendment (Rept. No. 1377). Referred to the Committee of the Whole House.

Mr. SMITH: Committee on Military Affairs. H. R. 5768. A bill for the relief of Peter Haan; without amendment (Rept. No. 1394). Referred to the Committee of the Whole House.

Mr. McFARLANE: Committee on Naval Affairs. H. R. 1476. A bill to correct the military record of Casimer F. Brylski; without amendment (Rept. No. 1395). Referred to the Committee of the Whole House.

Mr. DELANEY: Committee on Naval Affairs. H. R. 7030. A bill to place George K. Shuler on the retired list of the United States Marine Corps; without amendment (Rept. No. 1396). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. CANNON of Wisconsin: A bill (H. R. 8691) pertaining to forfeiture of citizenship of American citizens; to the Committee on Immigration and Naturalization.

By Mr. DEMPSEY: A bill (H. R. 8692) authorizing construction, operation, and maintenance of Rio Grande canalization project and authorizing appropriation for that purpose; to the Committee on Foreign Affairs.

By Mr. DUNN of Mississippi: A bill (H. R. 8693) to provide for the appointment of one additional judge for the State of Mississippi; to the Committee on the Judiciary.

Also, a bill (H. R. 8694) to provide a preliminary examination of Chickasawha River and its tributaries in the State of Mississippi, with a view to the control of their floods; to the Committee on Flood Control.

Also, a bill (H. R. 8695) to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, and acts amendatory and supplementary thereto; to the Committee on the Judiciary.

By Mr. FISH: A bill (H. R. 8696) to provide funds for acquisition of a site, erection of buildings and furnishing thereof for the use of diplomatic and consular establishments of the United States at Warsaw, Poland; to the Committee on Foreign Affairs.

By Mrs. NORTON: A bill (H. R. 8697) to amend section 13 (c) of the District of Columbia Traffic Acts; to the Committee on the District of Columbia.

Also, a bill (H. R. 8698) to amend subchapter 2 of chapter 19 of the Code of Law for the District of Columbia, relating to offenses against property; to the Committee on the District of Columbia.

Mr. BUCKLEY of New York: A bill (H. R. 8699) to incorporate the United States Life Saving Corps; to the Committee on the District of Columbia.

By Mr. DIMOND: A bill (H. R. 8700) to amend an act entitled "An act extending the time in which to file adverse claims and institute adverse suits against mineral entries in the district of Alaska", approved June 7, 1910 (36 Stat. 459; U. S. C., title 48, sec. 386); to the Committee on the Public Lands.

By Mr. MEAD: A bill (H. R. 8701) to provide conditions for the purchase of supplies and the making of contracts, loans, or grants by the United States, and for other purposes; to the Committee on the Judiciary.

By Mr. BLOOM: Joint resolution (H. J. Res. 338) establishing a commission to be known as the "United States Commission for the Celebration of the One Hundredth Anniversary of the Birth of Mark Twain" (Samuel L. Clemens); to the Committee on the Library.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BOLTON: A bill (H. R. 8702) granting a pension to Florence I. Steele; to the Committee on Invalid Pensions.

By Mr. BOYLAN: A bill (H. R. 8703) for the relief of Ethelyn Chrane; to the Committee on Claims.

By Mr. COFFEE: A bill (H. R. 8704) granting an increase of pension to Mary M. Livingston; to the Committee on Invalid Pensions.

By Mr. COLLINS: A bill (H. R. 8705) for the relief of Claude Curteman; to the Committee on Claims.

Also, a bill (H. R. 8706) for the relief of Frank Polansky; to the Committee on Claims.

By Mr. McLEOD: A bill (H. R. 8707) for the relief of Philena Roach Thompson and Olive Roach; to the Committee on Military Affairs.

By Mr. REECE: A bill (H. R. 8708) for the relief of J. H. Atkins; to the Committee on Claims.

By Mr. ROMJUE: A bill (H. R. 8709) granting a pension to Mary L. Bruner; to the Committee on Invalid Pensions.

MEMORIALS

Under clause 3 of rule XXII, memorials were presented and referred as follows:

By the SPEAKER: Memorial of the State of California, memorializing the President of the United States and the Congress of the United States to cause an invitation to be extended to the people of the world to the Pacific Exposition, to be held in the county of Los Angeles, State of California; to the Committee on Foreign Affairs.

PETITIONS, ETC.

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

9015. By Mr. DARROW: Memorial of the Philadelphia Board of Trade, opposing enactment of bill (H. R. 4550); to the Committee on Merchant Marine and Fisheries.

9016. By Mr. PFEIFER: Telegram from the Chelsea Fiber Mills, Brooklyn, N. Y., concerning section 30 of House bill 8492; to the Committee on Agriculture.

9017. By Mr. REED of Illinois: Petition signed by Fred L. Berst and 572 others, urging passage of legislation (1) to regulate interstate carriers for hire by highway, (2) to regulate interstate commerce for hire by waterway, (3) to change the long- and short-haul clause of the Interstate Commerce Act; to the Committee on Interstate and Foreign Commerce.

9018. Also, petition signed by Mary Carpentier and 329 others, urging adoption and passage of Senate bill 1629 and House bill 5262; to the Committee on Interstate and Foreign Commerce.

9019. By Mr. TINKHAM: Resolution of the State officers and delegates to the convention of the Massachusetts State Council, Knights of Columbus, on the Mexican situation; to the Committee on Foreign Affairs.

9020. By Mr. TRUAX: Petition of Local No. 81, United Mine Workers, Corning, Ohio, having a membership of 382, by their president, William Brock; committeeman, John Capcho; and secretary, William Jenkins, urging support of the Guffey coal bill; to the Committee on Interstate and Foreign Commerce.

9021. Also, petition of the Trumbull County Central Labor Union, Niles, Ohio, by their secretary, George H. Gebhard, opposing the Clarke amendment to the social-security bill which allows companies to carry their own pensions and requesting use of influence to have same stricken out in conference; to the Committee on Ways and Means.

9022. Also, petition of Baker Raulang F. L. U., Local 20,012, Cleveland, Ohio, by their president, Elmer Davis, urging support of the Wagner labor-disputes bill and the Black 30-hour-week bill; to the Committee on Labor.

9023. Also, petition of Federal employees, United States Marine Hospital, Stapleton, N. Y., urging support of 30-day annual cumulative leave bill (H. R. 8458) and 15-day cumulative sick leave bill (H. R. 8459) also bill granting optional retirement after 30 years' service; to the Committee on the Civil Service.

9024. Also, petition of Local Union 137, A. F. G. W. U., Columbus, Ohio, by their secretary, W. J. Pringle, urging support of the Wagner labor-disputes bill; to the Committee on Labor.

HOUSE OF REPRESENTATIVES

FRIDAY, JUNE 28, 1935

The House met at 11 o'clock a. m.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Blessed be God, the Father of mercies; we come before Thee with thanksgiving. We thank Thee for the amazing providences which crowd our ways. Give us to realize the love tokens which come to us in the multitude of Thy blessings. Let the beauty of the Lord grow upon our vision, disclosing the unsearchable riches of Thy grace. "The Lord is my light and my salvation." Fulfill this blessed promise in us giving us strength of will, strength of affection, and strength of ideals. Be with us when we tread the dead level and when we go through those long reaches which depress the spirit. Each day may we walk in the contemplation of the richer knowledge of God who made us. As we go round about the circuit of our daily lives, in Thy light may we see light. In our Redeemer's name. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Horne, its enrolling clerk, announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 1958) entitled "An act to diminish the causes of labor disputes burdening or obstructing interstate and foreign commerce, to create a National Labor Relations Board, and for other purposes."

The message also announced that the Senate agrees to the amendment of the House to the foregoing bill.

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 8021) entitled "An act making appropriations for the legislative branch of the Government for the fiscal year ending June 30, 1936, and for other purposes."

The message also announced that the Senate further insists upon its amendments to the foregoing bill numbered 3 to 10, inclusive, and numbered 12 to 32, inclusive, disagreed to by the House; agrees to a further conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. TYDINGS, Mr. BYRNES, Mr. HAYDEN, Mr. HALE, and Mr. TOWNSEND to be the conferees on the part of the Senate.

The message also announced that the Senate agrees to the amendment of the House to a joint resolution of the following title:

S. J. Res. 152. Joint resolution to extend to August 31, 1935, the temporary plan for deposit insurance provided for by section 12B of the Federal Reserve Act, as amended.

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. 19. Concurrent resolution to amend the title of the joint resolution (H. J. Res. 152) to extend for 1 year the temporary plan for deposit insurance provided for by section 12B of the Federal Reserve Act, as amended.

DEATH OF LOUIS B. GOODALL

Mr. HAMLIN. Mr. Speaker, I ask unanimous consent to address the House for 2 minutes on a predecessor of mine, Louis B. Goodall.

The SPEAKER. Is there objection to the request of the gentleman from Maine?

There was no objection.

Mr. HAMLIN. Mr. Speaker, last Wednesday at 3 o'clock p. m. Louis B. Goodall, of Sanford, Maine, departed this life. Born in Winchester, N. H., September 23, 1851, his whole life was a life of helpfulness to his fellow men. His road was the usual road of New England success—poor boy, hard work, mill worker, mill owner, head of business, high State positions, and humanitarian always. He entered this House from the First District of Maine and served two terms from 1917 to 1921, the Sixty-fifth and Sixty-sixth Congresses. Some of you remember him as he was, an honest, helpful, whole-hearted man, who will be missed up in Maine and New England by the many he loved and helped.

Mr. WOODRUM. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Virginia?

There was no objection.

Mr. WOODRUM. Mr. Speaker, I could not have supported the utilities bill as originally introduced or as it passed the Senate, and I am not sure I am going to support the bill now under consideration. It will depend somewhat on what amendments may be added to it; but whatever may be the case, I propose to offer an amendment to title II, on page 293,